

ACTION ITEM

July 14, 2010

To: Executive Board

From: Councilmember Claudia Balducci, Chair
Transportation Policy Board

Subject: **FFY 2010 STP/CMAQ Allocations, Obligation Authority Shortfall and Funding Action for the South Park Bridge**

AT ISSUE

Additional PSRC funds totaling \$24.8 million have become available as the result of higher-than-estimated FFY 2010 allocations of the region's two Federal Highway Administration funding sources – Congestion Mitigation and Air Quality Improvement Program (CMAQ) and Surface Transportation Program (STP) funds. During the 2009 project selection process, the Transportation Policy Board recommended continuing the procedure of developing prioritized contingency lists of projects to be used if additional PSRC funds were to become available prior to the next funding cycle. The recommendation was adopted in the *2009 Policy Framework for PSRC's Federal Funds*, and in July 2009 the Executive Board approved contingency lists for the regional process as well as for each of the four countywide processes.

PSRC was also recently notified that the region is behind in reaching its annual obligation authority, which represents the amount that may be obligated each year under a given funding source. Obligation is when FHWA commits to reimbursement of eligible expenses for a given project. With the additional FFY 2010 funds mentioned above, the region is behind \$24 million in STP obligation authority and \$24 million in CMAQ obligation authority. The potential risk from this situation is that the region may lose its obligation authority to other regions or other states; in addition, if the region cannot demonstrate efficient use of its federal funds, future allocation amounts may be at risk.

The region faced a similar situation in 2000, when many projects were delayed due to I-695 and new Endangered Species Act listings. To prevent the loss of federal funds in the region, approximately \$100 million of PSRC funds was reallocated to regionally significant projects that were able to obligate funds quickly and for which a major phase could be completed. The projects from which funds were reallocated were allowed to remain in the Regional Transportation Improvement Program (TIP) at the same level of funding, but were advanced to a future year.

King County Executive Dow Constantine presented the status of the South Park Bridge to the Executive Board on June 24, 2010, and requested additional assistance from PSRC. A subsequent discussion was held at the Executive Committee following the Executive Board meeting. Staff was directed to prepare for action at the July Transportation Policy Board and Executive Board meetings a proposal for how the region can assist in the completion of the funding package for the

South Park Bridge. Given the information above regarding additional funding to the region and the “use it or lose it” risk of the region’s obligation authority, staff prepared the proposal outlined in this memo for addressing all three issues. At their meeting on July 8, the Transportation Policy Board unanimously recommended the following action.

RECOMMENDED ACTION

The Executive Board should:

1. Approve the distribution of \$24.8 million in additional PSRC STP/CMAQ funds to the contingency lists as shown in Attachments A and B, and release the recommended projects for public comment. Final action on the recommended projects will occur in September; and
2. Approve the reallocation of \$15 million of existing STP funds to the South Park Bridge project; these funds will be applied to the demolition of the existing bridge and can be obligated in August 2010; and
3. Approve use of FFY 2013 funds to retain the same amount of funding in the projects from which the \$15 million is reallocated.

DISCUSSION

Additional FFY 2010 STP/CMAQ Funds

PSRC received the FFY 2010 STP and CMAQ allocation letters in mid June. Based on the conservative estimates used in 2006 to award and program FFY 2010 funds to projects in the TIP, an additional \$11.0 million of STP and \$13.8 million of CMAQ is available for distribution, for a total of \$24.8 million. Based on the *2009 Policy Framework for PSRC’s Federal Funds*, these funds are to be split 50/50 between the regional and the countywide processes, as illustrated in Table A below.

Table A – Distribution of FFY 2010 Additional STP/CMAQ Funds

Process	New STP	New CMAQ	Total
Regional	\$5,131,236	\$6,912,020	\$12,043,256
King County	\$2,858,622	\$3,850,700	\$6,709,322
Kitsap County*	\$741,418	\$0	\$741,418
Pierce County	\$1,218,129	\$1,640,879	\$2,859,008
Snohomish County	\$1,054,484	\$1,420,441	\$2,474,925
Total	\$11,003,889	\$13,824,040	\$24,827,929

* Since Kitsap County is ineligible to receive CMAQ funds, their population share is taken off the top of the total amount of STP funds available.

