2014 Policy Framework for PSRC’s Federal Funds
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SECTION 1: BACKGROUND

A. Policy Framework

Under the federal transportation act, Moving Ahead for Progress in the 21st Century (MAP-21), the Puget Sound Regional Council (PSRC) is responsible for programming and maintaining the four-year Regional Transportation Improvement Program (TIP), and for selecting projects to receive funds from the following federal funding sources:

Federal Highway Administration (FHWA) Funds
- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)

Federal Transit Administration (FTA) Funds
- Urbanized Area Formula Program (5307)
- State of Good Repair High Intensity Fixed Guideway (5337 HIFG)
- State of Good Repair High Intensity Motorbus (5337 HIMB)
- Bus and Bus Facilities (5339)

Per federal regulation, PSRC is required to document the process used for prioritizing and programming these funds. The “2014 Policy Framework for PSRC’s Federal Funds” is intended to serve this purpose by providing policy direction and guidelines for the recommendation and selection of projects to receive PSRC funds.

Prior to each project selection process, the Policy Framework is refined and updated based on new or updated federal or state requirements, and new or updated regional policy direction. The 2014 Policy Framework maintains support for the “development of centers and the corridors that serve them,” originally adopted as a policy focus for PSRC’s federal funds in 2002. The intent of the centers policy focus and the guidance contained within the Policy Framework is to support implementation of the policies and programs established in VISION 2040, the region’s overarching policy document and long-range vision for the future; Transportation 2040, the region’s long-range metropolitan transportation plan; and the adopted Regional Economic Strategy.

B. Development of the 2015-2018 Regional Transportation Improvement Program (TIP)

The Regional TIP provides a list of current transportation projects in all four counties of the region – King, Kitsap, Pierce and Snohomish. These projects are funded with federal, state and local funds, including the federal grants that will be awarded through PSRC as part of the 2014 project selection process. The TIP is required under federal and state legislation, and helps to ensure that transportation projects in the region are meeting regional policies and federal and state requirements such as those under the Clean Air Act.

1 PSRC also has responsibility for distributing funds through FHWA’s Transportation Alternatives Program and FTA’s Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program. These funding competitions are conducted through separate processes not covered in the “2014 Policy Framework for PSRC’s Federal Funds.”
The Regional TIP must be a four-year program of projects that is updated at least every three years. In our region, a new TIP is created after each project selection process for PSRC’s federal funds, which occurs generally every two years. The Regional TIP must contain all projects utilizing federal transportation funds, as well as any regionally significant projects, regardless of funding source. The 2015–2018 Regional TIP will therefore include:

- Projects awarded PSRC’s federal funds;
- Projects using federal and state funds managed by the Washington State Department of Transportation (WSDOT);
- Projects of regional significance, regardless of funding source, required to be included in the air quality conformity determination of the Regional TIP; and
- Projects from the previous 2013–2016 Regional TIP that have not yet utilized their funds.

Responsibility for Project Selection

While PSRC has primary responsibility for selecting projects to receive funds from the FHWA and FTA funding programs described above, the majority of funds in the Regional TIP are under the selection authority of other agencies. These include:

- State managed funds: WSDOT has primary responsibility for selecting projects to receive federal funds from programs such as the National Highway Performance Program, the Bridge Program, and others. In addition, WSDOT and other state agencies are responsible for distributing state transportation funds.
- Other federal funds: The United States Congress, FHWA, FTA and other federal agencies have primary responsibility for selecting transportation projects to receive funds from federally managed discretionary funding programs. Examples of these programs include the transit New Starts program, the Transportation Investment Generating Economic Recovery, or “TIGER,” grant programs, and others.
- Local funds: Cities, counties, ports, transit agencies, etc., have primary responsibility for selecting projects to receive each agency’s local funds.

As part of the development of the Regional TIP, PSRC reviews all projects submitted to ensure the following:

- Consistency with VISION 2040 and Transportation 2040;
- Consistency with local comprehensive plans;
- Funds are available or reasonably expected to be available;
- Consistency with the region’s air quality conformity determination;
- Consistency with federal and state requirements such as functional classification; and
- Consistency with PSRC’s project tracking policies.

To demonstrate consistency with local comprehensive plans, projects must be in, or consistent with, the transportation element of the appropriate city or county plan which has been certified by PSRC. The Regional TIP applications contain information and guidance for how each of the review items above is to be addressed. Additional details and background information may also be found on PSRC’s website at http://www.psrc.org/transportation/tip.
Development Schedule

The schedule for preparing the Draft 2015-2018 Regional TIP is included in Attachment 1. The schedule begins with the 2014 competitive project selection process for PSRC’s federal funds, followed by individual project reviews, an air quality conformity analysis, a public comment period, and finally adoption by PSRC’s Executive Board. The Draft 2015-2018 Regional TIP will then be forwarded to WSDOT for subsequent state and federal approval.

Federal Requirements

As described above, every project submitted for inclusion in the Draft 2015-2018 Regional TIP is thoroughly reviewed for regional consistency and federal requirements. In addition, PSRC’s project selection process and the development of the Regional TIP adhere to the federal requirements as detailed in 23 CFR Part 450. These include addressing MAP-21’s eight planning factors (§450.306), public involvement (as described in PSRC’s adopted Public Participation Plan) and all other requirements.

C. PSRC Funds

Eligibility Requirements

As stated above, PSRC is responsible for selecting projects to receive FHWA and FTA funds. Each federal funding program has specific eligibility requirements, summarized below and included in Attachment 2:

Federal Highway Administration (FHWA) Funds

- Surface Transportation Program (STP) funds are the most flexible of PSRC’s federal funds and can be used for a variety of transportation projects and programs, including roadways, bridges, pedestrian and bicycle infrastructure, transit and other investments.
- Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds are available for specific categories of transportation projects and programs that provide air quality benefits by reducing emissions and congestion. General purpose roadway projects are not eligible. Only projects located in or providing benefit to an EPA-designated nonattainment or maintenance area may utilize CMAQ funding. Projects located in former maintenance areas where the NAAQS has since been revoked are also eligible to receive CMAQ funds. Refer to Attachment 3 for a map of the eligible areas in the PSRC region.

Federal Transit Administration (FTA) Funds

FTA funds may be used only for transit-related projects serving the region’s three federal urbanized areas: Seattle-Tacoma-Everett, Bremerton and Marysville.

- Urbanized Area Formula Program (Section 5307) funds are available for a variety of planning and capital transit projects, such as bus purchases, transit facilities, etc. Beginning with MAP-21, Section 5307 funds may also be used for projects previously eligible under the eliminated Job Access and Reverse Commute Program (JARC) projects.
- State of Good Repair High Intensity Fixed Guideway (Section 5337 HIFG) funds are available for a variety of projects for replacement and rehabilitation of existing fixed...
guideway transit systems to maintain a state of good repair.

- State of Good Repair High Intensity Motorbus (Section 5337 HIMB) funds are available for replacement and rehabilitation of buses operating in high-occupancy-vehicle (HOV) lanes, and for development and implementation of transit asset management plans.

- Bus and Bus Facilities (5339) funds are available for a variety of projects to replace, rehabilitate, and purchase buses and related equipment, as well as for projects to construct bus-related facilities.

Project Selection Process

PSRC has an established process for selecting projects to receive PSRC funds. FHWA funds are programmed using a shared regional/countywide approach that has been utilized since 1995. This approach will again be used for the 2014 project selection process; further details are provided below in Section 3. FTA funds are programmed using a process coordinated with FTA and the public transit agencies in the region, and includes a regional competitive process for a portion of the funds. The FTA process is described in Section 4.

The 2014 project selection process will program federal fiscal year (FFY) 2015-2017 FHWA and FTA funds. Under consultation with WSDOT and FTA, the estimated amounts by funding source are shown in the table below, based on FFY 2013 allocation amounts. The FHWA amounts have been adjusted to reflect a lower FFY 2013 allocation than originally estimated when those funds were programmed during the 2012 project selection process, as well as to reflect a PSRC Board funding action that occurred in 2013:

<table>
<thead>
<tr>
<th>Estimated FFY 2015-2017 PSRC Funds (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>STP $128.1</td>
</tr>
<tr>
<td>CMAQ $72.6</td>
</tr>
<tr>
<td>FHWA Total $200.7</td>
</tr>
<tr>
<td>Section 5307 $301.9</td>
</tr>
<tr>
<td>Section 5337 HIFG $120.3</td>
</tr>
<tr>
<td>Section 5337 HIMB $38.6</td>
</tr>
<tr>
<td>Section 5339 $24.7</td>
</tr>
<tr>
<td>FTA Total $485.5</td>
</tr>
<tr>
<td>Grand Total $686.2</td>
</tr>
</tbody>
</table>

Project Tracking Program

PSRC has implemented a project tracking program to monitor the progress of PSRC’s federal funds. Over time, these policies have successfully resulted in PSRC funds being utilized more efficiently and with fewer delays. With the advent of new, more stringent, project delivery requirements in 2013, the policies have been revised to ensure the region continues to be successful and no funds are lost. Project sponsors are accountable to the requirements of the adopted project tracking policies, and must also submit periodic progress reports to PSRC for use in monitoring the advancement of each project as well as the region’s progress towards delivery. The revised Project Tracking Policies for PSRC’s Federal Funds are contained in...
SECTION 2: POLICY FOCUS

Adopted Policy Focus: Support for Centers and the Corridors that Serve Them

Since 2002, the adopted policy focus for PSRC’s federal funds has been to support the development of centers and the corridors that serve them. This policy focus was further strengthened with the adoption of VISION 2040 in April 2008. The definition of centers for each of the competitive processes is further clarified below.

- For the regional competition for FHWA funds, centers are defined as regional growth centers and regional manufacturing/industrial centers as identified in VISION 2040 (refer to Attachment 5 for a map of PSRC’s regionally designated centers).
- For the countywide competitions for FHWA funds, and for the FTA funding processes, centers are defined as regional growth and regional manufacturing/industrial centers, centers as designated through countywide processes, town centers, and other locally identified centers.

SECTION 3: PSRC’S FHWA FUNDS

A. Overview of PSRC’s FHWA Funding Process

PSRC conducts a shared regional and countywide process to recommend and select projects to receive PSRC’s FHWA funds. The total estimated amount of both STP and CMAQ funds is split between the regional and countywide forums based on a regionally adopted funding split. Competitive processes are used by all forums to recommend projects to receive the funds.

- Regional process: PSRC coordinates a regional competition, and the Regional Project Evaluation Committee (RPEC) is responsible for recommending projects from this competition to the Transportation Policy Board (TPB) to receive the regional portion of the FHWA funds.
- Countywide processes: With support from PSRC, the four countywide forums are responsible for coordinating the countywide competitions and recommending projects to the TPB to receive the countywide portions of the FHWA funds. These forums are as follows:
  - King County – King County Project Evaluation Committee reporting to the King County members of the Transportation Policy Board;
  - Kitsap County – Transportation Technical Advisory Committee and Transportation Policy Committee reporting to the Kitsap Regional Coordinating Council Executive Board;
  - Pierce County – Transportation Coordinating Committee reporting to the Pierce County Regional Council;
  - Snohomish County – Infrastructure Coordination Committee reporting to Snohomish County Tomorrow.
PSRC’s delegation of these responsibilities to the countywide forums is intended to recognize the unique distinctions in local transportation needs. It also strengthens the integration of local, countywide, and regional growth management and transportation planning and implementation.

The TPB receives all recommendations from the forums identified above, and in turn makes a recommendation for funding to PSRC’s Executive Board. Should any project sponsor wish to appeal a project recommendation, they must submit written documentation to PSRC, including the reason for the appeal. Appeals will be reviewed by the TPB and referred to PSRC’s Executive Board for final resolution.

Set-Asides

The following describes set-asides from the total amount of PSRC’s FHWA funds, prior to the split of funds between the regional and countywide competitions, and describes the process for distribution.

1. Ten percent of the combined estimated total of STP and CMAQ funds has been set aside for bicycle and pedestrian priorities. This practice is above and beyond the federal set-aside for the Transportation Alternatives program, and is consistent with VISION 2040 and Transportation 2040 policies calling for increased investment in nonmotorized transportation, as well as supporting the policy focus of support for the development of centers. The 10% is assigned to the countywide processes for distribution.

2. Three million of STP funds is set aside for the Rural Town Centers and Corridors Program. This program is designed to assist rural communities in implementing town center and corridor improvements, in coordination with state highway corridor interests. This program is also above and beyond the federally required minimum amount of STP funds to be spent in rural areas. The regional competition for the Rural Town Centers and Corridors Program will be held in 2015. Background information on previous competitions may be found on PSRC’s website at http://www.psrc.org/funding/rural.

3. Kitsap County jurisdictions are not eligible to receive CMAQ funds due to the boundaries of the region’s air quality maintenance and nonattainment areas, which directly affect the use of these funds. To provide an increase in the relatively modest amount of funds available for distribution in the Kitsap countywide process, Kitsap County’s population percentage is therefore applied to the total amount of estimated STP funds. The procedure for the other three counties is to apply their population percentages to the combined remaining total of STP and CMAQ funds, after the set-asides have been applied, and after the funds have been split between the regional and countywide processes. PSRC staff is directed to evaluate this procedure and the investments made in Kitsap County for a report to the Board prior to the 2016 project selection process.

4. The Preservation Pilot Set-Aside is continued in the 2014 project selection process at 25% of the total estimated STP funds. The pilot set-aside recognizes the importance of preservation and the priority given to these activities in Transportation 2040, and is being continued in 2014 due to the continued backlog of preservation needs and lack of dedicated funding. PSRC staff is directed to continue the evaluation of this set-aside for a report to the Board prior to the 2016 project selection process. The regional guiding principles that were established in 2012 for the pilot set-aside are to be continued (see Section C below for additional details). This set-aside will be distributed through the countywide processes for preservation priorities.
5. Funds are set aside for PSRC’s Work Program in the amount of $500,000 of STP funds per year, for a total of $1.5 million of STP funds in the 2014 project selection process. PSRC’s adopted budget and work program assumes some amount of funding from both FHWA and FTA funding sources, in proportion to the total amount of funds available from both funding programs. While the specific details of PSRC’s future work program have yet to be determined, in the past these funds have been utilized for enhancements to long-range transportation planning processes such as monitoring, freight planning, bicycle and pedestrian planning, etc.

