

Project Tracking Policy Review

Transportation Policy Board
January 8, 2026



Puget Sound Regional Council



We are leaders in the region to realize equity for all. Diversity, racial equity and inclusion are integrated into how we carry out all our work.

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Today's Agenda



- Background on PSRC **Project Funding** and **Tracking** Processes
- Introduction to Two **Proposed** Policy **Revisions**
- **Preliminary** Recommendations **from** the Regional Project Evaluation Committee (RPEC)
- **TPB Discussion and Schedule**



Background

PSRC's responsibilities include:

- Distribution of **federal transportation funds**
 - >\$100 million per year of Federal Highway Administration (FHWA) funds
 - >\$250 million per year of Federal Transit Administration (FTA) funds
- Administration of **Regional Transportation Improvement Program (TIP)**
 - Includes all federally funded and regionally significant projects currently underway
 - Demonstrates a project is ready to implement
- Monitoring of PSRC-funded projects through administration of **Project Tracking Policies**



Background

PSRC awards federal funds to projects typically 2 to 4 years prior to the year the funds will be available

- Required to have a fully programmed 4-year TIP
- Allows project sponsors time to plan for project implementation after funds are secured
- Awards are based on estimates
- Each year, the amount of actual allocated funds for the current year is confirmed by FHWA and FTA



Background

Projects must **obligate funds** in the year in which they are awarded and programmed

- Sponsor submits paperwork to FHWA (through WSDOT) or FTA that demonstrates that the phase is ready for implementation
- Once funds are obligated, the sponsor may expend the funds on the project
- When the project is complete, any unspent federal funds are de-obligated and redistributed to other eligible projects



PSRC's Project Tracking Policies

Developed to ensure the timely and predictable use of **PSRC's** federal funds, and assist the region to:

- Reduce project delays that lead to increased costs
- Ensure the traveling public benefits from investments at the earliest point possible
- Meet federal funding delivery expectations
- Preserve PSRC funds and ensure they are kept locally
- Position region for additional funding opportunities by demonstrating the ability to deliver projects



PSRC's Project Tracking Policies



Policy guidance to address elements such as:

- Obligation deadlines
- Scope changes
- Extensions
- Returns
- Funding delivery gaps



PSRC's Project Tracking Policies

Include Five-Step TIP Rebalancing Process for FHWA Funds

1. Advance projects from later years of the TIP.
2. Exchange federal funds for local/state funds between phases of a single project, or between projects, within the same agency.
3. Increase federal shares of awarded projects.
4. Fund immediately-ready-to-go projects from the current adopted contingency lists.
5. Award new funds to new projects, outside of the standard PSRC project selection process.



Additional Policy Context

The following policies, previously established through RPEC recommendations and board deliberations, have guided discussion and preliminary recommendations

- PSRC funds are **awarded by phase**, not by project
- In general, PSRC funds are **not intended to fund project cost overruns**
- When possible, PSRC funds that have been **awarded but unused** should **go to the next eligible project on the adopted contingency list**
- Policies are established to enable PSRC funds are **distributed in a consistent and fair way**



Policy Review Topics



Two FHWA project tracking policy topics are under review:

- **Administrative Transfer of PSRC Funds Between Phases** – Evaluate the current \$50K limit for administrative transfer of PSRC funds between phases
- **Increased Cost Estimates for use in Increased Federal Share Provision** – Evaluate the potential to allow pre-bid cost estimate increases to be eligible for “increased federal share” funds under PSRC’s annual TIP rebalancing process



Policy Topic #1 – Transfer of Funds between Phases

The current limit for administrative transfer of PSRC funds between phases is \$50,000

- PSRC funds unspent at the completion of a phase are de-obligated and redistributed to the next eligible project
- Last set in 2015, PSRC policies allow administrative transfer of up to \$50K between phases of the same project, provided all phases remain fully funded
- Any transfer greater than \$50K is subject to “exception” policies and requires board approval



Policy Topic #1 – Transfer of Funds between Phases

The limit for administrative transfer is based on an amount determined reasonable for new project funding

- Recognizes the policy that if a project is unable to utilize funds for the requested purpose, they should go to the next eligible project
- But also acknowledges
 - amounts below a certain threshold are unlikely to be feasible for new project funding; and
 - there is benefit to some limited flexibility to accommodate minor changes in project conditions



