

An aerial photograph of a large, sprawling city, likely Seattle, Washington. The city is densely packed with green trees and various buildings, including residential houses, larger apartment complexes, and commercial structures. A major highway with multiple lanes of traffic cuts through the city, with a bridge crossing over a major intersection. In the far distance, the majestic Mount Rainier is visible, its snow-capped peak contrasting with the blue sky. The overall scene is a mix of urban development and natural beauty.

Project Tracking Policies Proposed Revisions

Transportation Policy Board
February 12, 2026

 Puget Sound Regional Council

Today's Agenda



- Background/Overview of PSRC Project Funding and Tracking Processes
- Two proposed project tracking policy revisions. For each:
 - Discuss overall review and recommendations of the Regional Project Evaluation Committee (RPEC)
 - Requested Action – Recommend approval of RPEC-recommended update to the policy



Background

PSRC's responsibilities include:

- Distribution of **federal transportation funds** – typically 2-4 years in advance of year funds will be available
- 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

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



Policy guidance to address elements such as:

- Federal funding processes
- Obligation deadlines
- Scope changes
- Extensions
- Returns
- Funding delivery gaps



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**



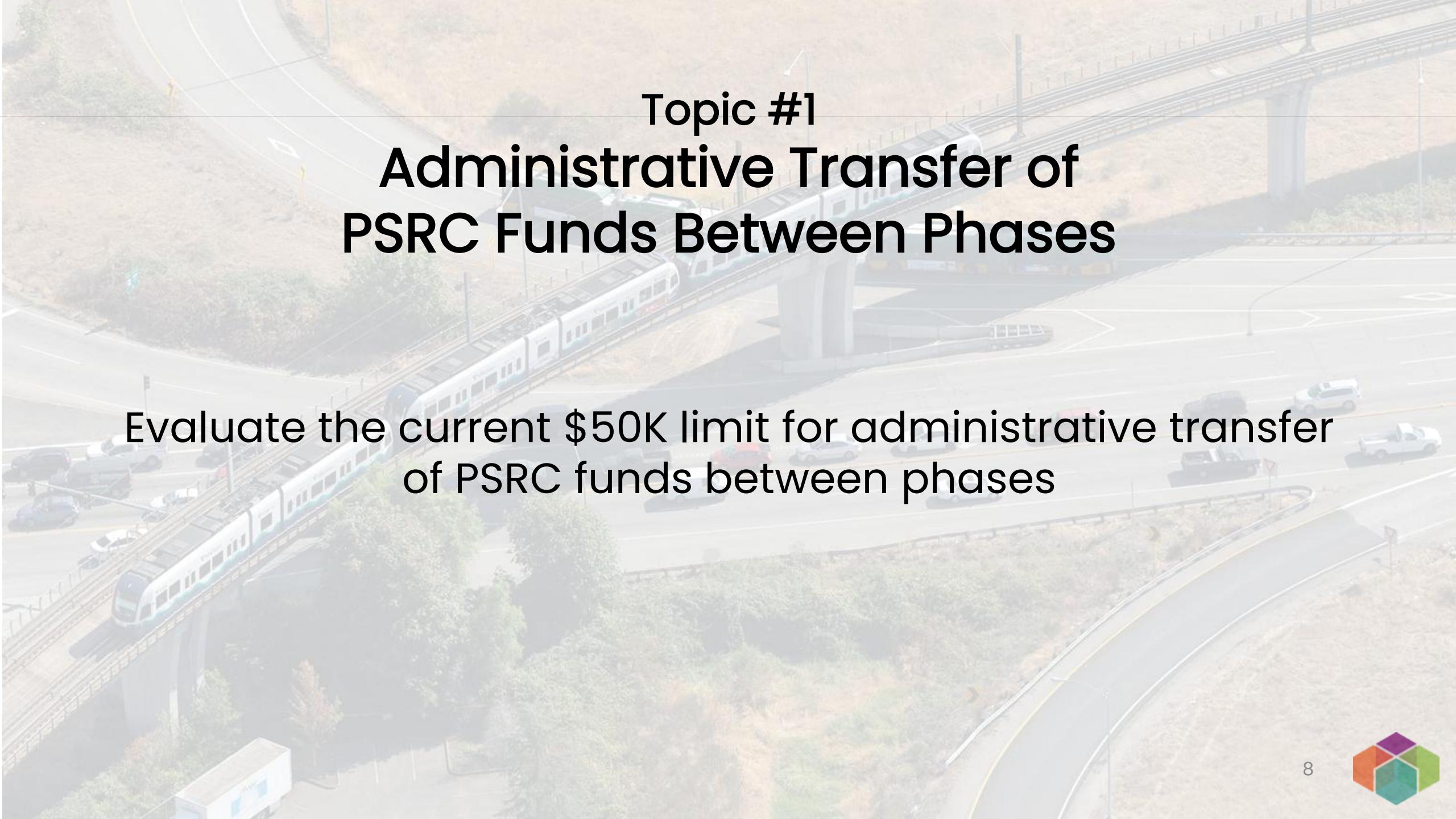
Policy Review Topics



Two FHWA project tracking policy topics are under review:

- **Topic #1: Administrative Transfer of PSRC Funds Between Phases** – Evaluate the current \$50K limit for administrative transfer of PSRC funds between phases
- **Topic #2: Cost Estimate Updates 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



A faint, semi-transparent background image showing an aerial view of a highway interchange. A light rail train is visible on an elevated track, and several cars are on the roads. The image is used to set a transportation-related context for the presentation.

Topic #1

Administrative Transfer of PSRC Funds Between Phases

Evaluate the current \$50K limit for administrative transfer
of PSRC funds between phases



Current Policy

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



Background

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

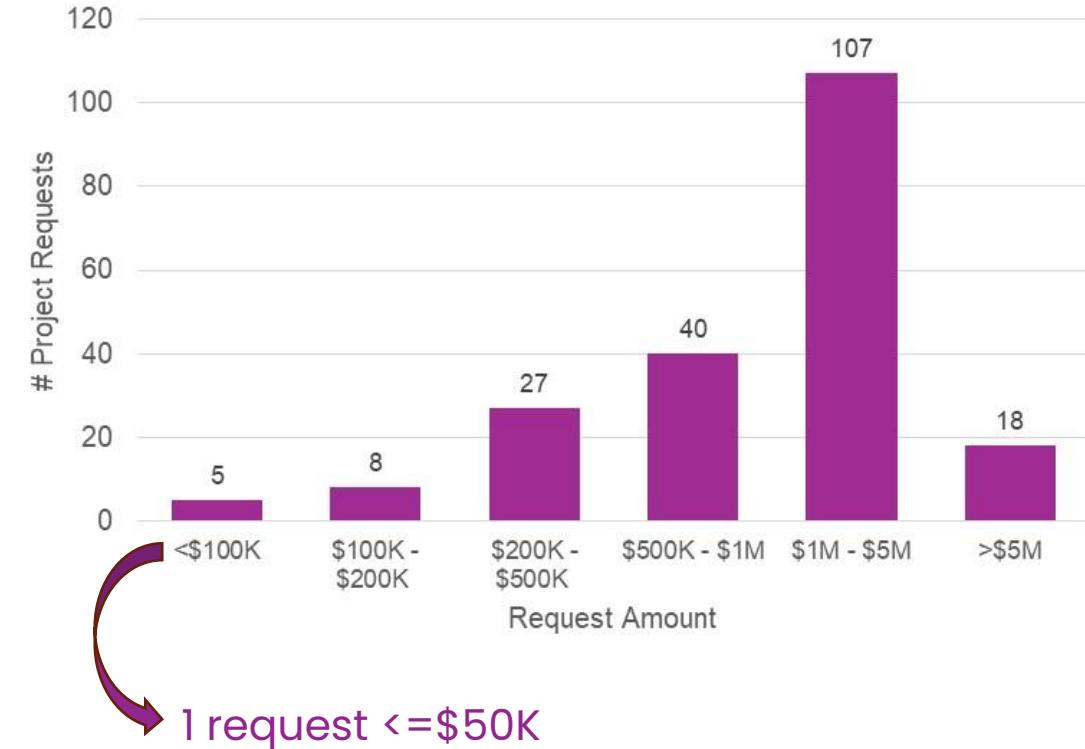


Size of PSRC Funding Requests Since 2021

Funding Awards



Contingency List Requests



RPEC Takeaways on Policy Topic #1



- Project costs have increased since the \$50K limit was established in 2015
- Data showed that smaller funding requests (e.g., <\$100K) are less common but do happen
- Since WSDOT coordination is needed to implement this policy, it needs to remain administratively straightforward