Percentage split between the Regional and Countywide processes

The split of the combined estimated total of STP and CMAQ funds between the regional and countywide processes is performed after each of the set-asides has been applied. As has been done in previous cycles, a 50/50% split will be applied at this point between the two processes. The bicycle and pedestrian set-aside, Kitsap County’s population percentage and the preservation set-aside are then added to the countywide portion of funds for selection. The Rural Town Centers and Corridors Program set-aside comes from the regional portion of funds. Attachment 6 illustrates the distribution of funding between the regional and countywide processes, as well as the amounts for the set-asides described above.

Contingency process

Since 2004, the region has adopted prioritized lists of contingency projects as part of each project selection process, should additional funds become available prior to the next process. Due to the use of conservative estimates for programming, as well as PSRC’s project tracking program, the region has successfully funded many contingency list projects over the past several years. However, given that there is no guarantee that additional funds will become available in the future, or at what amount, the set-asides mentioned above have not been applied to the contingency lists.

For the 2014 project selection process, the region will continue to develop prioritized lists of contingency projects per past practice. The set-asides will not be applied during the contingency process; rather, any additional funds to the region will be divided per the established 50/50% split between the regional and countywide processes, and will be distributed to the adopted contingency lists of projects accordingly. Since 2012, the estimates used for programming have been less conservative, so the potential that additional new funds will come to the region from the final federal allocations is less certain. However, funds returned through PSRC’s project tracking program will continue to be available for redistribution to projects on the adopted contingency lists.

B. Regional Process

The intent of the regional project competition is to select a limited number of regional, high-priority projects to receive PSRC funds. The process involves a call for projects, in which countywide forums are asked to identify and submit a limited number of applications to the regional project competition. PSRC staff is responsible for technical evaluation and scoring of the project applications using the Regional Project Evaluation Criteria. RPEC reviews the projects and the results of the scoring, and submits a prioritized list of funding recommendations to the TPB for further review and discussion. As required by MAP-21, no formula allocations are permitted. The Regional process is explained in further detail below.
Number of Projects Submitted
The number of projects able to be submitted into the regional competition is limited to 36, based on the following distribution: 6 each from Kitsap, Pierce and Snohomish countywide forums; 12 from the King countywide forum; and 2 each from WSDOT, Sound Transit, and the Puget Sound Clean Air Agency. The three regional agencies may also participate in, and submit projects through, the countywide forums.

Evaluation and Scoring of Projects
PSRC staff will complete a comprehensive evaluation of all projects submitted to the regional project competition using the Regional Project Evaluation Criteria. The criteria were developed based on the policy focus of support for centers and the corridors that serve them, as well as regional policy provided in VISION 2040, Transportation 2040 and the adopted Regional Economic Strategy. Prior to each cycle, the criteria are reviewed and refined as appropriate to address new or revised requirements and policies. In addition, an eligibility review is conducted on all potential applications prior to submission.

The Regional Project Evaluation Criteria are published as part of the Call for Projects, and include both policy and technical criteria. The policy criteria are built around the policy focus of support for centers and the corridors that serve them and include components such as center development, mobility, circulation, populations served, etc. The technical criteria include components related to project readiness and the ability to utilize PSRC funds efficiently, and air quality benefits demonstrated through a reduction of emissions (including greenhouse gas emissions). The criteria also contain guidelines for project sponsors as to the types of responses that will result in high, medium, or low scores for each criterion. Project sponsors are invited to make brief presentations to RPEC and the scoring team prior to the scoring process.

Scoring of CMAQ Projects
For the 2014 project selection process, the points allotted to the air quality criterion for projects seeking CMAQ funds will continue to be equal to 40% of the total possible points. Additional CMAQ program guidance is also incorporated, to reflect current priorities such as reduction of fine particulates and emissions from diesel vehicles.

Recommendation of Projects
After all projects have been evaluated and scored, RPEC will discuss and prioritize the projects for a funding recommendation to the TPB. As part of the RPEC discussions for recommending projects to receive funds, it is understood that the scores are used to assist in the recommendation, but are not the only consideration for discussion. Other considerations used in the recommendation process may include geographic equity, project completions, cost effectiveness, etc., and will be discussed by RPEC in advance of the recommendation discussion. Once funding recommendations are completed by RPEC, a prioritized list of contingency projects will also be developed and submitted to the TPB for their review. The TPB in turn makes recommendations to the Executive Board for final approval.

C. Countywide Processes
The intent of the countywide processes is to provide an opportunity to fund countywide priorities, while maintaining the policy focus of supporting centers and the corridors that serve them and reinforcing regional priorities. The definition of centers is broadened for the countywide competitions to include regional centers, centers designated through countywide
planning processes and other locally identified centers.

Each countywide forum is responsible for coordinating a competitive process to recommend projects to receive their respective portion of the estimated FHWA funds available for distribution. The countywide allocations include funds from the bicycle/pedestrian and preservation set-asides, as well as responsibility for distributing the minimum required amount of STP funds to projects in the rural area (located outside the federal-aid urbanized and federal-aid urban areas). Funding recommendations from the countywide forums are forwarded to the TPB for further review and discussion. As required by MAP-21, no formula allocations are permitted.

Evaluation and Scoring of Projects

Each countywide forum is responsible for developing technical and policy evaluation criteria based upon the region’s adopted policy focus, as well as encompassing federal requirements and other regional policies such as the project tracking program. Sponsors of projects submitted for the countywide competitions are also required to submit a project screening form containing basic information about the project. PSRC staff will review each project for eligibility under the selected federal funding source and other federal requirements, prior to the countywide recommendations for funding.

Bicycle and Pedestrian Set-Aside

As stated above, 10% of the total estimated FHWA funds is set aside for bicycle and pedestrian priorities, to be allocated among the four counties by population. Each countywide forum is required to conduct a competitive process for the distribution of these funds. The amount of funds allocated to each county is illustrated in Attachment 6.

Preservation Set-Aside

As stated above, the pilot set-aside for preservation priorities is continued for the 2014 process. A total of 25% of the estimated STP funds will be allocated among the four counties by population, and each countywide forum will conduct a competitive process for the distribution of these funds. The regional guiding principles for each of the countywide forums to build upon for this distribution are described below. An evaluation of the projects awarded these funds as they move forwards towards completion will be conducted, and additional information will be provided to the PSRC Boards in the future to report on the effectiveness of utilizing PSRC funds for preservation activities.

Regional Guiding Principles for the Preservation Set-Aside

- Applicants will be asked to provide information on their expenditures on preservation over the last several years, as well as the condition of their roads. Each countywide process will establish standards on preservation level of effort to help ensure fairness between jurisdictions.
- The focus for this set-aside will be “roadway preservation” - other preservation activities (such as signal replacement, retaining walls, etc.) will not be excluded from applying, but given the relatively small amount of funds available and since this is a pilot set-aside, the primary focus of the funds will be on roadway preservation. A regional threshold of eligible preservation activities is not proposed to be established (e.g., chip seals vs. overlays vs. reconstruction).
- Applicants will be expected to describe how they are optimizing the pavement life cycle, with a resulting minimum useful life of 7 years. Funds may best be used on roads at certain
conditions which result in the most efficient preservation, to be determined within each countywide process.

- These funds must be used on federal functionally classified roadways, but all other appropriate federal requirements must also be met (such as ADA requirements, design standards, etc.). It is important that all applicants understand these requirements and estimate their total project cost and funding need accordingly. In addition, the expectation of FHWA is that these projects will be contracted out; there is a high bar for justifying the use of local agency force.

- Each countywide process will establish evaluation criteria, but each process will follow PSRC’s Policy Framework and apply the policy focus of support for centers and the corridors that serve them (broadened to include locally designated centers for each countywide process). Potential criteria include level of matching funds, innovations/incentives, and roadway classification (including traffic data, transit use, freight use, lifeline route, pressure on the system, etc.), among others.

- PSRC will coordinate with WSDOT on the review of the program proposal and the specifics of each countywide process to ensure eligibility and approval in advance by FHWA.

**Rural Area Minimum**

As stated above, under federal regulations the region is required to spend a minimum amount of STP funds in the rural area, defined as the area located outside the federal-aid urbanized and federal-aid urban areas (refer to Attachment 8 for a current map of the federally designated rural area). The formula for determining this amount was revised under MAP-21 based on 2010 U.S. Census data. For the 2014 project selection process, the distribution of the required minimum rural amounts among the four counties will be based on an average between rural population and rural center lane miles. The minimum amount of STP funds to be programmed to projects in the rural area for the 2014 project selection process is identified in the table below:

<table>
<thead>
<tr>
<th>County</th>
<th>Rural STP Distribution (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>King</td>
<td>$2.54</td>
</tr>
<tr>
<td>Kitsap</td>
<td>$1.36</td>
</tr>
<tr>
<td>Pierce</td>
<td>$2.16</td>
</tr>
<tr>
<td>Snohomish</td>
<td>$2.62</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8.67</strong></td>
</tr>
</tbody>
</table>

**Summary of Countywide Processes**

Each forum is responsible for developing and maintaining its own project recommendation process. To ensure regional consistency among processes and to verify that federal and regional requirements are being met, documentation of these processes must be submitted to the TPB for review and approval. Any substantial changes to a previously approved process must be submitted for review and approval to the TPB prior to the start of a new project selection process. A summary of each countywide process for the 2014 project selection process is included in Attachment 9.

**Recommendations**

Each countywide forum will recommend projects to receive their respective portion of PSRC
funds, along with a prioritized list of contingency projects. PSRC must receive notification that the policy forum of each county has endorsed the list of recommended projects prior to final TPB recommendation to the Executive Board.

SECTION 4: PSRC’S FTA FUNDS

A. Overview of PSRC’s FTA Funding Process

There are three urbanized areas, or UZAs, in the PSRC region: Bremerton, Marysville and Seattle-Tacoma-Everett. PSRC coordinates with FTA and the public transit agencies in each UZA to conduct the process to distribute PSRC’s FTA funds to projects. The process used to recommend and select projects to receive the funds is split between an “earned share” process and a regional competition, details of which are provided in the sections below. Attachment 7 illustrates the distribution of funding between the regional and earned share processes.

The public transit agencies within each UZA are as follows:

- Bremerton UZA: Kitsap Transit
- Marysville UZA: Community Transit
- Seattle-Tacoma-Everett (STE) UZA: Community Transit, Everett Transit, King County Metro, King County Ferry District, Pierce County Ferry System, Pierce Transit, City of Seattle, Sound Transit, and the Washington State Ferries.

Within each UZA there are “designated recipients,” agencies designated by the Governor with primary responsibility for the development of projects utilizing FTA funds in the region, in cooperation and coordination with PSRC. For the Bremerton and Marysville UZAs, the designated recipients are the single public transit agency within that UZA. For the STE UZA, the designated recipients are as follows:

- Community Transit
- City of Everett (Everett Transit)
- King County (King County Metro)
- Pierce Transit
- Sound Transit
- Washington State Department of Transportation (Washington State Ferries)
- PSRC

Within each UZA, any jurisdiction with an eligible transit-related project may apply for PSRC’s FTA funds. If an agency is not one of the designated recipients listed above, they will need to have concurrence provided by one of the designated recipients – demonstrated through completion of an FTA Supplemental Agreement (see Attachment 10) - in order to utilize the FTA funds.

Funding recommendations for PSRC’s FTA funds are forwarded to the TPB by PSRC’s Transportation Operators Committee (TOC). The TPB in turn makes recommendations to the Executive Board for final approval. Should any project sponsor wish to appeal a project recommendation, they must submit written documentation to PSRC, including the reason for the appeal. Appeals will be reviewed by the TPB and referred to PSRC’s Executive Board for final resolution.
Set-Asides

The following describes set-asides of PSRC’s FTA funds, as well as the process for distribution.

1. Some transit agencies in the STE UZA earn less than 1% of the total of the earned share portion of funds. In order to facilitate future planning for these agencies, it is important that they be able to rely on a certain amount of FTA funding each year as a safety net for a basic level of investment. As such, a minimum floor adjustment is made to bring the earned share amounts for these agencies up to the 1% amount. The adjustment is taken from the regional portion of the funds within the STE UZA and applied to these agencies for their earned share distribution.

2. The Preservation Pilot Set-Aside is continued in the 2014 project selection process at 50% of the regional portion of funds within the STE UZA. The pilot set-aside recognizes the importance of preservation and the priority given to these activities in Transportation 2040, and is being continued in 2014 due to the continuing need for preservation investments, and since the economic conditions for transit agencies have not significantly changed since the 2012 process. The use of PSRC’s FTA funds for preservation allows an increased flexibility in the use of local funds for transit operations. PSRC staff is directed to continue the evaluation of this set-aside for a report to the Board prior to the 2016 project selection process. This set-aside will be distributed to each transit agency via their earned share percentages.

3. Funds are set aside for PSRC’s Work Program in the amount of $1,000,000 of Section 5307 funds per year, for a total of $3.0 million of FTA funds in the 2014 project selection process. PSRC’s adopted budget and work program assumes some amount of funding from both FHWA and FTA funding sources, in proportion to the total amount of funds available from both funding programs. While the specific details of PSRC’s future work program have yet to be determined, in the past the FTA funds have been utilized for work on the Livable Communities Program, transit modeling improvements, transit service overlay zone planning and other enhancements to long-range transportation planning processes. Prior to utilizing the FTA funds, PSRC must receive the concurrence of the transit agencies; PSRC management has been and will continue to be in communication with the transit agencies’ General Managers as the budget and work program evolves.

FTA Requirements

There are certain federal requirements that must be met for Section 5307 funds, in addition to the basic eligibility requirements of each funding program. These include specific requirements related to associated transit improvements, the Americans with Disabilities Act (ADA) and public transportation security.

Associated Transit Improvements

One percent of the estimated Section 5307 funds available to UZAs with population over 200,000 must be used for associated transit improvement projects and programs. These are defined as a project or program designed to enhance public transportation service or use and that is physically or functionally related to transit facilities. In the PSRC region, only the STE UZA meets this population threshold. For the 2014 project selection process, the procedures detailed in Attachment 11 will be followed to meet this requirement. Eligible associated transit improvements include: historic preservation, rehabilitation, and operation of historic public transportation buildings, structures, and facilities (including historic bus and railroad facilities).
intended for use in public transportation service; bus shelters; landscaping and streetscaping, including benches, trash receptacles, and street lights; pedestrian access and walkways; bicycle access, including bicycle storage facilities and installing equipment for transporting bicycles on public transportation vehicles; signage; or enhanced access for persons with disabilities to public transportation.3

Americans with Disabilities Act (ADA)
Up to but not more than 10% of the total estimated Section 5307 funds within each UZA may be used for ADA paratransit projects and programs.

