

ACTION ITEM

February 18, 2009

To: Executive Board

From: Charlie Howard
Transportation Planning Director

Subject: **PSRC's ARRA Transportation Project Selection**

On Tuesday, February 17, President Obama signed the American Recovery and Reinvestment Act of 2009 which contains programs intended to lead to national economic recovery by creating jobs, both in the short term and as a basis for long-term economic prosperity. The bill makes a significant investment in the nation's infrastructure, including \$46.5 billion for Department of Transportation programs. This memo summarizes the transportation provisions of the Act, and outlines an approach for PSRC to select projects with sub-allocated transportation funding expected for local projects within the region.

For Federal Highway Administration (FHWA) funds, the current plan is to have the Regional Project Evaluation Committee (RPEC) recommend projects to select for funding at its meeting on February 27. The Transportation Policy Board will consider the RPEC recommendation on March 12. The Executive Board is expected to take final action on March 26. For the Federal Transit Administration (FTA) funds, the schedule may be slightly different. The Transportation Policy Board may have a recommendation from the Transportation Operators Committee in March that would be for final approval by the Executive Board on March 26.

RECOMMENDED ACTION

The Executive Board should concur with the current timeline and framework for project selection for ARRA funds under PSRC's discretion.

Major Transportation Provisions of the Act

The major transportation investments contained within the Act include:

1. **National Surface Transportation Investment Program:** This program is a national discretionary grant program for roadways and transit, funded at \$1.5 billion. Projects must be between \$20 million and \$300 million, and no one state can get more than \$300 million of the total program. The US Department of Transportation will establish criteria for the grant program, solicit project proposals, and award the grants within one year.
2. **Federal Highway Administration:** The Act provides \$27.5 billion for Federal Highway Administration (FHWA) investments. These funds will be distributed by existing federal transportation formulas to states by the FHWA. Attachment 1 outlines the current estimate for how these funds will be apportioned to Washington. By March 10, the USDOT must apportion these funds based on the formulas to Washington and other states. Three percent of the funds received in each

state must be used for transportation enhancement projects (such as non-motorized projects, historic preservation, etc.). Thirty percent must be sub-allocated through MPOs for local projects. Half of the funds received in Washington must be “obligated” (a federal term which means that the funds are officially committed to the project) within 120 days (about July 8, 2009). The remaining half of the funds must be obligated within a year (by March 10, 2010). All suballocated funds for local projects that PSRC is expecting to receive are subject to the one year obligation timeframe. Project eligibility is broad, including all types of highway and transit projects, plus some expanded eligibility for FHWA stormwater, passenger and freight rail projects, and port projects. All projects funded with economic recovery funding must be completed within 3 years (March 10, 2012). Preliminary estimates are that PSRC should receive about \$75-80 million for local project selection through a population based sub-allocation.

3. **Transit Investments:** The act includes three types of transit investments. \$6.9 billion is available for urban and rural transit capital grants allocated by existing federal transit formulas; \$750 million is available for fixed guideway capital grants to be allocated by existing fixed guideway formulas; and \$750 million is available for new starts/small starts capital grants which will be selected by USDOT as competitive discretionary grants. Preliminary estimates are that the PSRC region will receive about \$150 million for transit projects through direct allocation from the Federal Transit Administration to the urbanized areas. Attachment 2 outlines the current estimate for how these funds will be apportioned to Washington.
4. **Other transportation programs:** The bill also includes infrastructure investments for aviation and airports; maritime facilities; AMTRAK; and an \$8 billion investment in high speed rail.

Preliminary estimates are that Washington will receive about \$492 million in highway funding, of which 30% or \$148 million will be suballocated to regions of the state based on population. The remaining \$345 million, including a bit under \$15 million for transportation enhancements, are under state discretion. These funds are eligible for a broad range of roadway and transit projects, plus the added stormwater, passenger and freight rail, and port projects.

At this time, it is unclear what process the state will use to select enhancement projects. For other projects under state discretion, it is anticipated that the Legislature will take action within the next few weeks on a supplemental transportation budget that will select projects and program these funds.

Proposed Regional Project Selection Approach

PSRC Staff have been working with the Regional Project Evaluation Committee, the Transportation Operators Committee, and other regional groups since November on developing a list of ready-to-go projects that would be good candidates for any regional economic recovery funds made available. The PSRC began by compiling lists of projects that had been developed by local and regional agencies, and working with the our regional staff committees to vet the projects, eliminate duplication, review and confirm project status, and sort the list into the ready-to-go timelines of 90 days, 180 days, one year, and two years.

The Regional Project Evaluation Committee and the Transportation Operators Committee then agreed to help prioritize the projects most ready to go for each county through the county-wide staff groups. Prioritization factors included both the ability of the project to move forward quickly and its support for adopted regional transportation investment policies. Currently, we have lists reflecting priorities within each county and each transit agency’s highest priority projects.