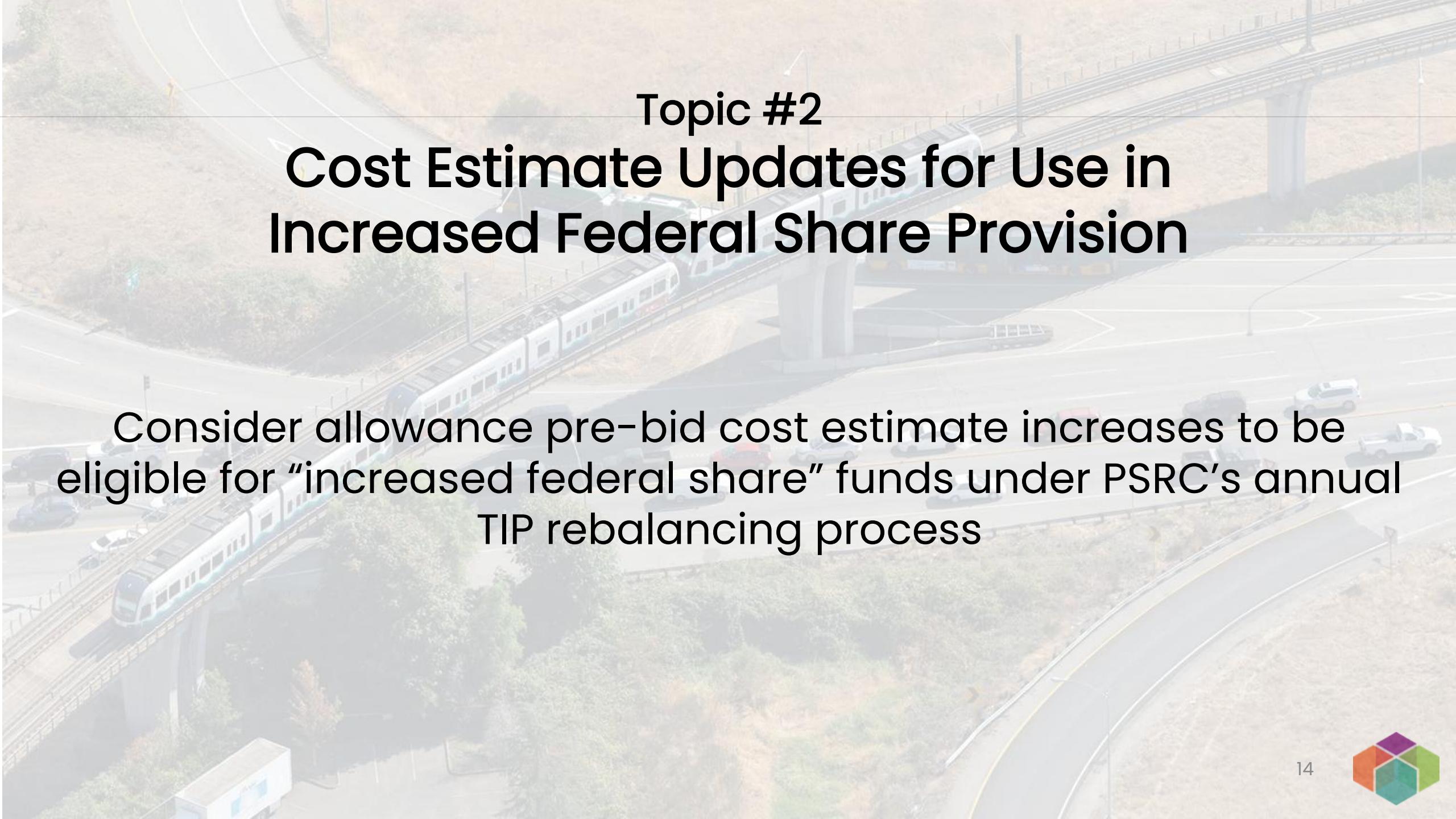


Policy Topic #1 – RPEC Recommendation

Increase the limit for administrative transfer of PSRC funds between phases from \$50,000 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





Topic #2

Cost Estimate Updates for Use in Increased Federal Share Provision

Consider allowance pre-bid cost estimate increases to be eligible for “increased federal share” funds under PSRC’s annual TIP rebalancing process



Project Tracking Policies to Manage Delivery

Goal: Efficient and timely project delivery, minimize cost of delays, preserve federal funds coming to the region

- In place since 2003, updated over time
- Policies set firm obligation deadlines but allow opportunity for one-time extension, exceptions
- Policies address annual delivery target for FHWA funds
 - *Must be met or loss of unused funds – “use it or lose it”*



Measures to Fill FHWA Delivery Gap

Five-step process applied each year to fill the gap

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.