Public Transportation Security Projects
Each UZA receiving Section 5307 funds must expend at least 1% on public transportation security projects. For the 2014 project selection process, the procedures detailed in Attachment 11 will be followed to meet this requirement.

Contingency Process and Annual Adjustments
Since 2004, the region has adopted prioritized lists of contingency projects as part of each project selection process, should additional funds become available prior to the next process. For the 2014 project selection process, the region will continue to develop prioritized lists of contingency projects per past practice. The contingency process for PSRC’s FTA funds is conducted differently than that for PSRC’s FHWA funds, as an annual adjustment occurs to reconcile estimates with actual allocations to each UZA for a given year. The process conducted within each UZA is described in greater detail in the following sections.

B. Bremerton and Marysville UZA Processes
Since Kitsap Transit is the only public transit agency in the Bremerton UZA, and Community Transit is the only public transit agency in the Marysville UZA, these agencies recommend projects for the estimated FTA funds within their respective UZAs. These recommendations, which must be consistent with the adopted policy focus, other regional policies and all federal requirements, are forwarded to the TOC, who in turn makes recommendations to the TPB. If any other agency in either UZA wishes to apply for these FTA funds, they will need to have the concurrence of the designated recipient.

Annual Adjustments
FTA requires that PSRC review the estimates used to program FTA funds with the actual allocation approved by Congress on an annual basis, and make adjustments to reconcile the two amounts as necessary. Within the Bremerton and Marysville UZAs, PSRC will identify the funding adjustments necessary once the actual allocations are made available for the FFY 2015-2017 FTA funds. Kitsap Transit and Community Transit, respectively, will then identify the projects for which those funding adjustments will be applied. These adjustments may reflect either an increase or a reduction in funding for the UZA. The project adjustments will be recommended to the TOC and subsequently to PSRC’s Boards for action.

3 This information is provided in FTA’s January 2014 Circular on the Section 5307 Program.
C. Seattle-Tacoma-Everett UZA Process

Approximately 86% of the FTA funds estimated to be allocated within the STE UZA are based on the service and operating characteristics of the nine transit agencies in the UZA. Per adopted regional policy, this portion of the funds is distributed to each public transit agency based on their earnings, called the “earned share” distribution. The remaining funds, approximately 14%, come to the region based on regional attributes such as population density. This portion of the funds is distributed through a regional competition for transit-related projects. As mentioned earlier, for the 2014 project selection process 50% of this portion of funds is to be set aside for preservation investments, to be distributed via each transit agency’s earned share percentage.

Earned Share Process

The earned share portion of the FTA funds will be distributed to public transit agencies in the UZA using the national FTA distribution formula, which allocates transit funds in the federal budget to the metropolitan area using federal census data and public transit system data. This transit performance and operating data is obtained from the National Transit Database (NTD), which is populated with annual data submitted by each public transit agency, as required by the FTA. Deviations to this FTA-validated data may be applied upon recommendation by the TOC on a case by case basis to reflect actual service characteristics not captured in the current NTD data.

Each transit agency will recommend projects to receive their earned share allocation, consistent with the adopted policy focus, other regional policies and all federal requirements. Their recommendations will be reviewed by the Regional FTA Caucus, and subsequently forwarded to the TOC, who in turn makes recommendations to the TPB. If any other jurisdiction in the UZA wishes to apply for these FTA funds, they will need to have the concurrence of the designated recipient.

Regional Process

The intent of the regional project competition is to select a limited number of regional, high-priority projects to receive PSRC funds. The process involves a call for projects, in which eligible sponsors are asked to identify and submit applications to the regional project competition. There is no limit to the number of applications able to be submitted into the regional competition. PSRC staff is responsible for technical evaluation and scoring of the project applications using the Regional Project Evaluation Criteria. The Regional FTA Caucus reviews the projects and the results of the scoring, and submits a prioritized list of funding recommendations to the TOC, who in turn forwards a recommendation to the TPB.

Evaluation and Scoring of Projects

PSRC staff will complete a comprehensive evaluation of all projects submitted to the regional project competition using the Regional Project Evaluation Criteria. The criteria were developed based on the policy focus of support for centers and the corridors that serve them, as well as regional policy provided in VISION 2040, Transportation 2040 and the adopted Regional Economic Strategy. Prior to each cycle, the criteria are reviewed and refined as appropriate to address new or revised requirements and policies. In addition, an eligibility review is conducted on all potential applications prior to submission.
The Regional Project Evaluation Criteria are published as part of the Call for Projects, and include both policy and technical criteria. The policy criteria are built around the policy focus of support for centers and the corridors that serve them and include components such as center development, mobility, circulation, populations served, etc. The technical criteria include components related to project readiness and the ability to utilize PSRC funds efficiently, and air quality benefits demonstrated through a reduction of emissions (including greenhouse gas emissions). The criteria also contain guidelines for project sponsors as to the types of responses that will result in high, medium, or low scores for each criterion. Project sponsors are invited to make brief presentations to the Regional FTA Caucus and the scoring team prior to the scoring process.

Recommendation of Projects

The Regional FTA Caucus reviews the projects and the results of the scoring, and submits a prioritized list of funding recommendations to the TOC. As part of the Caucus discussions for recommending projects to receive funds, it is understood that the scores are used to assist in the recommendation, but are not the only consideration for discussion. Other considerations used in the recommendation process may include geographic equity, project or phase completions, cost effectiveness, etc., and will be discussed by the committee in advance. Once funding recommendations are completed by the Regional FTA Caucus, a prioritized list of contingency projects will also be developed and submitted to the TOC for their review. The TOC reviews the recommendations and forwards them to the TPB for further review and discussion. The TPB in turn makes recommendations to the Executive Board for final approval.

Minimum Floor Adjustment

As mentioned earlier, a minimum floor adjustment is made to bring agencies earning less than 1% of the total of the earned share portion of funds up to the 1% amount. The adjustment is taken from the regional portion of the funds.

Preservation

As mentioned earlier, 50% of the regional portion of funds is set-aside for preservation investments. The set-aside is distributed to each transit agency based on their earned share percentages. Projects will be recommended by each transit agency, and must meet the intent of the set-aside by following FTA’s State of Good Repair definition⁴. Per agreement of the Regional FTA Caucus, preventative maintenance is also included as an eligible activity for this set-aside.

Distribution by Funding Source

The STE UZA must balance the distribution of funds by funding source – 5307, 5337 HIFG, 5337 HIMB and 5339. In past years, agencies that earned one source of funds that had more restrictive eligibility requirements chose not to utilize these funds, and instead were able to exchange these funds for the more flexible 5307 funds from other agencies. The ability of agencies to conduct this exchange may be more difficult in the future, particularly given the new MAP-21 funding sources. For the 2014 project selection process, sponsors will make all effort to submit projects based on their earnings by funding source, per their FFY 2013

⁴ Information on FTA’s State of Good Repair definition may be found at [www.fta.dot.gov/about/13248.html](http://www.fta.dot.gov/about/13248.html).
earnings; however, the flexibility of this past practice will be retained to ensure the UZA is able to balance the FFY 2015-2017 amounts among the four funding sources.

Contingency Process and Annual Adjustments

FTA requires that PSRC review the estimates used to program FTA funds with the actual allocation approved by Congress on an annual basis, and make adjustments to reconcile the two amounts as necessary. PSRC will identify the funding adjustments necessary once the actual allocations are made available for the FFY 2015-2017 FTA funds. Within the STE UZA, there is both an earned share and a regional process. For the earned share process, each public transit agency will identify the projects for which those funding adjustments will be applied. These adjustments may reflect either an increase or a reduction in funding for each agency. The project adjustments will be recommended to the TOC and subsequently to PSRC’s Boards for action.

For the regional competitive process, once funding recommendations are completed by the Regional FTA Caucus and the TOC, a prioritized list of contingency projects will also be developed and submitted to the TPB. As part of the annual adjustment process, the 50% preservation set-aside will not be applied to any required adjustment of the regional portion of funds. Any increase in the regional portion of funds will be applied to the adopted contingency list; a reduction in the regional portion of funds will be applied to the previously awarded projects. The preservation set-aside is a fixed amount that will not increase. However, per TOC agreement, the distribution of the fixed amount among the transit agencies will be adjusted based on updated information regarding each agency’s earnings as a percentage of the total. This adjustment of the distribution percentages is recommended to reflect expected changes in service over the next several years.
FHWA and FTA Funding Source Eligibility
(Revised February 2014)

Eligibility for PSRC’s FHWA Funds

The following is a description of projects eligible to receive PSRC’s Surface Transportation Program (STP) and Congestion Mitigation and Air Quality Improvement Program (CMAQ) funds.

STP

STP funds are considered the most flexible funding source provided through the federal Moving Ahead for Progress in the 21st Century Act (MAP-21). Many types of projects are eligible, including transit, carpool/vanpool, bicycle/pedestrian, safety, traffic monitoring/management, and planning projects, along with the more traditional road and bridge projects.

EXAMPLES OF PROJECTS ELIGIBLE FOR STP FUNDS

The following examples were extracted from the Federal Highway Administration’s STP Implementation Guidance, which may be found here.

1. Roadway construction, reconstruction, seismic retrofit, restoration and preservation, operational improvements including the interstate system, bridges, and tunnels, roadway widening (for general purpose lanes and/or high-occupancy vehicle lanes), and turning lanes. Note: Roadways must be functionally classified as collector or above, unless the project is a bridge, railroad, safety or nonmotorized-transportation, project.

2. Any transit capital or planning project that is also eligible for Federal Transit Administration (FTA) funding, including fixed guideway projects such as electric streetcar, trolley bus, monorail, and ferry vessels; replacement or expansion of transit vehicle fleets or maintenance facilities.

3. Fringe and corridor parking, including electric and natural gas vehicle charging infrastructure, carpool, vanpool, bicycle, and pedestrian facilities.


5. Highway and transit research and technology transfer.

6. Capital and operating costs for traffic monitoring, management and control of facilities, and transportation programs.

7. Surface transportation planning (e.g., system planning, corridor planning, project planning).

8. Transportation Alternatives Program activities, as defined in 23 U.S.C. 101(a)(29) (MAP-21 §1103).

9. Nonmotorized-transportation activities, including recreational trails.

10. Certain Clean Air Act transportation control measures identified in the State Implementation Plan for Air Quality (see note, at the end of this list).

11. Development/establishment of management systems.

12. Wetlands mitigation (i.e., surface drainage and banking).

13. Sodium acetate/formate, or other environmentally acceptable, minimally corrosive anti-icing and de-icing composition.

14. Programs to reduce extreme cold starts.

15. Environmental restoration and pollution abatement projects, including retrofit or construction of storm water treatment facilities.

16. Natural habitat mitigation (if wetland or natural habitat mitigation is within the service area of a mitigation bank, preference will be given to use the bank).
17. Privately owned vehicles and facilities that are used to provide intercity passenger service by bus.

18. Modifications of existing public sidewalks to comply with the requirements of the Americans with Disabilities Act.

19. Infrastructure-based intelligent transportation system capital improvements.

20. Preventive maintenance activities which extend the service life of the facility. Pavement, bridges, and essential highway appurtenances are eligible for federal funding with prior approval by WSDOT’s Highway and Local Programs staff (see note below).

21. Advanced truck stop electrification systems.

22. Congestion pricing projects and strategies, including electric toll collection and travel demand management strategies and programs.

23. Construction of ferry boats and terminals.

24. Truck parking facilities.

25. Development and implementation of State asset management plan for the NHS, and similar activities related to the development and implementation of a performance based management program for other public roads.

26. Surface transportation infrastructure modifications within port terminal boundaries, only if necessary to facilitate direct intermodal interchange, transfer, and access into an out of the port.

27. Construction and operational improvements for a minor collector in the same corridor and in proximity to an NHS route if the improvement is more cost-effective (as determined by a benefit-cost analysis) than an NHS improvement and will enhance NHS level of service and regional traffic flow.

CMAQ

The purpose of the CMAQ program is to fund transportation projects or programs that will contribute to attainment or maintenance of the national ambient air quality standards (NAAQS) for ozone, carbon monoxide (CO), and particulate matter (PM).

PRIORITY FOR USE OF CMAQ FUNDS

MAP-21 directs States and MPOs to give priority to cost-effective projects including diesel retrofits and congestion mitigation activities that also provide air quality benefits. In addition, any transportation control measures identified in State Implementation Plans for Air Quality (SIPs) must receive funding priority. Further, under MAP-21 areas with a PM$_{2.5}$ nonattainment or maintenance area must invest a portion of CMAQ funds within these areas to reduce PM$_{2.5}$ emissions, with diesel retrofits highlighted as a primary example of such projects.

ELIGIBLE AREAS

CMAQ funds may be invested in all ozone, CO, and PM nonattainment and maintenance areas, including former areas where the NAAQS has been revoked. Funds also may be used for projects in proximity to nonattainment and maintenance areas if the benefits will be realized primarily within the nonattainment or maintenance area. A map of areas within the Puget Sound Regional Council’s four county region that are eligible for CMAQ is located here.

PROJECT ELIGIBILITY

Each CMAQ project must meet three basic criteria: it must be a transportation project, it must generate an emissions reduction, and it must be located in or benefit a nonattainment or maintenance area. The following categories of projects are eligible for CMAQ funding:

1. Diesel Engine Retrofits and Other Advanced Truck Technologies
a. Diesel engine or full vehicle replacement;

b. Full engine rebuilding and reconditioning;

c. Purchase and installation of after-treatment hardware including particulate matter traps and oxidation catalysts;

d. Support for heavy-duty vehicle retirement programs;

e. Purchase and installation of emission control equipment on school buses;

f. Refueling if it is required to support the installation of emissions control equipment, repowering, rebuilding, or other retrofits of non-road engines;

(g. Outreach activities to diesel owners and operators;

h. Non-road mobile source projects, including locomotive retrofit and acquisition of clean locomotives; and

i. Upgrading long-haul heavy-duty diesel trucks with EPA verified advanced technologies such as idle reduction devices, cab and trailer aerodynamic fixtures, etc..