In early February, PSRC asked its officers to meet to provide input into how PSRC should proceed with project selection for economic recovery funds. The officers were presented with a policy framework and a range of options for project selection. The policy framework was based on discussions with staff committees and what we knew about the emerging legislation, especially focus on projects that were ready to go, with a use-it-or-lose-it policy and zero tolerance for delays. Also, the policy framework recognizes that adopted PSRC investment policy, focusing on implementing the growth, transportation and economic strategies, was a good basis for meeting the economic recovery goal of jobs now and laying a foundation for long term prosperity. The officers felt comfortable with that policy framework.

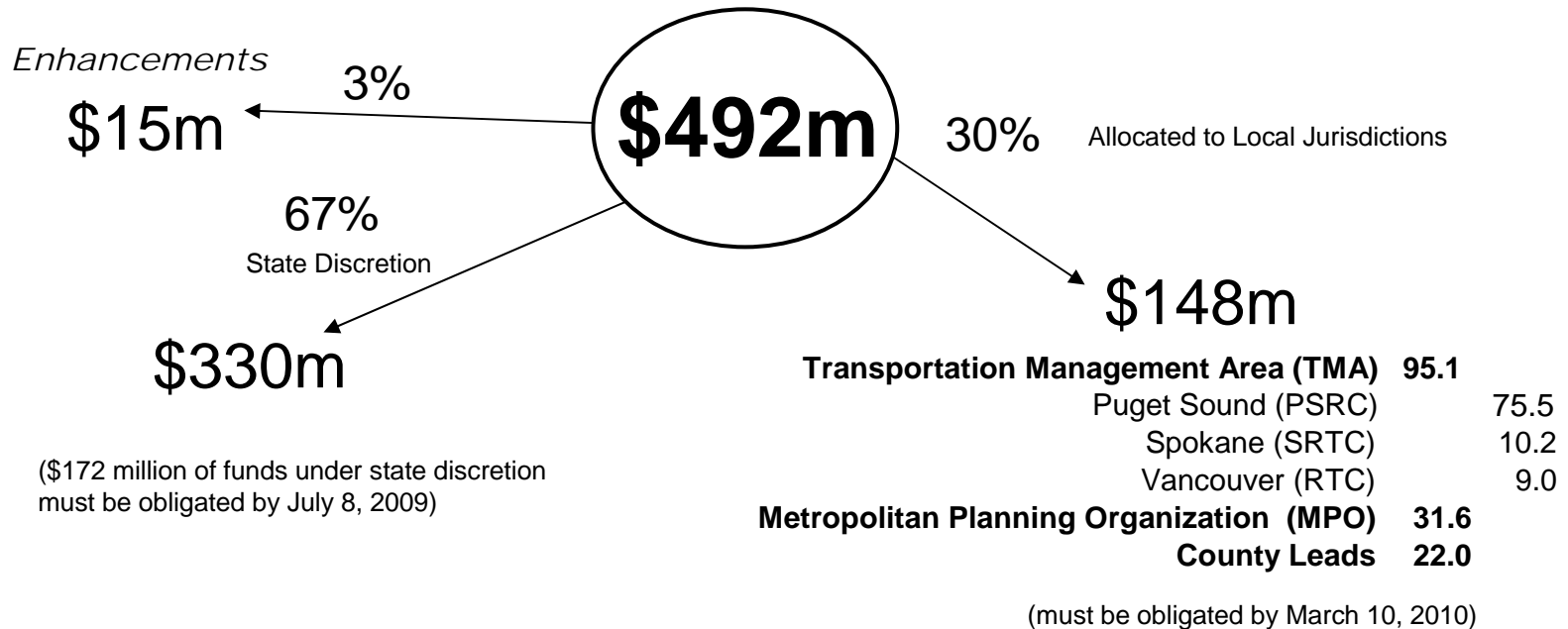
The range of options for project selection was provided by staff based on the adopted approach for regular PSRC funding with a split between a regionwide competition and countywide competitions; a 100% regional competition approach; and a 100% countywide competition approach. The officers felt that the economic recovery funds were a unique opportunity that perhaps called for a different approach. They suggested that each county develop a list of its highest priority projects – both larger scale projects that traditionally compete for regionwide funds, and smaller scale projects which normally compete for countywide funds. The officers stated that we should try to fund as a region the few large scale projects important to each county, and important to the region's long-term prosperity. In addition, they felt that we should also add some number of smaller scale projects that are top priority within each county which could help fund these smaller scale priorities, but also would create a sense of geographic and project-type balance. The project selection would be by the Executive Board, drawing from these prioritized county-wide lists.

The approach suggested by the PSRC officers was described to the Regional Project Evaluation Committee on February 6, and input from the Transportation Policy Board was sought on February 12. Both groups felt it had merit and was appropriate for the unique nature of the economic recovery funding. Therefore, PSRC staff recommends that the Executive Board concur with this approach. Based on this approach, RPEC would recommend a short-list of high priority countywide projects. For transit projects, the Transportation Operators Committee would similarly recommend high priority projects from each transit agency, and forward their recommendations to the Transportation Policy Board. These lists would be reviewed and recommended by the Transportation Policy Board on March 12 and forwarded to the Executive Board for project selection and TIP amendment on March 26.