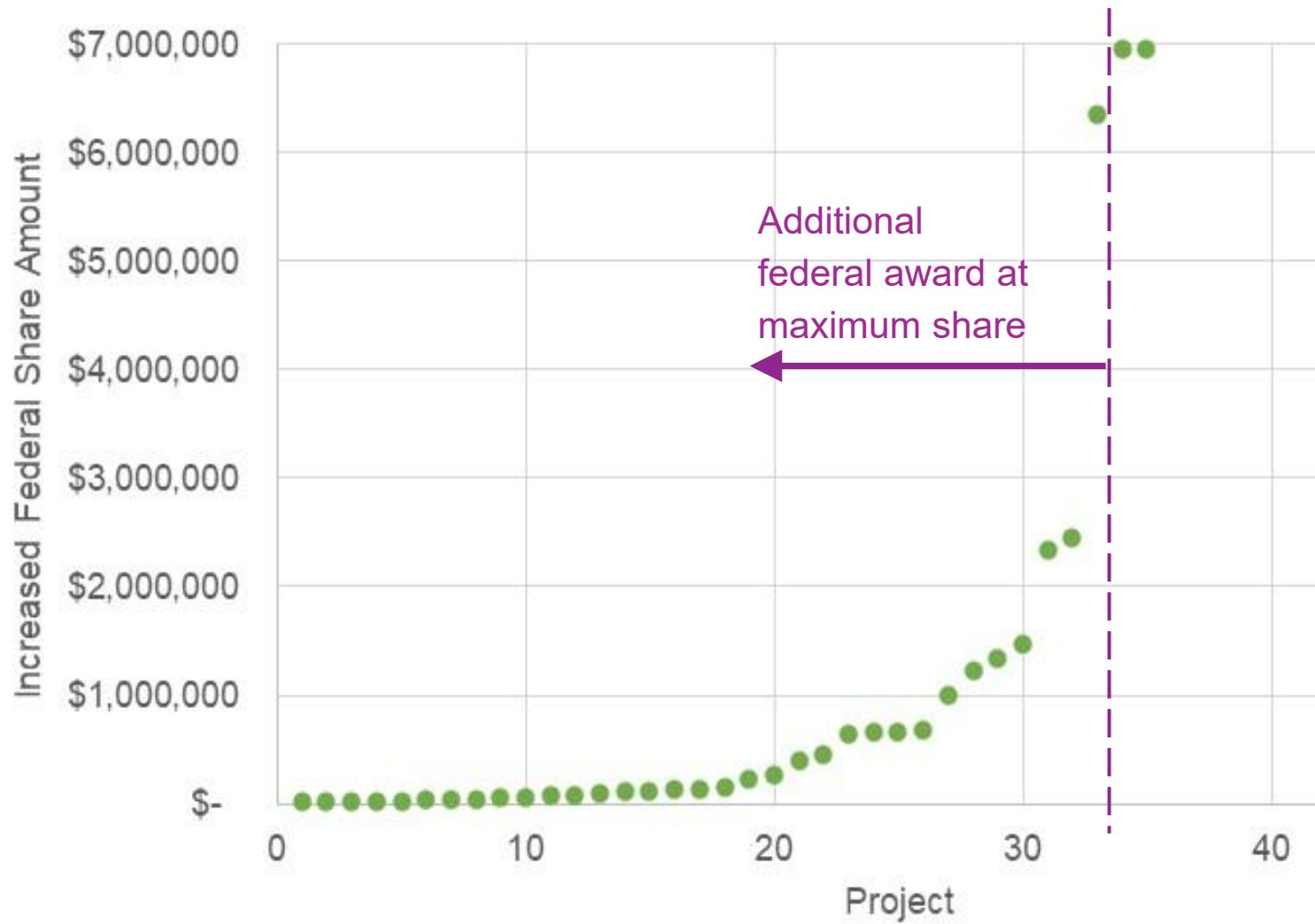


Increased Federal Share Policy

- 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



2025 Increased Federal Shares



- All but the largest projects received maximum allowable federal share



Current Policy

Cost estimate increases are not currently eligible to receive increased federal shares

- 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 RPEC and board discussions over the years



RPEC Takeaways on Policy Topic #2

- Initial 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 evolving scopes
- 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
- As a funding package is being prepared for obligation submittal, documentation supporting the cost estimate is a reasonable expectation



Policy Topic #2 – RPEC Recommendation

Allow cost estimate increases to be included in application of increased federal shares, over and above the existing standard procedures, with the following conditions

- Up to limit of 20% of original cost estimate or \$750,000, whichever is smaller
- Applies only to projects with delivery in the current fiscal year, to original scope as awarded
- Must be accompanied by cost estimate documentation and explanation of increase
- Review again after two years of implementation to determine if limit adjustments are warranted



Requested Actions

Recommend Executive Board approval of the following updates to PSRC's Project Tracking Policies for Federal Funds

1. Increase the limit for administrative transfer of PSRC funds between phases from \$50,000 to \$100,000
2. Allow cost estimate increases to be included in application of increased federal shares, over and above the existing procedures, with conditions as described





Thank You!

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