2. Idle Reduction

a. Deployment of off-board projects, such as truck stop electrification; and

b. On-board projects, such as auxiliary power units, for vehicles primarily traveling within a nonattainment or maintenance area.

3. Congestion Reduction and Traffic Flow Improvements

a. Traditional improvements, such as the construction of roundabouts, HOV lanes, left-turn or other managed lanes as long as they demonstrate net emissions benefits;

b. Intelligent Transportation Systems projects such as traffic signal synchronization, traveler information systems, freeway management systems, etc.;

c. Value/congestion pricing, as long as emission reductions are generated;

d. Projects or programs that shift travel demand to nonpeak hours or other transportation modes, increase vehicle occupancy rates, or otherwise reduce demand through initiatives, such as teleworking, ridesharing, pricing, and others.

4. Freight/Intermodal

a. Primary projects that directly reduce emissions such as new diesel engine technology or retrofits of vehicles or engines; eligibility is expanded to include nonroad mobile freight projects such as rail.

b. Secondary projects that reduce emissions through modifications or additions to infrastructure resulting in a modal shift, such as intermodal transportation facilities that reduce truck VMT; the transportation function of these projects must be emphasized.

5. Transportation Control Measures (TCMs)

a. Programs for improved public transit;

b. Restriction of certain roads or lanes to, or construction of such roads or lanes for use by, passenger buses and/or high occupancy vehicles (HOVs);

c. Employer-based transportation management plans, including incentives;

d. Trip-reduction ordinances;

e. Traffic flow improvement programs that reduce emissions;

f. Fringe and transportation corridor parking facilities serving multiple-occupancy vehicle programs or transit service;

g. Programs to limit or restrict vehicle use in downtown areas or other areas of emission concentrations, particularly during periods of peak use;

h. Programs for the provision of all forms of high-occupancy, shared-ride services;

i. Programs to limit portions of road surfaces or certain sections of the metropolitan area to the use of nonmotorized vehicles or pedestrian use, both as to time and place;

j. Programs for secure bicycle storage facilities and other facilities, including bicycle lanes, for the convenience and protection of bicyclists, in both public and private areas;

k. Programs to control extended idling of vehicles;

l. Reducing emissions from extreme cold-start conditions;

m. Employer-sponsored programs to permit flexible work schedules;

n. Programs and ordinances to facilitate non-automobile travel, provision and utilization of mass transit, and to generally reduce the need for single occupant (SOV) travel as a part of transportation planning and development efforts of a locality, including programs and ordinances applicable to new shopping centers, special events, and other centers of vehicle activity; and

o. Programs for new construction and major reconstruction of paths, tracks, or areas solely for use by pedestrian or other nonmotorized means of transportation, when economically feasible and in the
6. **Transit Improvements**
   a. New transit facilities, if associated with new or enhanced public transit; routine maintenance or rehabilitation of existing facilities is not eligible;
   b. New transit vehicles to expand the fleet or replace existing vehicles;
   c. Fuel is an eligible expense only as part of a project providing operating assistance for new or expanded transit service;
   d. Operating assistance to introduce new transit service or the incremental cost to expand existing service. Three years of operating assistance allowable under the CMAQ program, but may be spread over a total of up to 5 sequential years of support;
   e. Transit fare subsidies, under specific conditions designed to prevent the NAAQS from being exceeded.

7. **Bicycle and Pedestrian Facilities and Programs**
   a. Constructing bicycle and pedestrian facilities (paths, bike racks, support facilities, etc.) that are not exclusively recreational and reduce vehicle trips;
   b. Non-construction outreach related to safe bicycle use;
   c. Establishing and funding State bicycle/pedestrian coordinator positions for promoting and facilitating nonmotorized transportation modes through public education, safety programs, etc. (limited to one full-time position per State).

8. **Travel Demand Management**
   The following TDM activities are eligible if they are explicitly aimed at reducing SOV travel and associated emissions:
   a. Fringe parking;
   b. Traveler information services;
   c. Shuttle services;
   d. Guaranteed ride home programs;
   e. Carpools, vanpools;
   f. Traffic calming measures;
   g. Parking pricing;
   h. Variable road pricing;
   i. Telecommuting/Teleworking;
   j. Employer-based commuter choice programs; and
   k. Marketing and outreach efforts to expand use of TDM measures.

9. **Public Education and Outreach Activities**
   a. Activities that promote new or existing transportation services;
   b. Developing messages and advertising materials;
   c. Technical assistance; and
   d. Any other activities that help forward less-polluting transportation options.

10. **Transportation Management Associations**
    a. Establishment and start-up costs of TMAs and up to 5 years of operating assistance provided that they reduce emissions.

11. **Carpooling and Vanpooling**
    a. Marketing, including existing, expanded and new activities designed to increase the use of carpools and vanpools;
    b. Vehicle capital costs, including the purchase or lease of vanpool vans and eligible operating costs limited to 5 years.

12. **Carsharing**
    a. Pooling of efficient, low-emission vehicles, provided to travelers who have occasional need for a vehicle but not the constant, daily necessity that demands ownership, provided sponsors can demonstrate an emissions reduction from the carsharing program.

13. **Extreme Low-Temperature Cold Start Programs**

14. **Training**

15. **Inspection/Maintenance Programs**
16. Innovative Projects

17. Alternative Fuels and Vehicles
   The incremental cost, limited to the marginal emissions-reducing elements of alternative fuel vehicles, is eligible. Establishing publicly owned fueling facilities and other infrastructure needed to fuel alternative fuel vehicles is an eligible expense, under certain conditions. The purchase of publicly-owned alternative fuel vehicles providing a dominant transportation function may be fully funded. Costs associated with converting fleets to run on alternative fuels are eligible. Alternatives to diesel engines and vehicles, and alternative fuel vehicle projects such as diesel retrofits or replacement of an operable engine are eligible.

The following projects are ineligible for CMAQ funding:

1. Light-duty vehicle scrappage programs;
2. Projects that add new capacity for SOVs;
3. Routine maintenance and rehabilitation projects (e.g., replacement-in-kind of track or other equipment, reconstruction of bridges, stations, and other facilities, and repaving or repair of roads);
4. Administrative costs of the CMAQ program may not be defrayed with program funds;
5. Projects that do not meet the specific eligibility requirements of titles 23 and 49 U.S.C.;
6. Stand-alone projects to purchase fuel;
7. Acquisition, operation or development of models or monitoring networks;
8. Litigation costs surrounding CMAQ or other Federal-aid projects.

For more details regarding the CMAQ program and specific eligibility questions, contact Kelly McGourty at (206)971-3601, kmcgourty@psrc.org, or refer to the FHWA Interim CMAQ Program Guidance.
Eligibility for PSRC’s FTA Funds

The following is a description of projects eligible to receive PSRC’s FTA Section 5307 Urbanized Area Formula funds, Section 5337 State of Good Repair funds, and Section 5339 Bus and Bus Facilities funds.

Section 5307

The eligibility requirements for FTA Urbanized Area (UZA) Section 5307 funds are identified in Chapter III of FTA Circular 9030.1E, available online at http://www.fta.dot.gov/legislation_law/12349_15209.html.

1. Planning

Section 5307 funds are available for the planning, engineering, design, and evaluation of public transportation projects and for other technical transportation-related studies. Eligible activities include, but are not limited to: studies relating to management, operations, capital requirements, and economic feasibility; work elements and related activities preliminary to and in preparation for constructing, acquiring, or improving the operation of facilities and equipment; plans and specifications; evaluation of previously funded projects; job access and reverse commute projects; and other similar or related activities before and in preparation for the construction, acquisition, or improved operation of public transportation systems, facilities, and equipment.

2. Capital Projects

Eligible capital project expenses involve purchasing, leasing, constructing, maintaining, or repairing facilities, rolling stock, and equipment for use in a public transportation system. Capital project costs may include all direct costs and indirect costs associated with the project (provided that the grantee has an approved cost allocation plan or indirect cost proposal). Examples of eligible activities include:

a. “Bus and Bus-Related Activities
   (1) Replacement of buses;
   (2) Overhaul of buses (includes paratransit vehicles);
   (3) Rebuilding of buses;
   (4) Expansion of bus fleets;
   (5) Purchase and installation of service and support equipment;
   (6) Accessory and miscellaneous equipment such as mobile radio units, bus stop signs, supervisory vehicles, fareboxes, computers, and shop and garage equipment;
   (7) Construction of maintenance facilities, including land acquisition, design, engineering, and demolition;
   (8) Rehabilitation of maintenance facilities, including design and engineering, land acquisition, and relocation;
   (9) Construction of other facilities, for example, transfer facilities, intermodal terminals and bus shelters, including design and engineering, and land acquisition;
   (10) Construction, renovation, and improvements of intercity bus and intercity rail stations and terminals;
   (11) The introduction of new technology, through innovative and improved products, into public transportation; and
   (12) Capital support equipment, including computer hardware, software, bus diagnostic equipment, and other equipment that enhances operating efficiency.

b. Fixed Guideway Systems
   (1) Rolling stock, including rail cars, locomotives, work trains, bus rapid transit vehicles, and ferryboats;
   (2) Overhaul of vehicles;
   (3) Rebuilding of vehicles;
   (4) Track;
   (5) Line equipment;
(6) Line structures;
(7) Passenger stations, depots, and terminals, including ferry terminals;
(8) Signals and communications;
(9) Power equipment and substations;
(10) Projects to improve safety and security;
(11) Operational support, including computer hardware and software;
(12) Systems extensions or new system construction, including engineering, demolition, etc.; and
(13) Land acquisition, design, and construction for fixed guideways.

c. Associated Transit Improvements. The term “associated transit improvements” includes projects or project elements that are designed to enhance public transportation service or use and are physically or functionally related to public transportation facilities. This category of projects was formerly known as “transit enhancements.”

(1) The following public transportation projects and project elements qualify as associated transit improvement projects:
   (a) Historic preservation, rehabilitation, and operation of historic public transportation buildings, structures, and facilities (including historic bus and railroad facilities) intended for use in public transportation service;
   (b) Bus shelters;
   (c) Landscaping and streetscaping, including benches, trash receptacles, and street lights;
   (d) Pedestrian access and walkways;
   (e) Bicycle access, including bicycle storage facilities and installing equipment for transporting bicycles on public transportation vehicles;
   (f) Signage; or
   (g) Enhanced access for people with disabilities to public transportation. Associated transit improvement projects or elements of projects designed to enhance access for people with disabilities are required to exceed the minimum requirements of the ADA.

(2) Bicycle and pedestrian paths within a certain distance from a transit stop or station are eligible capital projects and qualify as associated transit improvements. Pedestrian paths located within 0.5 miles of a transit stop or station and bicycle paths located within three miles of a transit stop or station are eligible capital projects. Projects outside this distance may be eligible if they are within the distance that a person could be expected to safely and conveniently walk or bicycle to the particular stop or station.

(3) Moving Ahead for Progress in the 21st Century (MAP-21) amends the definition of transit enhancements (now “associated transit improvements” under 49 U.S.C. 5302) so as to remove public art from the eligible projects specifically listed in law. However, art can be integrated into facility design, landscaping, and historic preservation, and funded as a capital expense. Art also can be integrated through the use of floor or wall tiles that contain artist-designed and fabricated elements, use of color, use of materials, lighting, and in the overall design of a facility. In addition, eligible capital projects include incidental expenses related to acquisition or construction, including design costs. Therefore, the incidental costs of incorporating art into facilities and including an artist on a design team continue to be eligible expenses. Procuring sculptures or other items not integral to the facility is no longer an eligible expense.

d. Vehicle-Related Equipment to Comply with the Americans with Disabilities Act of 1990. Examples of vehicle-related equipment for compliance with the Americans with Disabilities Act of 1990 (ADA) include:

(1) Low floor vehicles and components that allow for level boarding of all passengers.
(2) Lifts, ramps, and other level-change mechanisms attached to or within the vehicle. Note: Throughout 49 Certified Federal Register (CFR) part 38, reference is continually made to “level-change mechanisms (e.g., lift or ramp).” A kneeling mechanism by itself is not a level-change mechanism; however, it may be necessary in order to minimize the slope of a vehicle boarding ramp in order to meet ADA requirements.
(3) Securement devices (nonrail vehicles only). Note: Securement devices are not required for rail vehicles.
(4) Seats that fold to create wheelchair space. **Note:** Folding seats are permitted in the securement area; however, the securement area may be devoid of seating. Per 49 CFR 38.23(d)(2), “Securement areas may have fold-down seats to accommodate other passengers when a wheelchair or mobility aid user is not occupying the area, provided the seats, when folded up, do not obstruct the clear floor space required.”

(5) Audible communication systems at doors and within seating areas.

(6) Visual monitoring systems at doors and within seating areas to observe when assistance is requested or necessary for the use of securement systems, ramps, and lifts per 49 CFR 37.165(f).

(7) Call systems for alerting drivers and other employees to provide assistance.

(8) Variable passenger information displays at doors and within seating areas.

(9) For railcars equipped with restrooms, restroom features specific to accessibility (dimensions, fixtures).

(10) Features specific to accessibility (signs, barriers between cars, handrails).

