



Puget Sound Regional Council

# **2024 POLICY FRAMEWORK FOR PSRC'S FEDERAL FUNDS**

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## SECTION 1: BACKGROUND

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### A. Policy Framework

Under federal law, 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:<sup>1</sup>

#### Federal Highway Administration (FHWA) Funds

- Surface Transportation Program Block Grant Program (STBG)
- 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 *2024 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 2024 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 2050, the region's overarching policy document and long-range vision for the future; the Regional Transportation Plan; and the Regional Economic Strategy.

### B. Development of the 2025-2028 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 2024 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.

The Regional TIP must be a four-year program of projects that is updated at least every four years. In our region, a new TIP is created after each project selection process for PSRC's

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<sup>1</sup> PSRC also has responsibility for distributing funds through FHWA's Transportation Alternatives Program and plays a supportive role with WSDOT in the distribution of FTA's Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities program. Under each federal transportation act, there may be new federal funding sources identified for distribution by MPOs. An example under the current Infrastructure Investment & Jobs Act is the Carbon Reduction Program.

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 2025-2028 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 2023-2026 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 funds from a variety of federal programs, such as the National Highway Performance Program, Highway Safety Improvement Program, and others. These programs and responsibility for selection evolve with each new federal transportation act. 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 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant program, and others.
- Local funds: Cities, counties, ports, transit agencies, etc., have primary responsibility for selecting projects to receive each agency's local funds.

### **Regional TIP Requirements**

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

- Consistency with VISION 2050 and the regional transportation plan;
- 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.

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 <https://www.psrc.org/our-work/funding/transportation-improvement-program>.

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 updated consistent with RCW 36.70A.130 and certified by PSRC. The 2024 comprehensive plan updates for jurisdictions in the central Puget Sound region are currently ongoing. All project selection processes in 2024 will be based on current certification status. All agencies seeking to compete in a 2025 or later grant competition (such as the Rural Town Centers and Corridors Program) must have a plan certified by PSRC by September 30, 2025. Certification (full or conditional) is required to compete for PSRC's federal funds, as well as to program projects with any funding source into the Regional TIP.

### **Development Schedule**

The schedule for preparing the Draft 2025-2028 Regional TIP is included in Attachment 1. The schedule begins with the 2024 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 2025-2028 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 2025-2028 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 the federally required 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 Block Grant Program (STBG) 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.<sup>2</sup>

#### Federal Transit Administration (FTA) Funds

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<sup>2</sup> 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.

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. 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 (Section 5337) funds are available for a variety of projects for maintenance, replacement and rehabilitation of high-intensity fixed guideway (HIFG) and bus (HIMB) systems, and to develop and implement 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. Additional 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 focused Equity Formula distribution for a portion of the funds. The FTA process is described in Section 4.

The 2024 project selection process will program federal fiscal year (FFY) 2027-2028 FHWA and FTA funds. The estimated amounts by funding source are shown in the table below. Since these funds are beyond the span of the current federal transportation act, the estimates are based on the average allocations to the region by funding source over the last four years<sup>3</sup>. If information becomes available upon authorization of the new act that significantly changes these figures, additional programming may occur at a future time.

<b>Estimated FFY 2027-2028 PSRC Funds (in millions)</b>	
STBG	\$120.6
CMAQ	\$58.7
<b>FHWA Total</b>	<b>\$179.3</b>
Section 5307	\$254.5
Section 5337 HIFG	\$141.4
Section 5337 HIMB	\$46.2
Section 5339	\$17.2
<b>FTA Total</b>	<b>\$459.4</b>
<b>Grand Total</b>	<b>\$638.6</b>

### Project Tracking Program

<sup>3</sup> Additional FHWA funding from other sources, not yet programmed from prior years, may be included in the project selection process.

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. The policies continue to be revised to address emergent issues and 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 adopted Project Tracking Policies for PSRC's Federal Funds are contained in Attachment 4.

## SECTION 2: POLICY FOCUS

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### **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 2050 in October 2020. For the 2024 project selection process, 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 designated by PSRC's Executive Board (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. In addition, military facilities are included in the definition of local centers, with each countywide forum responsible for determining the definition of a military "facility" within their county.

## SECTION 3: PSRC'S FHWA FUNDS

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### **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 STBG 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, and strengthens the integration of local, countywide, and regional growth management and transportation planning and implementation. However, each countywide process follows the regional policies and procedures as laid out in this *Policy Framework*, including the use of project evaluation criteria supporting the implementation of VISION 2050, the Regional Transportation Plan and the Regional Economic Strategy, as well as PSRC's project tracking program.