Attachments:

- [Estimate for WA FHWA Funds – ARRA](#)
- [Estimate for WA FTA Funds - ARRA](#)
- [Draft Policy Framework for Selecting ARRA Projects at PSRC](#)
- [Prioritized Countywide List of Prioritized Projects for ARRA Funding – FHWA](#)
- [PSRC's Transportation Operators Committee Recommended Draft List of Transit Projects Proposed for ARRA Funding - FTA](#)

Estimate for WA FHWA Funds – ARRA



Note: 3% of total (\$15m) shall be for Enhancement purposes.

Additional funding available:

- \$1.5 billion – Supplemental Discretionary Grants for a National Surface Transportation System
- \$60 million – National Ferry Transportation Systems Grants

(Numbers based on final ARRA)

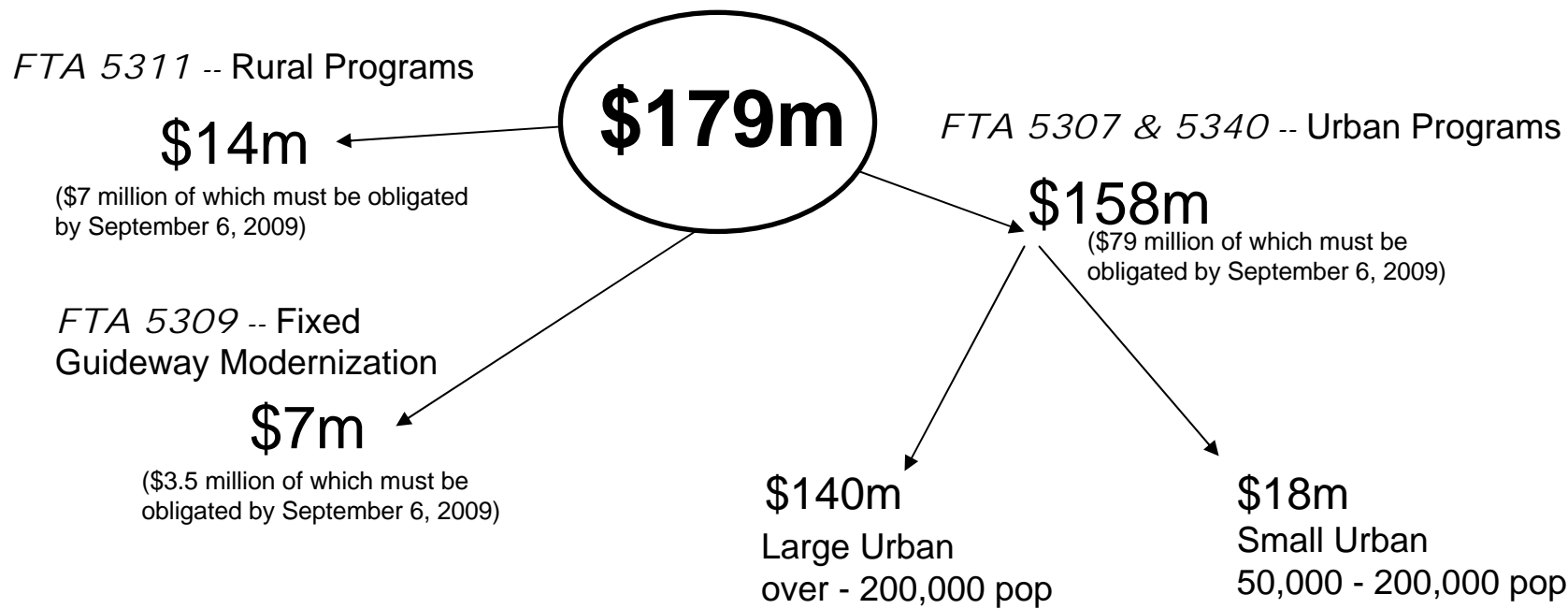
(Dollars are in millions and may not add due to rounding)

All dollars are rough estimates and subject to change based on final apportionments.

Obligation dates may change depending on when funds are apportioned; *the obligation dates are based on PSRC staff analysis.*

FHWA must apportion funds by March 10, 2009

Estimate for WA FTA Funds – ARRA



Additional national discretionary funding available:

- \$1.5 billion – Supplemental Discretionary Grants for a National Surface Transportation System (also shown on the FHWA table)
- \$100 million – New Energy Program in FTA
- \$724 million – FTA New Starts/Small Starts already under construction
- \$17 million – FTA Tribal Transit Grants

(Numbers based on final ARRA)

(Dollars are in millions and may not add due to rounding)

All dollars are rough estimates and subject to change based on final apportionments.

Obligation dates may change depending on when funds are apportioned; *the obligation dates are based on PSRC staff analysis*. FTA must apportion funds by March 10, 2009