(11) Other vehicle-related equipment specifically required by 49 CFR part 38.

e. **Facility and Vehicle Projects to Comply with the Americans with Disabilities Act of 1990.** Applications to FTA requesting a federal share of 90 percent for purchasing vehicle-related equipment or facilities for ADA compliance must separately account for the project elements that provide for the compliance with the requirements. The application must also account for the other vehicle-related equipment or facility project elements that the recipient does not directly attribute to ADA compliance. Examples of vehicle-related equipment or facilities projects for compliance with ADA include, but are not limited to:

1. Level boarding passenger platforms to enter a vehicle (applies to full platforms);
2. Lifts and ramps at a station, either attached or mobile;
3. Passenger elevators on a path of travel within a station;
4. Platform edge and pathway markings;
5. Accessible passenger ticketing elements;
6. Accessible doors and door systems;
7. Audible communication systems;
8. Variable passenger information displays;
9. Fixed passenger signage with accessible features;
10. Passenger rest room features that are specific to accessibility;
11. Station features that are specific to accessibility; and
12. ADA-related features of other facilities, including administrative facilities and vehicle maintenance facilities.

f. **Extended warranty** is an eligible capital cost. FTA’s Best Practices Procurement Manual encourages grantees to evaluate the cost of an extended warranty in an analysis separate from the equipment acquisitions cost in order to make a good business decision.

g. **Mobility management** is intended to build coordination among public transportation providers and other transportation service providers carried out by a recipient or sub-recipient through an agreement (see 49 U.S.C. 5302(K)(i)). Mobility management does not include the costs of operating public transportation services, fuel, driver salaries, and other nonadministrative operating expenses directly related to the operation of vehicles. Mobility management includes:

1. The promotion, enhancement, and facilitation of access to transportation services, including the integration and coordination of services for individuals with disabilities, older adults, and low-income individuals;
2. Support for short-term management activities to plan and implement coordinated services;
3. The support of state and local coordination policy bodies and councils;
4. The operation of transportation brokerages to coordinate providers, funding agencies, and customers;
5. The provision of coordination services, including employer-oriented transportation management organizations, transportation management associations, business improvement districts or other like organizations, and human service organizations’ customer-oriented travel navigator systems and neighborhood travel coordination activities such as coordinating individualized travel training and trip planning activities for customers;
(6) The development and operation of one-stop transportation traveler call centers to coordinate transportation information on all travel modes and to manage eligibility requirements and arrangements for customers among supporting programs; and

(7) Operational planning for the acquisition of intelligent transportation technologies to help plan and operate coordinated systems inclusive of geographic information systems (GIS) mapping, global positioning system (GPS) technology, coordinated vehicle scheduling, dispatching and monitoring technologies, as well as technologies to track costs and billing in a coordinated system and single smart customer payment systems.

h. Acquisition and Reconstruction of “Associated Capital Maintenance” Items. The acquisition and reconstruction of associated capital maintenance items are capital expenses, subject to the following provisions:

   (1) Equipment, tires, tubes, and material must cost at least 0.5 percent of the current fair market value of rolling stock comparable to the rolling stock for which the equipment, tires, tubes, and material are to be used.

   (2) The type of rolling stock for which the recipient is procuring the equipment and material determines the threshold minimum cost of each item eligible for acquisition. This definition is equally applicable to all rolling stock, whether highway or rail operated. For example, if a recipient desires to purchase associated capital maintenance items for a fleet of 40-foot, heavy-duty public transportation buses with an average fleet age of four years, the cost of each item requested can be no less than 0.5 percent of the straight line depreciated value of an average vehicle of the agency’s 40-foot heavy-duty bus fleet, or comparable four-year-old bus.

   Assuming that an average fleet bus or comparable four-year-old bus costs $300,000 when new, then its depreciated value is $200,000 ($300,000 – (4/12 × $300,000)), and the cost of each associated capital maintenance item must be equal to or exceed $1,000 (0.005 × $200,000).

   (3) The word “item” refers to a specific unit which a supplier customarily offers, such as an engine, transmission, generator, axle assembly, or compressor. This definition also includes repair or rebuild kits.

   (4) Repair, rebuild, or refurbishing kits that are readily available from suppliers are eligible for acquisition with FTA funding under this provision if the cost of the complete kit meets the 0.5 percent test.

   (5) FTA treats acquisition of sets or groups of like items similarly to acquisition of kits, described above. Recipients may procure sets of brakes, seats, windows, or other like items providing the total cost of the set meets the 0.5 of 1 percent test.

   (6) Associated capital maintenance items relate to items for revenue rolling stock only and do not include facilities, facility equipment, or nonrevenue vehicles. Rolling stock means buses, vans, cars, rail cars, trolley cars and buses, ferryboats, and vehicles used for guideways and inclined planes.

   (7) Reconstruction or rebuilding of equipment and material, each of which after reconstruction must have a fair market value of at least 0.5 percent of the current fair market value of rolling stock comparable to the rolling stock for which the equipment and material will be used.

   (8) In some instances, a recipient may have the personnel and facilities available to manufacture or reconstruct a replacement item in-house. Such activities are eligible for FTA capital assistance under the associated capital maintenance provisions provided that:

      (a) manufacturing the item in-house, including material, burden labor, and overhead, is cost-effective when compared with purchasing the item from a commercial source; or

      (b) the required part is unavailable commercially, or obtaining it from an outside source requires an excessively long lead time that the recipient cannot tolerate. Otherwise the recipient should acquire such items by contract.

   (9) An eligible capital activity includes a recipient’s rebuilding of any item of equipment, such as generators, starters, and so forth, for use on rolling stock provided that, after rebuild, the item meets the 0.5 percent threshold test.

   (10) A grant applicant may find that it can simplify its application by applying for FTA assistance under the preventive maintenance category rather than applying for capital assistance for
associated capital maintenance items. The choice of how best to structure the grant application rests with the grant applicant. FTA cautions the grant applicant not to count the same costs twice.

i. Preventive Maintenance. Preventive maintenance, according to Federal Transit Administration (FTA) policy, is currently defined as all maintenance. Specifically, it is defined as all the activities, supplies, materials, labor, services, and associated costs required to preserve or extend the functionality and serviceability of the asset in a cost effective manner, up to and including the current state of the art for maintaining such asset. If a recipient purchases service instead of providing the operating service itself and the contract includes maintenance for that purchased service, then the recipient may apply for preventive maintenance capital assistance under the capital cost of contracting policy.

j. Transit-Oriented Development. FTA encourages land use policies that promote investment in transit-oriented development (TOD) projects, which are compact, mixed-use development near transit facilities with high-quality walking environments. TOD projects help create sustainable communities where people of all ages and incomes have transportation and housing choices, and increasing location efficiency where people can walk, bike, and take transit. Eligible activities that could foster TOD include but are not limited to: construction, renovation and improvement of intercity bus or rail facilities; transportation-related furniture, fixtures, or equipment; transit facilities that incorporate community services; walkways; incorporation of open space in facility designs; real estate acquisition for transit projects; project development activities; and other related professional services. TOD benefits transit by increasing ridership, reducing congestion, and providing value for both the public and private sectors while creating a sense of community and place.

k. Joint Development Projects. “Joint development” is an eligible capital expense under 49 U.S.C. 5302(3)(G), and the term commonly refers to the coordinated development of public transportation facilities with other, nontransit development, including commercial and residential development. Coordinated development often involves private and public entities, and is supportive of the private sector participation provisions of 49 U.S.C. § 5315. FTA encourages the full use of real property and facilities purchased and constructed with federal funds to pursue joint development. FTA’s joint development policy describes additional opportunities to incorporate commercial, residential, industrial, or mixed-use elements into eligible projects. See Final Agency Guidance on the Eligibility of Joint Development Improvements (72 FR 5788, Feb. 7, 2007); also available at www.fta.dot.gov. FTA anticipates publishing updated guidance on joint development in the near future. Until FTA issues new joint development guidance, please refer to the February 2007 Federal Register notice and consult with your regional office.

l. Technology Introduction. Recipients may use Section 5307 funds for capital projects that introduce new technology. FTA encourages suppliers to produce and public transportation providers to introduce new technology in public transportation service, in the form of innovative and improved products.

m. Projects to Comply with the Clean Air Act (CAA). The following projects are eligible in any area of the country, and are specifically eligible in order to comply with CAA for nonattainment or maintenance areas and include:

(1) purchasing or leasing clean fuel buses including buses that employ a lightweight composite primary structure;
(2) constructing or leasing clean fuel buses or electrical recharging facilities and related equipment for such buses;
(3) constructing new or improved existing public transportation facilities to accommodate clean fuel buses; and
(4) at the discretion of the secretary, may include projects located in nonattainment or maintenance areas relating to clean fuel, hybrid electric, or zero emissions technology buses that exhibit equivalent or superior emissions reductions to existing clean fuel or hybrid electric technologies.

The vehicles must be powered by clean natural gas (CNG), liquefied natural gas (LNG), batteries, or by hybrid electric or fuel cell systems.
n. **ADA Complementary Paratransit Service.** Recipients operating fixed route systems may use up to 10 percent of their annual formula apportionment (the 10 percent applies to annual formula apportionments under Sections 5307 and 5311), at the capital project 80/20 federal/local share ratio, to pay for complementary paratransit services in accordance with 49 CFR part 37, Subpart F, for grant recipients that are in compliance with U.S. DOT regulations at 49 CFR parts 27, 37, and 38 implementing the transportation provisions of the Americans with Disabilities Act of 1990 (ADA).

1. **ADA Compliance:** Eligibility for using this expanded definition of capital depends on compliance with ADA requirements. FTA recipients must certify compliance with the ADA annually, and are subject to compliance review activities conducted by FTA to monitor compliance and correct deficiencies. Entities whose compliance is in question, due to volume of complaints, compliance review findings, or triennial review findings, will be subject to review and approval prior to using capital funds to operate ADA paratransit service.

2. **UZAs with More than One Recipient:** When a UZA has more than one recipient, it is the designated recipient's responsibility to work with public transportation operators to allocate the 10 percent of the UZA's apportionment that may be used for ADA paratransit purposes. Recipients' subarea allocation documentation should include language regarding the use of the ADA paratransit provision.

o. **Leasing Capital Assets.** A recipient may use capital funds to lease capital assets from another party in cases where it is determined that leasing would be more cost effective than either purchasing or constructing the asset. Recipients with preaward authority must conduct the cost comparison before entering into the lease and should contact the appropriate FTA regional office regarding the cost comparison. Recipients must comply with 49 CFR part 639 including these specific procedures:

1. Section 639.11 requires the grantee to demonstrate that the lease of a capital asset is more cost effective than the purchase or construction of the asset.

2. Section 639.23 requires the calculation of the purchase or construction cost and Section 639.25 requires the calculation of the lease cost. These two calculations are used to determine which approach is the most cost effective.

Leasing costs eligible for capital assistance include finance charges, including interest; ancillary costs such as delivery and installation charges; and maintenance costs. For additional information about leasing capital assets see FTA Circular 5010.1, "Grant Management Requirements."

p. **Capital Cost of Contracting.** Some FTA recipients turn to an outside source to obtain public transportation service, maintenance service, or vehicles that the recipient will use in public transportation service. When a recipient enters a contract for such service, FTA will provide assistance for the capital consumed in the course of the contract. In the case of a contractor providing vehicles for public transportation service, the capital consumed is equivalent to the depreciation of the vehicles in use in the public transportation service during the contract period. In the case of a maintenance contract, the capital consumed may be, for example, depreciation of the maintenance garage, or depreciation of the machine that lifts the vehicle. Capital consumed may also include a proportionate share of the interest the contractor might pay out as the contractor purchases and makes available to the recipient these capital assets. FTA refers to the concept of assisting with capital consumed as the “capital cost of contracting.” Only the costs attributable to the privately owned assets are eligible under this policy. With one exception, items purchased with federal, state, or local government assistance are not eligible. The exception is a public transportation vehicle privately owned in which the recipient has invested FTA funds from the Over-the-Road Bus Accessibility Program to finance incremental capital costs of complying with ADA. Capital consumed for service or maintenance in the provision of service outside the public transportation portion of the contract, such as for charter or school bus service, is not an eligible cost.

q. **Rail Trackage Agreements.** Capital portions of rail trackage rights agreements are eligible for Section 5307 capital assistance.

r. **Crime Prevention and Security Projects.** Eligible capital projects related to crime prevention and security activities include, but are not limited to:

1. Increased lighting in or adjacent to a public transportation system.

2. Increased camera surveillance of an area in or adjacent to a public transportation system.
(3) Providing emergency telephone lines in or adjacent to a public transportation system to contact law enforcement or security personnel.
(4) Any other capital project intended to increase security and safety of public transportation.

s. Project Administration. Administrative activities of an organization pertaining to the immediate accomplishment or oversight of a project are eligible. Project administration costs must be directly associated with administering the capital project. General administrative expenses that a designated recipient or state incurs to implement the program (as contrasted with the eligible costs directly related to administering a capital project) are not eligible as a direct cost under the Section 5307 program.

3. Operating Assistance

FTA provides funding to eligible recipients for costs incurred in the operation of public transportation service. In general, operating expenses are those costs necessary to operate, maintain, and manage a public transportation system. Operating expenses usually include such costs as driver salaries, fuel, and items having a useful life of less than one year. Eligible recipients include:

a. Recipients in Small UZAs—Recipients in an urbanized area (UZA) with populations of less than 200,000 may use Section 5307 funds for operating assistance. There is no limitation on the amount of their apportionment that recipients in these UZAs may use for operating assistance.

b. Recipients in Large UZAs—Recipients in UZAs with populations of 200,000 or more may not use Section 5307 funds for operating assistance unless identified by FTA as being eligible under the following:

   Public transportation operators that operate 100 or fewer buses in fixed route service during peak service hours may use a variable percentage of their UZA’s 5307 apportionment for operating assistance. Eligible agencies may use FTA program funds for operating assistance, excluding rail-fixed guideway, up to the amount published by FTA for a given fiscal year.

   The amount available to the eligible operators is based on the following:

   1) Systems that operate a minimum of 76 buses and a maximum of 100 buses in fixed route service during peak hour service may receive operating assistance in an amount not to exceed 50 percent of the share of the apportionment that is attributable to such systems within the UZA as measured by vehicle revenue hours.

   2) Systems that operate 75 or fewer buses in fixed route service during peak hour service may receive operating assistance in an amount not to exceed 75 percent of the share of the apportionment that is attributable to such systems within the UZA as measured by vehicle revenue hours.

   The amount available (operating cap) is calculated by dividing the UZA’s apportionment by the total number of vehicle revenue hours reported in the UZA from all public operators and multiplying this quotient by the number of total vehicle revenue hours operated in the UZA by the eligible system, and then by either 50 or 75 percent as indicated above.

4. Job Access and Reverse Commute Projects

MAP-21 created a new eligible project category for “job access and reverse commute projects” under Section 5307. This category includes all types of projects that were formerly eligible under the FTA Section 5316 Job Access and Reverse Commute Program. Although private nonprofit organizations are not eligible sub-recipients for other Section 5307 funds, private nonprofit organizations may receive funding for job access and reverse commute projects as a sub-recipient of an FTA designated recipient or direct recipient.