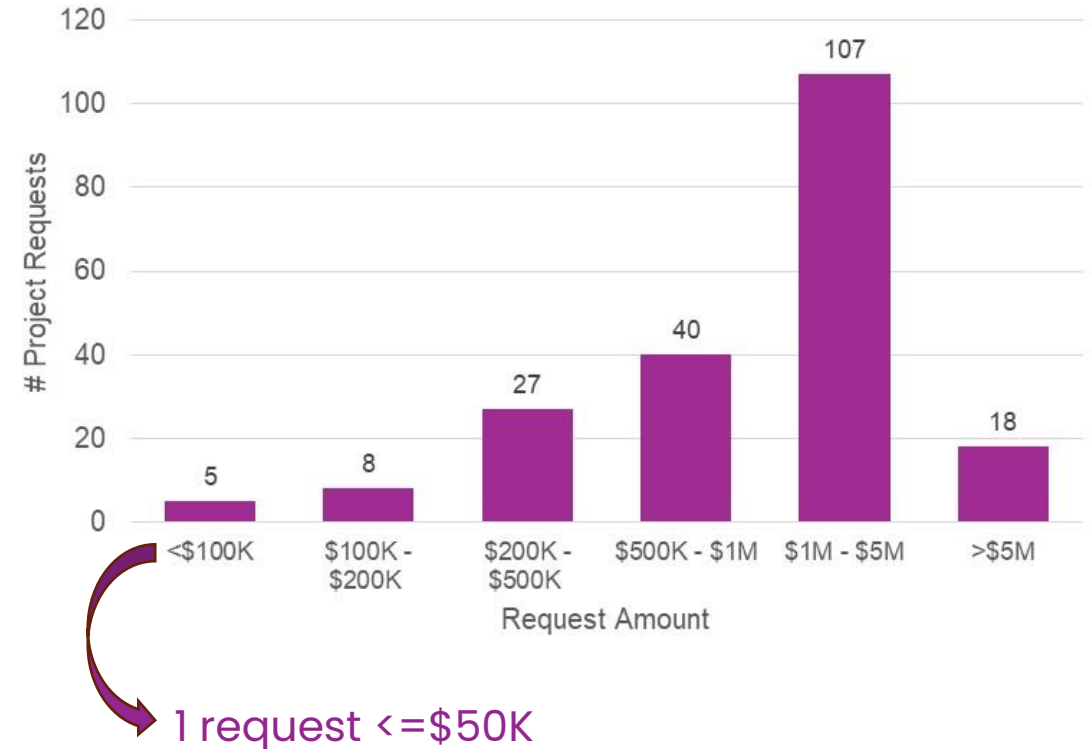
Policy Topic #1 – Transfer of Funds between Phases

Size of PSRC Funding Requests Since 2021

Funding Awards



Contingency List Requests



Policy Topic #1 – RPEC Takeaways

Acknowledgement that:

- Project costs have increased since the \$50K limit was established in 2015
- Smaller funding requests are less common but do happen
- Since WSDOT coordination is needed to implement this policy, it needs to remain administratively straightforward



Policy Topic #1 – Preliminary RPEC Recommendation

Increase the limit for administrative transfer of PSRC funds between phases to \$100,000

- Retains provision that all phases must remain fully funded
- Any transfer greater than \$100K would be subject to “exception” policies and require board approval



Policy Topic #2 –Cost Estimate Increases

Cost estimate increases are not currently eligible to receive supplemental PSRC funding awards

- Currently, only the **phase cost provided at the time of award** is considered in a project's capacity to receive increased federal share
- If the cost estimate at the time of obligation is higher than was initially estimated and programmed, any cost overruns are the responsibility of the sponsor
 - This policy is the result of many RPEC and board discussions over the years



Policy Topic #2 – Cost Estimate Increases

Annual Five-Step TIP Rebalancing Process

1. Advance projects from later years of the TIP.
2. Exchange federal funds for local/state funds between phases of a single project, or between projects, within the same agency.
3. Increase federal shares of awarded projects.
4. Fund immediately-ready-to-go projects from the current adopted contingency lists.
5. Award new funds to new projects, outside of the standard PSRC project selection process.



Policy Topic #2 – Cost Estimate Increases

Increased Federal Share Policy

- Applied to PSRC-funded projects with delivery in the **current fiscal year**
- In this step, the additional federal funds are awarded and **replace an equal amount of local funds**
- Additional federal funds are awarded up to either (1) the **maximum needed to fill the region's delivery gap**, or (2) the **maximum a project can accept** and still meet its 13.5% match requirement, whichever is smaller
- Projects that requested and were **awarded the maximum federal share** (86.5% of the phase cost provided) **are not eligible** to receive additional funds



Policy Topic #2 – RPEC Takeaways

- Initial planning-level cost estimates should be carefully developed by project sponsors and include contingency factors
- Unanticipated cost increases can still occur, sometimes due to inflation that has exceeded historical trends, or scope updates as project progresses
- To mitigate policy concerns of allowing cost overruns, these factors could potentially be balanced by placing a limit on the amount of a cost increase that could be covered by supplemental funds
- While requiring an engineer's cost estimate may not always be feasible at the time of initial funding request, it can be reasonably be expected as a sponsor is preparing to obligate a project's funds



Policy Topic #2 – Preliminary RPEC Recommendation

Allow cost estimate increases to be included in supplemental funding actions, with the following conditions:

- Applies only to projects with delivery in the current fiscal year
- Updated cost would need to be submitted by mid-February to be included in annual rebalancing
- Based on licensed engineer's estimate
- Subject to standard TIP/STIP rules



Discussion and Next Steps



- Feedback from TPB brought to RPEC in January
- RPEC vote on final recommendations in January
- RPEC recommendations brought to boards for action in February
- **Board Feedback and Questions?**