As part of the 2009 project selection process, prioritized contingency lists of projects were approved by the Executive Board for the regional process and each of the four countywide processes, should additional funds become available in the region prior to the next project selection process. Some of these projects may have received funding since 2009, or for other reasons may no longer be able to utilize PSRC funds. RPEC and the four countywide forums will evaluate each project on the prioritized lists for their current status and need for funding. In order to expedite the programming of these dollars, it is suggested that the Boards allow the committees to perform this

exercise and identify projects recommended for funding in July; the recommended projects will be released for public review and comment in August, and the Boards will take final action on the recommended projects in September.

South Park Bridge Funding Proposal

The South Park Bridge was closed on June 30, 2010, after an independent study confirmed the problems with the bridge's structure are so extensive that there are no feasible repair options. PSRC started funding efforts to replace the South Park Bridge in 1999. The project received additional funding from PSRC in 2002, 2006 and 2009, for a total of \$9.7 million. The bridge supports two major regionally designated manufacturing and Industrial Centers (Duwamish and North Tukwila), which together support roughly 80,000 jobs.

In recent weeks significant progress has been made toward securing funding for a new bridge. King County Executive Dow Constantine briefed the Executive Board in June on the current status of the bridge and the funding package. Following a discussion of the Executive Committee, staff was directed to prepare a proposal, for action by the Transportation Policy Board and Executive Board in July, for how PSRC can assist in moving the project forward towards completion.

Discussions with King County staff indicate that the demolition of the existing bridge can commence this summer if funding could be secured. Along with additional funding from King County, the Port of Seattle, the City of Seattle, the Washington State Department of Transportation, the Transportation Improvement Board and others, this demonstration of support would position the project well in the upcoming federal TIGER II grant competition for the overall completion of the project.

Given that the region is behind in obligation authority, there is an opportunity to fund the demolition of the existing South Park Bridge with \$15 million of reallocated STP funds currently programmed in the TIP. King County can move quickly over the next two months to obligate these funds and start the demolition phase of the project, which would assist the region in meeting at least a portion of the obligation authority shortfall. Projects from which these funds have been reallocated would "remain whole" by advancing them to a future year of the TIP. Since obligation authority will begin anew on October 1, 2010, and since the region has multi-year project selection authority (i.e., projects may obligate "first come, first served"), there will be no adverse impact to any project currently programmed with PSRC funds.

During the 2009 project selection process, given the uncertainty surrounding reauthorization of the federal transportation act, SAFETEA-LU, the Boards chose to program a two-year amount of PSRC funds, FFY 2011-2012. For the next project selection process, since the uncertainty surrounding reauthorization remains, the Boards may elect to program another two-year amount of funds, FFY 2013-2014, or a three-year amount of funds, FFY 2013-2015. Under this proposal, the FFY 2013 estimated amounts will be reduced by the \$15 million of STP funds that are being advanced to retain full funding in currently programmed projects. However, our region has successfully funded projects on every approved contingency list since 2005 due to annual allocations that were higher than our conservative programming estimates, as well as from PSRC's project tracking program and the redistribution of returned funds.

Summary

The region is in a unique position to keep PSRC funds flowing to priority projects through the programming of additional FFY 2010 STP/CMAQ funds to the approved contingency list of projects. Further, the region has an opportunity to advance the implementation of the South Park Bridge, while at the same time alleviating an obligation shortfall and potential loss of funds regionwide, by expediting the use of \$15 million of reallocated STP funds. All existing projects would be held harmless and could utilize their PSRC funds as soon as they are able.

For additional information, please contact Kelly McGourty at (206)971-3601 or kmcgourty@psrc.org.

Attachments:

- A - 2009 Regional STP/CMAQ Contingency List
- B - 2009 Countywide STP/CMAQ Contingency Lists