A job access and reverse commute project is defined in 49 U.S.C. 5302(9) as: “a transportation project to finance the planning, capital and operating costs that support the development and maintenance of transportation services designed to transport welfare recipients and eligible low income individuals to and from jobs and activities related to their employment, including transportation projects that facilitate the
provision of public transportation services from urbanized areas and rural areas to suburban employment locations.” Consistent with this definition, job access and reverse commute projects may include operating assistance in a large UZA, where operating assistance is otherwise not an eligible expense. Operating assistance for eligible job access and reverse commute projects is not limited by the “100 bus" special rule for operating assistance established by MAP-21 under 5307(a)(2).

In order for a job access and reverse commute project to receive funding under Section 5307, it must meet the following requirements:

a. New and Existing Services. Eligible job access and reverse commute projects must provide for the development or maintenance of eligible job access and reverse commute services. Recipients may not reclassify existing public transportation services that have not received funding under the former Section 5316 program as job access and reverse commute services in order to qualify for operating assistance. In order to be eligible as a job access and reverse commute project, a proposed project must qualify as either a “development project” or “maintenance project” as follows:

(1) Development Projects. "Development of transportation services" means new projects that meet the statutory definition and were not in service as of the date MAP-21 became effective October 1, 2012. This includes projects that expand the service area or hours of operation for an existing service. Projects for the development of new qualifying job access and reverse commute projects must be identified as such in the recipient’s program of projects (POP).

(2) Maintenance Projects. "Maintenance of transportation services" means projects that continue and maintain job access and reverse commute projects and services that received funding under the former Section 5316 program.

b. Reverse Commute Projects. Reverse commute projects are a category of job access and reverse commute projects that provide transportation services from urbanized and rural areas to suburban employment locations. Generally, these services increase the capacity of public transportation services operating in the reverse direction of existing peak services. Reverse commute projects may only qualify as job access and reverse commute projects under Section 5307 if they meet all other requirements, including having been designed to transport welfare recipients and eligible low-income individuals to and from jobs and employment related activities.

c. Welfare Recipients and Eligible Low-Income Individuals. Projects funded as “job access and reverse commute projects” must be designed to provide transportation for welfare recipients and eligible low-income individuals. The term “low-income individual” is defined as an individual whose family income is at or below 150 percent of the poverty line, as that term is defined in Section 673(2) of the Community Services Block Grant Act (42 U.S.C. 9902(2)), including any revision required by that Section, for a family of the size involved. Projects that serve the general public without specific route or design characteristics intended to respond to the needs of these populations may not be eligible as job access and reverse commute project. However, job access and reverse commute projects do not need to be designed exclusively for these populations.

d. Planning and Program Development. In order for an entity to receive Section 5307 funding for a job access and reverse commute project, the project must be identified by the recipient as a job access and reverse commute project in the recipient’s POP, which must be made available for public review and comment. In addition, FTA encourages recipients to ensure that projects meet the employment-related transportation needs of welfare recipients and low income individuals, either by deriving such projects from a locally coordinated public transportation/human services planning process that involves low-income communities and their stakeholders, or by an alternative process that engages low income community stakeholders in the identification and development of the project.

e. Eligible Projects. Projects that comply with the requirements above may include, but are not limited to:

(1) Late-night and weekend service;
(2) Guaranteed ride home service;
(3) Shuttle service;
(4) Expanding fixed route public transit routes, including hours of service or coverage;
(5) Demand-responsive van service;
(6) Ridesharing and carpooling activities;
(7) Transit-related aspects of bicycling (e.g., adding bicycle racks to vehicles to support individuals that bicycle a portion of their commute, providing secure bicycle parking at transit stations, or infrastructure and operating expenses for bicycle sharing programs in the vicinity of transit stations, not including the acquisition of bicycles);

(8) Promotion, through marketing efforts, of the: (i) use of transit by low-income individuals and welfare recipients with nontraditional work schedules; (ii) use of transit voucher program by appropriate agencies for welfare recipients and other low-income individuals; (iii) development of employer-provided transportation such as shuttles, ridesharing, carpooling; or (iv) use of transit pass programs and benefits under Section 132 of the Internal Revenue Code of 1986;

(9) Supporting the administration and expenses related to voucher programs. This activity is intended to supplement existing transportation services by expanding the number of providers available or the number of passengers receiving transportation services. Vouchers can be used as an administrative mechanism for payment to providers of alternative transportation services. Job access and reverse commute projects can provide vouchers to low-income individuals to purchase rides, including (i) mileage reimbursement as part of a volunteer driver program, (ii) a taxi trip, or (iii) trips provided by a human service agency. Providers of transportation can then submit the voucher to the FTA recipient or subrecipient administering the project for payment based on predetermined rates or contractual arrangements. Transit passes for use on fixed route or Americans with Disabilities Act of 1990 (ADA) complementary paratransit service are not eligible. Vouchers are an operational expense which requires a 50 percent local match;

(10) Supporting local car loan programs that assist individuals in purchasing and maintaining vehicles for shared rides, including the provision of capital loan guarantees for such car loan programs, provided the Federal interest in the loan guarantee fund is maintained and the funds continue to be used for subsequent loan guarantees or are returned to the government upon the release of funds from each guarantee;

(11) Implementing intelligent transportation systems (ITS), including customer trip information technology, vehicle position monitoring systems, or geographic information systems (GIS) software;

(12) Integrating automated regional public transit and human service transportation information, scheduling, and dispatch functions;

(13) Subsidizing the costs associated with adding reverse commute bus, train, carpool van routes or service from urbanized and nonurbanized areas to suburban workplaces;

(14) Subsidizing the purchase or lease by a private nonprofit organization or public agency of a van or bus dedicated to shuttling employees from their residences to a suburban workplace;

(15) Otherwise facilitating the provision of public transportation service to suburban employment opportunities; and

(16) Supporting mobility management and coordination programs among public transportation providers and other human service agencies providing transportation. Mobility management techniques may enhance transportation access for populations beyond those serviced by one agency or organization within a community. For example, under mobility management, a private nonprofit agency could receive job access and reverse commute funding to support the administrative costs of sharing services it provides to its own clientele with other low-income individuals and coordinate usage of vehicles with other private nonprofits, but not the operating costs of the service. As described under “Capital Projects,” mobility management is intended to build coordination among existing public transportation providers and other transportation service providers with the result of expanding the availability of service.”
Section 5337

Eligibility of projects and programs for FTA Section 5337 funds, consisting of High Intensity Fixed Guideway (HIFG) & High Intensity Motorbus (HIMB), may be found in the October 16, 2012 Federal Register:

“Funding under this program is limited to fixed guideway systems (including rail, bus rapid transit, and passenger ferries) and high intensity bus (buses operating in high occupancy vehicle (HOV) lanes.)

The State of Good Repair program provides capital assistance for replacement and rehabilitation projects of existing fixed guideway systems to maintain a state of good repair. This program provides funding for the following transit modes: Rapid rail (heavy rail), commuter rail, light rail, hybrid rail, monorail, automated guideway, trolleybus (using overhead catenary), aerial tramway, cable car, inclined plane (funicular), passenger ferries, and bus rapid transit.

Fixed-route bus services operating on high-occupancy-vehicle (HOV) facilities are also funded through a separate tier of this formula. Funding is limited to the above fixed guideway systems.

Recipients should be aware that "modernization" activities no longer are eligible and the SGR program only funds projects to replace or rehabilitate existing fixed guideway systems.

While funds are apportioned based only on fixed guideway segments that have been in operation seven years or longer, a recipient may use the funds apportioned to it for eligible replacement and rehabilitation projects on any existing fixed guideway system in the urbanized area. Eligible capital projects are those necessary to maintain fixed guideway systems in a state of good repair, including projects to replace and rehabilitate:

- Rolling stock;
- Track;
- Line equipment and structures;
- Signals and communications;
- Power equipment and substations;
- Passenger stations and terminals;
- Security equipment and systems;
- Maintenance facilities and equipment;
- Operational support equipment, including computer hardware and software;
- Development and implementation of a transit asset management plan; and
- Other replacement and rehabilitation projects FTA determines appropriate.

Although not explicitly listed above, preventive maintenance activities are eligible. However, modernization or expansion projects are not eligible under this program.”

Section 5339

Eligibility of projects and programs for FTA Section 5339 Bus and Bus Facilities Program funds may be found in the October 16, 2012 Federal Register:

“The program provides funding to replace, rehabilitate, and purchase buses and related equipment well as construct bus-related facilities. Eligible recipients are Designated Recipients and States that operate or allocate funding to fixed-route bus operators. Eligible subrecipients include public agencies or private nonprofit organizations engaged in public transportation, including those providing services open to a segment of the general public, as defined by age, disability, or low income.

Eligible capital projects include projects to replace, rehabilitate, and purchase buses and related equipment, and projects to construct bus-related facilities. This includes the acquisition of buses for fleet and service expansion, bus maintenance and administrative facilities, transfer facilities, bus malls,
transportation centers, intermodal terminals, park-and-ride stations, acquisition of replacement vehicles, bus rebuilds, passenger amenities such as passenger shelters and bus stop signs, accessory and miscellaneous equipment such as mobile radio units, supervisory vehicles, fare boxes, computers, and shop and garage equipment.

**General Background—Applying for an FTA Grant**

Described below are the three designations of sponsors of eligible transit projects:

- **Designated recipient**
  - A designated recipient is an entity designated, in accordance with the transportation planning process in 49 U.S.C. 5303 and 5304, by the governor of a state, responsible local official, and publicly owned operators of public transportation, to receive and apportion amounts of FTA funds to small and large UZAs.
  - To be selected as a designated recipient, an entity must be a public body with the legal capacity to perform all of the following responsibilities:
    - Receive and dispense Federal funds for transit purposes,
    - Submit projects to be included and considered in the annual elements of the region’s Transportation Improvement Program through its metropolitan planning organization (i.e., PSRC for its region),
    - Submit grant applications to FTA, and
    - Enter into formal grant agreements with FTA.

- **Direct recipient**
  - A direct recipient is a public entity that is legally eligible under federal transit law to apply for and receive grants directly from FTA, but is not a designated recipient. The amount of funds available to direct recipients is determined cooperatively by public transit providers, the metropolitan planning organization, and the designated recipient(s) for that UZA, in adherence with federal planning requirements and communicated to FTA by the designated recipient.
  - Additionally, a direct recipient’s FTA grant must be accompanied by a supplemental agreement prior to FTA approving the grant. The supplemental agreement permits the direct recipient to receive and dispense the Federal funds and sets forth that the grant recipient is assuming all responsibilities of the grant agreement. The supplement agreement is signed by both a designated recipient and the direct recipient.

- **Subrecipient**
  - A designated or direct recipient may serve as a pass through to a subrecipient to carry out an eligible transit project. For example, sub-recipient arrangements may be utilized to allocate funding to projects undertaken by a smaller cooperating agency on behalf of a designated or direct recipient, or to a private nonprofit organization that is responsible for a job access and reverse commute project within or near the service area of a designated or direct recipient.
  - Unlike supplemental agreements between a direct recipient and a designated recipient, a sub-recipient arrangement does not relieve the recipient of its responsibilities to carry out the terms and conditions of the grant agreement.
  - To establish a sub-recipient arrangement, the designated or direct recipient must:
    a. enter into a written agreement with the sub-recipient that assures FTA that the sub-recipient will comply with its obligation to satisfy the requirements of the grant agreement;
    b. inform the FTA regional office of the arrangement in its grant application or through other documentation; and
    c. inform FTA of any changes in that arrangement during the life of the project.
Current Central Puget Sound Region
Designated Maintenance and Nonattainment Areas
February 2014

Criteria Pollutants
- Particulate Matter (PM$_{2.5}$) Nonattainment Area
- Particulate Matter (PM$_{10}$) Maintenance Areas
- Carbon Monoxide Maintenance Area
- Former 1-hour Ozone Maintenance Area

Per MAP-21, CMAQ funds may be spent on projects located in the former ozone maintenance area, as well as the existing nonattainment and maintenance areas for PM and CO.
Project Tracking Policies for PSRC’s Federal Funds
(Revised January 2014)

Background & Purpose
The Puget Sound Regional Council’s (PSRC) project tracking program was first implemented in 2000 to monitor delivery of projects awarded PSRC’s federal funds. In 2010, the program’s project tracking policies were revised to reinforce provisions that address projects with delayed funds. While PSRC’s project tracking program has helped improve the region’s record of transportation investment delivery, delivery of federal funds by local agencies statewide has lagged historically. In addition, with the passage of a new federal transportation act in 2012, Moving Ahead for Progress in the 21st Century (MAP-21), a greater emphasis has been placed on project delivery and performance management for federal funds.

In late 2012, the Washington State Department of Transportation (WSDOT)—in coordination with regions across the state—developed policies and procedures to ensure that federal delivery expectations under MAP-21 are met, and that the portion of the state’s Federal Highway Administration (FHWA) funds distributed to local agencies is effectively utilized year to year. In short, the new statewide delivery strategy sets annual targets for the obligation of FHWA funds for each region of the state, as well as consequences for not meeting those targets. Under this statewide strategy, PSRC must deliver its target for its FHWA funds by August 1st of each year or a portion of the funds may be lost through redistribution to other regions. “Delivery” is defined as complete and accurate obligation packages submitted to WSDOT by August 1st, to allow processing time for obligation by the end of the federal fiscal year, September 30th.

The purpose of PSRC’s project tracking policies is to ensure the timely and predictable use of all regionally managed federal funds. Doing so will assist the central Puget Sound region to:

- 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;
- Meet federal funding delivery expectations;
- Preserve PSRC funds and ensure they are kept locally and not redistributed to other regions; and
- Position the region to receive unused FHWA obligation authority from other states by demonstrating the ability to deliver projects.

Overview of PSRC Funding and Processes
PSRC is responsible for managing funds from programs under both the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA).

The FHWA funding programs for which PSRC has responsibility for project selection and distribution through MAP-21 include:

- Federal Highway Administration Programs
  - Surface Transportation Program (STP)
  - Congestion Mitigation and Air Quality Improvement Program (CMAQ)
  - Transportation Alternatives Program (TAP)
A shared regional and countywide process is conducted to recommend and select projects for PSRC’s FHWA funds. The total available FHWA funding is split between the regional and countywide forums based on a regionally adopted funding split. Funding recommendations for PSRC’s FHWA funds are forwarded to the PSRC Transportation Policy Board by the Regional Project Evaluation Committee (RPEC) and the policy forums within each county, and are based on the requirements of MAP-21 and guidance provided by adopted regional and local plans and a policy framework adopted prior to PSRC’s project selection processes. A separate regional process is conducted for the selection of projects for PSRC’s TAP funds, recommended by a citizen advisory committee appointed by the PSRC Transportation Policy Board. The Transportation Policy Board recommends the distribution of funds of all PSRC FHWA funds with final approval by the Executive Board.

The FTA funding programs for which PSRC has primary responsibility for project selection and distribution through MAP-21 include:

- Federal Transit Administration (FTA) Programs
  - Urbanized Area Formula (Section 5307)
  - State of Good Repair - High Intensity Fixed Guideway (Section 5337)
  - State of Good Repair - High Intensity Motor Bus (Section 5337)
  - Bus and Bus Facilities (Section 5339)

Projects that receive PSRC’s FTA funds are selected through a process coordinated with FTA and the public transit agencies in the region. The process splits the available FTA funds between an earned share process and a regional competition. The earned share funding amounts are based on the service and operating characteristics of the agencies in the region’s three urbanized area (Bremerton, Marysville, and Seattle-Tacoma-Everett) and are distributed to each public transit agency based on their earnings. The remaining FTA funds come to the region based on regional attributes such as population density and are used for a regional competition for transit-related projects.

Funding recommendations for PSRC’s FTA funds are forwarded to the PSRC Transportation Policy Board by PSRC’s Transportation Operators Committee (TOC) and are based on the requirements of MAP-21 and guidance provided by adopted regional and local plans and a policy framework adopted prior to PSRC’s project selection processes. The Transportation Policy Board recommends the distribution of funds with final approval by the Executive Board.

PSRC Project Tracking Policies

A. FHWA Funds

1. Obligation Dates and Deadlines
   a. Projects Awarded PSRC Funds Prior to 2014

   Project sponsors are required to designate the year that each phase awarded PSRC’s FHWA funds will obligate. The deadline for all funding awards is December 31st of the program year selected. Projects with funds awarded to planning and/or preliminary engineering/design phases must obligate the funds within the designated

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1 PSRC also is responsible for distributing FTA Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310). The selection of projects to receive these funds is separate from those described here and is not subject to PSRC’s project tracking policies. More information on PSRC’s special needs funds may be found on PSRC’s website at [http://www.psrc.org/transportation/special-needs](http://www.psrc.org/transportation/special-needs)
year selected and are NOT eligible for a grace period. Projects awarded funds to right of way or construction phases are allowed a one-year grace period beyond the designated year to obligate the funds.

b. Projects Awarded PSRC Funds in 2014 and Beyond

Project sponsors are required to designate the year that each phase awarded PSRC’s FHWA funds will obligate. The deadline for all funding awards, regardless of project phase, is June 1st of the program year designated. For example, if 2015 is selected as the program year, the deadline for obligating the funds is June 1st, 2015. No grace period is allowed for any phase.

2. Obligation Deadline Extensions

a. Projects Awarded PSRC Funds Prior to 2014

No time extensions beyond the obligation deadline (or one-year grace period for right of way or construction phases) 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). Examples of delays that are not to be considered beyond the control of a sponsor include: staff turnover, shifting priorities, insufficient funding, clerical errors, lack of certification acceptance status, road classifications, waiting for permits, underestimating NEPA requirements, etc. 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. In cases where determinations and resulting recommendations for an extension differ between PSRC staff and a project evaluation committee, the request will be forwarded on to PSRC’s Transportation Policy Board for a final decision.

b. Projects Awarded PSRC Funds in 2014 and Beyond

Sponsors that do not anticipate meeting their June 1st obligation deadline and have PSRC funds awarded to a right of way or construction phase may apply for a six-month extension, to December 31st of the given year. Requests for extensions are due to PSRC by April 1st of the program year selected and are reviewed by PSRC staff in consultation with WSDOT. Determinations are to be completed by PSRC staff and communicated to sponsors by mid to late April. PSRC’s Regional Project Evaluation Committee (RPEC) is also to be notified in order to respond to any impact to PSRC’s delivery target for that fiscal year.

Regardless of the circumstances, extensions are not granted based on a consideration of the cause of delay, but are instead based exclusively on a demonstration by the project sponsor that all obligation requirements are reasonably expected to be met and funds will obligate no later than the end of the calendar year. All funds granted an extension that remain unobligated as of the December 31st deadline will be returned to the recommending forum for redistribution to projects on the adopted contingency list. No funding award to a given phase will be granted more than one extension. Note: As outlined above, extensions are restricted to right of way and construction phases only.
Should a request for an extension be denied by PSRC staff, project sponsors may appeal directly to PSRC’s Transportation Policy Board for a final decision.

3. Partial Obligations

Obligation deadlines apply to the entire amount of a PSRC award for a given phase. However, under some circumstances sponsors with funds programmed to a construction phase may only be authorized to obligate a portion of the award. In these cases, an opportunity may exist for the sponsor to utilize the remaining unobligated funds as the project progresses (e.g., to accommodate bids coming in higher than the engineer’s estimate or other unanticipated costs such as unexpected environmental mitigation). In such cases, any amount that remains from a partial obligation for a construction phase may be retained in the project for 90 days after bid opening, after which the unobligated portion will be returned for redistribution. Note: this provision applies only to awards to construction phases and does not apply to any other project phases (i.e. planning, preliminary engineering/design, or right of way).

4. Scope Changes

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 scope of work submitted at grant application.

Requests to change a project’s description must be reviewed and approved in advance by PSRC staff 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 a request for an extension be denied by PSRC staff, project sponsors may appeal directly to PSRC’s Transportation Policy Board for resolution.

5. Project Progress Reports

All project sponsors must submit status reports to PSRC that identify actual and/or expected progress for the project. These progress reports are to be completed by sponsors twice a year at the request of PSRC staff, and will be used to track the progress of individual projects as well as monitor the region’s overall progress and towards achieving its annual delivery expectations. Requests will coincide with the timing associated with PSRC’s annual delivery deadlines.

6. Administrative Procedures for the Return of PSRC Funds

PSRC funds may be returned through the project tracking policies identified above, through cost savings at time of grant completion, or on a voluntary basis by sponsors due to project cancellations, the obtaining of other grant funding such that PSRC funds are no longer required, or other circumstances. The following guidelines are identified for sponsors wishing to return PSRC funds:

a. Sponsors voluntarily returning funds should provide PSRC with a letter or a memorandum signed by a responsible official (mayor, council member, commissioner, department director, etc.) requesting the return. The letter should identify the project from which the funds are being returned, the funding source and amount being returned, and a summary of the reason for the return.
b. For projects that are at risk of failing to meet the obligation deadline per PSRC’s project tracking policies, the sponsoring agency’s responsible official (mayor, council member, commissioner, department director, etc.) will be notified approximately three months in advance of the deadline that the removal of any remaining unobligated funds may be forthcoming. After the obligation deadline has passed, sponsors will be notified that the unobligated funds are no longer available and will be returned for redistribution. All projects that return funds may compete for funding during the next or subsequent project selection processes.

7. Distribution of New and Returned Funds

The Transportation Policy Board approves contingency lists of prioritized projects in case additional funds become available prior to the next project selection process. New funds, defined as additional funds to the region from higher than estimated allocations or other sources, and returned funds, defined in the section above, will be distributed to either the adopted contingency list in effect at the time, or applied to the next project selection process.

8. Expenditure Monitoring

There are no current policies for monitoring the expenditures of PSRC’s FHWA funds. However, FHWA requires WSDOT to conduct a quarterly review of local agency projects with federal funds for which no expenditures have been charged during the past 12 months, referred to as “inactive” projects. Sponsors should be aware of billing procedures and expectations for projects with obligated federal funds, as well as the circumstances that lead to projects being deemed inactive by FHWA. For more information, see Chapter 23 of the Washington State Local Agency Guideline (LAG) Manual at: http://www.wsdot.wa.gov/LocalPrograms/LAG/

9. PSRC Reporting

It is expected that performance reports for PSRC’s FHWA funds will be provided to PSRC’s Transportation Policy and Executive Boards on a quarterly basis. These reports will summarize the region’s progress towards achieving its annual delivery target, and provide information on project awards that did not meet their obligation deadline and were returned for redistribution.

B. FTA Funds

1. Obligation Dates and Deadlines

Sponsors of projects are required to designate the year that each project phase with PSRC’s FTA funds will obligate. Each phase of a project is allowed a one-year grace period beyond the estimated obligation date. If unobligated by the end of this grace period, funds are at risk of being removed from the project.

PSRC staff will provide regular reports to the 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), PSRC staff will contact the project sponsor and initiate an evaluation process. Staff will meet with the sponsor and gather information on the reasons for the delay. For the regional FTA competition in the Seattle-Tacoma-Everett UZA, a recommendation will be prepared on whether or not an obligation date extension is warranted. PSRC’s recommendation will be presented to the Regional FTA Caucus for their review and recommendation 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 Regional Transportation Improvement Program (TIP). For projects awarded through the FTA earned share process, regular monitoring of these funds will occur and reports provided to the Regional FTA Caucus and the TOC to ensure the funds do not become at risk of lapsing.

2. Scope Changes

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 scope of work submitted at grant application.

Requests to change a project’s description must be reviewed and approved in advance by PSRC staff to ensure that the modified description is consistent with the project’s original scope, purpose, intent, and/or utility. For funds awarded through the regional FTA competition, if such a request is deemed to deviate from the original scope of work, the request will be denied. Should a request for an extension be denied by PSRC staff, project sponsors may appeal directly to PSRC’s Transportation Policy Board for resolution. For funds awarded through the FTA earned share process, the sponsoring agency will make a request to the Transportation Operators Committee who will review and make a recommendation to the Transportation Policy Board for revision of the project’s description in the Regional and State TIPs.

3. Distribution of New and Returned Funds

For the regional competition within the Seattle-Tacoma-Everett urbanized area, the Transportation Policy Board approves contingency lists of prioritized projects in case additional funds become available prior to the next project selection process. New funds, defined as additional funds to the region from higher than estimated allocations or other sources, and returned funds, defined in the section above, will be distributed to either the adopted contingency list in effect at the time, or applied to the next project selection process.

4. PSRC Reporting

It is expected that performance reports for PSRC’s FTA funds will be provided to PSRC’s Transportation Policy and Executive Boards on a quarterly basis. These reports will summarize the region’s progress at delivering transit projects, and provide information on competitive project awards that did not meet their obligation deadline and were returned for redistribution.
### 2014 Project Selection Process: PSRC's FHWA Funds

#### Estimated 2015-2017 FHWA Funds

<table>
<thead>
<tr>
<th></th>
<th>(in millions, rounded)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>STP Funds</td>
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<td></td>
</tr>
<tr>
<td>CMAQ Funds</td>
<td>$80.10</td>
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</tr>
<tr>
<td><strong>Total Estimated FFY 2015-2017 Funds Available for Programming</strong></td>
<td><strong>$229.20</strong></td>
<td></td>
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</table>

#### Adjustment for May 2013 Emergency Funding Action

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>STP Funds</td>
<td>$132.30</td>
</tr>
<tr>
<td>CMAQ Funds</td>
<td>$73.20</td>
</tr>
<tr>
<td><strong>Total Estimated funds available for programming</strong></td>
<td><strong>$205.50</strong></td>
</tr>
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</table>

#### Adjustment for FFY 2013 Final Allocations (compared to 2012 estimates for FFY 2013-2014)

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>STP Funds</td>
<td>$128.10</td>
</tr>
<tr>
<td>CMAQ Funds*</td>
<td>$72.60</td>
</tr>
<tr>
<td><strong>Total Estimated funds available for programming</strong></td>
<td><strong>$200.70</strong></td>
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#### Funds Taken Off the Top

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10% for nonmotorized (NM) projects (STP &amp; CMAQ)</td>
<td>$20.07</td>
</tr>
<tr>
<td>6.7% for Kitsap County adjustment (per 2013 OFM population estimate)</td>
<td>$8.58</td>
</tr>
<tr>
<td>25% of STP for preservation</td>
<td>$32.03</td>
</tr>
<tr>
<td>PSRC Work Program (STP) - $500k per year</td>
<td>$1.50</td>
</tr>
<tr>
<td><strong>Total Funds taken off the top</strong></td>
<td><strong>$62.18</strong></td>
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**Funds remaining for Regional & Countywide processes** $138.52

#### Funds for the Regional & Countywide Processes: 50/50 split

**Regional Process**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of</td>
<td></td>
</tr>
<tr>
<td>Rural Town Centers &amp; Corridors Program</td>
<td>$3.00</td>
</tr>
<tr>
<td><strong>Remaining for Regional Competition</strong></td>
<td><strong>$66.26</strong></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Countywide Processes</strong></td>
<td></td>
</tr>
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</table>

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of</td>
<td></td>
</tr>
<tr>
<td>plus Kitsap County distribution</td>
<td>$8.58</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$77.84</td>
</tr>
<tr>
<td>plus funds for nonmotorized projects</td>
<td>$20.07</td>
</tr>
<tr>
<td>plus funds for preservation</td>
<td>$32.03</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Funds remaining for Regional &amp; Countywide processes</strong></td>
<td><strong>$138.52</strong></td>
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</table>

#### Breakdown of Countywide Funds

<table>
<thead>
<tr>
<th>County</th>
<th>2013 Pop %</th>
<th>Share^</th>
<th>10% NM</th>
<th>25% Pres</th>
<th>Subtotals</th>
</tr>
</thead>
<tbody>
<tr>
<td>King County</td>
<td>52.42%</td>
<td>$38.92</td>
<td>$10.52</td>
<td>$16.79</td>
<td>$66.23</td>
</tr>
<tr>
<td>Kitsap County</td>
<td>6.72%</td>
<td>$8.58</td>
<td>$1.35</td>
<td>$2.15</td>
<td>$12.08</td>
</tr>
<tr>
<td>Pierce County</td>
<td>21.54%</td>
<td>$16.00</td>
<td>$4.32</td>
<td>$6.90</td>
<td>$27.22</td>
</tr>
<tr>
<td>Snohomish County</td>
<td>19.32%</td>
<td>$14.35</td>
<td>$3.88</td>
<td>$6.19</td>
<td>$24.41</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>100.00%</td>
<td>$77.84</td>
<td>$20.07</td>
<td>$32.03</td>
<td><strong>$129.94</strong></td>
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</tbody>
</table>

^ A portion of CMAQ funds must be spent in the PM2.5 nonattainment area; this amount is being determined in coordination with FHWA.

^ Note - since Kitsap’s share of funds is taken “off the top,” the remaining portion of countywide funds is assigned proportionately to the other three counties.
### Estimated 2015-2017 FTA Funds

#### Estimated Funds by UZA

<table>
<thead>
<tr>
<th>UZA</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bremerton UZA</td>
<td>$10.26</td>
</tr>
<tr>
<td>Marysville UZA</td>
<td>$5.76</td>
</tr>
<tr>
<td>Seattle-Tacoma-Everett UZA</td>
<td>$469.44</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$485.46</td>
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#### Funds Taken Off the Top

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
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<tbody>
<tr>
<td>PSRC Work Program - Bremerton UZA</td>
<td>$0.06</td>
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<tr>
<td>PSRC Work Program - Marysville UZA</td>
<td>$0.04</td>
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<tr>
<td>PSRC Work Program - STE UZA</td>
<td>$2.90</td>
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<tr>
<td><strong>Total</strong></td>
<td>$3.00</td>
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#### Remaining Estimated Funds by UZA Available for Programming

<table>
<thead>
<tr>
<th>UZA</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bremerton UZA</td>
<td>$10.20</td>
</tr>
<tr>
<td>Marysville UZA</td>
<td>$5.72</td>
</tr>
<tr>
<td>Seattle-Tacoma-Everett UZA</td>
<td>$466.54</td>
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<tr>
<td><strong>Total</strong></td>
<td>$482.46</td>
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#### STE UZA Estimated Earned Share and Regional Processes

<table>
<thead>
<tr>
<th>Process</th>
<th>Amount</th>
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<tbody>
<tr>
<td>86% Earned Share Process</td>
<td>$401.22</td>
</tr>
<tr>
<td>14% Regional Process</td>
<td>$65.32</td>
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<tr>
<td><strong>Total</strong></td>
<td>$466.54</td>
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#### STE UZA Estimated Earned Share Amounts by Transit Agency*

<table>
<thead>
<tr>
<th>Agency</th>
<th>Earned Share</th>
<th>State of Good Repair</th>
<th>Min. Floor</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Transit</td>
<td>$25.68</td>
<td></td>
<td>n/a</td>
<td>$25.68</td>
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<tr>
<td>Everett Transit</td>
<td>$2.93</td>
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<td>$2.93</td>
</tr>
<tr>
<td>King County Ferry District</td>
<td>$5.22</td>
<td></td>
<td>n/a</td>
<td>$5.22</td>
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<tr>
<td>King County Metro</td>
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<td>n/a</td>
<td>$192.15</td>
</tr>
<tr>
<td>City of Seattle</td>
<td>$2.37</td>
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<td>n/a</td>
<td>$2.37</td>
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<tr>
<td>Pierce County Ferry System</td>
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<td>n/a</td>
<td>$2.81</td>
</tr>
<tr>
<td>Pierce Transit</td>
<td>$19.90</td>
<td></td>
<td>n/a</td>
<td>$19.90</td>
</tr>
<tr>
<td>Sound Transit</td>
<td>$109.86</td>
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<td>n/a</td>
<td>$109.86</td>
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<tr>
<td>Washington State Ferries</td>
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<tr>
<td>Kitsap Transit</td>
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<tr>
<td>Skagit Transit</td>
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<td>$0.56</td>
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<tr>
<td>Intercity Transit</td>
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<tr>
<td><strong>Total</strong></td>
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#### STE UZA Regional Process

<table>
<thead>
<tr>
<th>Process</th>
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</thead>
<tbody>
<tr>
<td>14%</td>
<td>$65.32</td>
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#### STE UZA Estimated Earned Share Amounts, including State of Good Repair

<table>
<thead>
<tr>
<th>Agency</th>
<th>Earned Share</th>
<th>State of Good Repair</th>
<th>Min. Floor</th>
<th>Subtotal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Transit</td>
<td>$2.13</td>
<td>$25.68</td>
<td>n/a</td>
<td>$27.81</td>
</tr>
<tr>
<td>Everett Transit</td>
<td>$0.24</td>
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<td>$1.09</td>
<td>$4.25</td>
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<tr>
<td>King County Ferry District</td>
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<td>$5.65</td>
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<tr>
<td>King County Metro</td>
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<td>$192.15</td>
<td>n/a</td>
<td>$208.08</td>
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<td>City of Seattle</td>
<td>$0.20</td>
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<tr>
<td>Pierce Transit</td>
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<td>Washington State Ferries</td>
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<td>$1.16</td>
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<td>$1.16</td>
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<tr>
<td>Skagit Transit</td>
<td>$0</td>
<td>$0.56</td>
<td>n/a</td>
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<tr>
<td>Intercity Transit</td>
<td>$0</td>
<td>$5.74</td>
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<td><strong>Total</strong></td>
<td>$32.66</td>
<td>$401.22</td>
<td>$3.93</td>
<td>$437.81</td>
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</table>

* These agencies are "external" transit agencies that earn FTA funds by providing service to this UZA. Per adopted policy, these agencies will receive what they earn from this service, but are not eligible to participate in the regional competition, the minimum floor adjustment or vote on Committee actions.
Federal Urban/Urbanized and Rural Areas as of October 2013

Legend
- UGA
- FHWA Urban/Urbanized
- FHWA Rural

Attachment 8A
Federal Urban/Urbanized and Rural Areas -- King County
2014 Project Selection Process for PSRC Funds:
COUNTYWIDE PROCESS SUMMARIES

The overarching parameters for all of PSRC’s funding processes, including the countywide processes, include the following:

- Transparency – conduct an open and transparent process and clearly communicate to prospective sponsors, elected officials and the public;
- Fairness – conduct a process that is fair to all eligible sponsors;
- Meet regional policy – ensure that regional policies are being followed, such as project tracking and the adopted policy focus of support for centers and the corridors that serve them;
- Meet federal requirements – ensure all federal requirements are met, including project delivery, full funding of a phase, and that projects are competitively awarded.

The following are brief summaries of the existing countywide processes.

**King Countywide Process**

The King Countywide forum conducts competitions for six separate categories of projects, due to the large number of eligible jurisdictions. The five categories are the nonmotorized and preservation set-asides as recommended by the Regional Project Evaluation Committee (RPEC); a small jurisdiction program; a large jurisdiction program; a rural program which includes the required minimum amount of STP funds to be allocated; and an all others program for agencies such as transit, tribes and the port. The funding distributions are determined as follows:

- Nonmotorized set-aside: As set by the RPEC recommendation of 10% of the total estimated STP/CMAQ funds available and distributed per each county’s population share;
- Preservation set-aside: As set by the RPEC recommendation of 25% of the total estimated STP funds available and distributed per each county’s population share – these funds are then further distributed by population share and eligible federal lane miles between the small jurisdiction, large jurisdiction and rural funding programs within the County. Further, a cap of $1.5 million per request and a limit of three applications per agency was set in 2012;
- All others program: Eligible sponsors include transit, the port, tribes and other non-local jurisdiction agencies. Funding for this program is set at 15% of the total STP/CMAQ funds available for the King Countywide process, with the remaining funds distributed by population share to the small jurisdiction, large jurisdiction and rural funding programs;
- Rural program: While a minimum amount to be spent within each county was identified (note, this distribution will change under MAP-21 for the 2014 process), for the King County process funds available for this program is determined by the rural population share of the county;
- Small jurisdiction program: For agencies less than 15,000 in population; funding amount as described above;
- Large jurisdiction program: For agencies over 15,000 in population; funding amount as described above.

The King Countywide process is based on the regional criteria and application process. Volunteer subcommittees of the King County Project Evaluation Committee (KCPEC) score and rank projects within each of the six categories, and present recommendations to the full committee for their consideration. Prioritized lists of contingency projects within each funding category are prepared, with the exception of the preservation set-aside program. The final KCPEC recommendation is then forwarded to the King County members of PSRC’s Transportation Policy Board for their final recommendation to PSRC.
Kitsap Countywide Process

The Kitsap Countywide forum conducts their process for the RPEC-recommended nonmotorized and preservation set-asides, and also distributes the required minimum amount of STP funds to the rural area of the county. There are no additional set-asides in the Kitsap Countywide process, and the remaining funds are open to all other projects. Given the relatively modest amount of funds available, there is a shared process between the cities and the county at roughly 50/50%, with other eligible agencies such as the port and transit competing within those shares depending on project location. A prioritized contingency list is created, capped at 30-50% of the estimated funds available. In addition, the process includes a feature that allows for consideration of additional funding needs for selected projects when funds become available from PSRC’s project tracking program or from new funds to the region.

The Transportation Technical Advisory Committee reviews project submittals and makes recommendations to the Kitsap Regional Coordinating Council’s Transportation Policy Committee; the Policy Committee makes recommendations to the full KRCC Board, who in turn makes final recommendations to PSRC.

Pierce Countywide Process

The Pierce Countywide process contains 6 technical applications based on type of project (nonmotorized, preservation, roadway, transit, intermodal/freight and other), and 2 policy applications (one for STP, one for CMAQ). They distribute the nonmotorized and preservation set-aside funding at the amount determined through the RPEC recommendation, as well as the minimum amount of STP funds to be spent in the rural area. In addition, 8.87% of the remaining available funds are targeted for small cities’ projects, and 18% targeted for transit projects. Projects are self-scored by applicants, but a scoring subcommittee of the Transportation Coordinating Committee (TCC) will review and make recommendations to the full committee. A prioritized contingency list of projects is also recommended. The TCC makes recommendations to the Pierce County Regional Council, who in turn makes recommendations to PSRC.

Snohomish Countywide Process

The Snohomish Countywide forum conducts their process for the RPEC-recommended nonmotorized and preservation set-asides, and also distributes the required minimum amount of STP funds to the rural area of the county. There are no additional set-asides in the Snohomish Countywide process, and the remaining funds are open to all other eligible projects. Applicants identify their project as being a centers or a corridors project as designated on a local plan, similar to the regional competition, and answer questions accordingly. A subcommittee of the Infrastructure Coordinating Committee (ICC) reviews and scores all projects and makes recommendations to the full committee. A prioritized list of contingency projects is created and recommended. ICC makes funding recommendations to Snohomish County Tomorrow, who in turn makes final recommendations to PSRC.
United States of America  
Department of Transportation  
Federal Transit Administration  

Supplemental Agreement  
(Attachment to FTA G-20, October 1, 2013)

It is the practice of the Federal Transit Administration to enter into a formal agreement with the Designated Recipient for projects that the Designated Recipient does not carry out directly. Under this Grant Agreement, the Grant Recipient is not the Designated Recipient. Therefore, the Designated Recipient hereby agrees to permit the Grant Recipient under this Grant Agreement to receive and dispense the Federal assistance funds described in this Grant Agreement. The Designated Recipient further agrees that the Grant Recipient shall assume all responsibilities set forth in this Grant Agreement.

The Federal Government and the Grant Recipient under this Grant Agreement hereby agree that the Designated Recipient is not in any manner subject to or responsible for the terms and conditions of this Grant Agreement and is a party to this Grant Agreement only to assign the right to receive and dispense Federal funds to the Grant Recipient as described above.

Signature: ____________________________ Date: ______________
Name (Print/Type): ____________________________
Authorized Official
Federal Transit Administration

Signature: ____________________________ Date: ______________
Name (Print/Type): ____________________________
Authorized Official
Designated Recipient

Signature: ____________________________ Date: ______________
Name (Print/Type): ____________________________
Authorized Official
Grant Recipient
MEMORANDUM

To: Regional FTA Caucus
Cc: Transportation Operators Committee, Federal Transit Administration Region X
From: Kelly McGourty, Program Manager
Subject: PSRC Urbanized Area Procedures for the Federal Transit Administration Requirement Related to Public Transportation Security Projects

Under Moving Ahead for Progress in the 21st Century (MAP-21), there is a requirement that recipients of Section 5307 Federal Transit Administration (FTA) funds expend at least 1% of each fiscal year’s amount received on public transportation security projects. Further clarification from FTA Region X indicates that this requirement may be met at the Urbanized Area (UZA) level. The procedure for how this requirement will be met for the three UZAs in the PSRC region - the Marysville, Bremerton and Seattle-Tacoma-Everett UZAs – is described below.

Public transportation operators in each of the three UZAs will provide information in FTA’s electronic grants management system to report on the 1% public transportation security requirement. For each project with Section 5307 funds, agencies will indicate the amount to be expended on public transportation security, and whether the expenditure is from Section 5307 or another source of funds. PSRC, as the Metropolitan Planning Organization for the three UZAs, will monitor the status for meeting the 1% requirement and report to FTA annually.

This procedure will be provided to each public transportation operator receiving Section 5307 funds within the region’s three UZAs, and will be posted on PSRC’s website as documentation to be used during the FTA triennial review process.
MEMORANDUM

August 20, 2013

To: Regional FTA Caucus
Cc: Transportation Operators Committee, Federal Transit Administration Region X

From: Kelly McGourty, Program Manager

Subject: PSRC Urbanized Area Procedures for the Federal Transit Administration Requirement Related to Associated Transit Improvements

Under Moving Ahead for Progress in the 21st Century (MAP-21), there is a requirement that recipients of Section 5307 Federal Transit Administration (FTA) funds in large Urbanized Areas (UZAs) over 200,000 in population expend at least 1% of each fiscal year’s amount received on associated transit improvements. The procedure for how this requirement will be met in the Seattle-Tacoma-Everett UZA is described below.

As part of PSRC’s project selection process, sponsors of projects awarded Section 5307 funds will be asked if they can accept the responsibility for the 1% associated transit improvements (ATI) requirement. In addition, all projects awarded Section 5307 funds for a given fiscal year will be reviewed for eligible ATI components. If neither of these approaches will result in the 1% ATI requirement being met, a pro-rata share among all eligible agencies will be assigned. PSRC, as the Metropolitan Planning Organization for the Seattle-Tacoma-Everett UZA, will monitor the status for meeting the 1% requirement and report to FTA annually.

This procedure will be provided to each public transportation operator receiving Section 5307 funds within the Seattle-Tacoma-Everett UZA, and will be posted on PSRC’s website as documentation to be used during the FTA triennial review process.