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 STBG 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 2050 and regional transportation plan 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. Ten percent of the total regional competitive portion of 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, which will utilize STBG funds, is above and beyond the federally required minimum amount of STBG funds to be spent in rural areas. The next competition for 2027-2028 funds will be held in 2025. Background information on this program may be found on PSRC's website at <https://www.psrc.org/our-work/rural-town-centers-and-corridors>.
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 STBG funds. The procedure for the other three counties is to apply their population percentages to the combined remaining total of STBG and CMAQ funds, after the set-asides have been applied, and after the funds have been split between the regional and countywide processes.

4. The Preservation Set-Aside is continued in the 2024 project selection process at 20% of the total estimated STBG funds. The set-aside recognizes the importance of preservation and the priority given to these activities in the regional transportation plan, as well as the continued backlog of preservation needs and lack of dedicated funding. 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. When first adopted, the set-aside was originally 25% of the total estimated STBG funds; the use of the 5% delta is described under #6 below.
5. Funds are set aside for PSRC's Work Program in the amount of \$1,000,000 of STBG funds per year, for a total of \$2 million of STBG funds in the 2024 project selection process. PSRC's adopted budget and work program assumes some amount of funding from both FHWA and FTA funding sources, and the specific details of PSRC's work program for these years will be determined in the future.

### **Percentage split between the Regional and Countywide processes**

The split of the combined estimated total of STBG 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. Funds may become available through PSRC's project tracking program and final federal allocations being higher than originally estimated. For the 2024 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.

The integrity of the project selection process will be maintained as part of any distribution of funds to the adopted contingency lists. Project scopes and funding requests will be held to the original grant request; changes to scope and higher funding requests will not be entertained. In addition, if insufficient funds are available to fully fund a phase, forums may elect to provide partial awards as long as a segment of a given project, or a clearly defined element with independent utility, may be completed. In these circumstances, the balance of the project phase – i.e., remaining segments or independent elements – may remain on the contingency list.

## **Other requirements**

As adopted by the Executive Board in January 2024, for the 2024 project selection process sponsors may request funding only for a single project phase – e.g., Planning, Preliminary Engineering/Design, Right of Way, or Construction. Requests for multiple phases are not allowed. In addition, phases must be fully funded with the PSRC award requested and all other secured or reasonably expected funds identified by the sponsor. PSRC must balance all awards by year, with the amount of funds able to be utilized in a given year limited by the annual estimated allocation amount by funding source.

## **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 under federal legislation, no formula allocations are permitted. The Regional process is explained in further detail below.

### **Number of Projects Submitted and Requested Amounts**

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.

Continued in 2024 is a cap on the amount that may be requested for any project (i.e., the sum of the phase(s) requested). The cap is set at 50% of the available annual amount of funds, per each funding source. These amounts are identified in Attachment 6.

### **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 are developed based on the policy focus of support for centers and the corridors that serve them, as well as regional policy provided in VISION 2050, the Regional Transportation Plan and the 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. The criteria are built around the policy focus of support for centers and the priority policies identified in VISION 2050 and as directed by the boards. The criteria were updated for the 2024 process and address support for centers, mobility and accessibility, equity, safety, and air quality / climate. Refinements to safety and equity in particular were made, building from the significant revisions included in the 2022 project selection process. In addition, as part of every project application sponsors will be asked to make a commitment to continued planning and implementation in alignment with USDOT's Safe System Approach.

The project evaluation criteria for the Regional FHWA competition are provided as a separate attachment. The criteria will 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.

The regional policies and direction set forth in the project evaluation criteria for the Regional FHWA competition carry forward into the countywide competitions. Each competition is tailored to suit the forum and the funding source, but the overarching policy focus and policy direction are consistent.

New in 2024, the criteria no longer include project readiness and financial plan elements. Instead, these elements will be more thoroughly examined as part of the eligibility review conducted on every project prior to the submittal of applications. PSRC will work with all sponsors to ensure issues are addressed in a timely manner where feasible.

### **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 balance, project completions, cost effectiveness, etc., and will be identified 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. In addition, military facilities are included in the definition of local centers, with each countywide forum responsible for determining the definition of a military “facility” within their county.

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 STBG 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 under federal legislation, 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 and regionally determined evaluation criteria, as well as encompassing federal requirements and other regional policies such as the project

tracking program. As noted earlier in this document, revisions adopted by the board to the project evaluation criteria will also be applied to each countywide competition.

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 and regional policies 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, consistent with the adopted policy focus and evaluation criteria. The amount of funds allocated to each county is illustrated in Attachment 6.

### **Preservation Set-Aside**

As stated above, the set-aside for preservation priorities is continued for the 2024 process. A total of 20% of the estimated STBG 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.

#### 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, 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.

## Rural Area Minimum

As stated above, under federal regulations the region is required to spend a minimum amount of STBG 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). For the 2024 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<sup>4</sup>. The draft minimum amount of STBG funds to be programmed to projects in the rural area for the 2024 project selection process is identified in the table below:

County	Estimated FFY 2027-2028 Rural STBG Distribution (millions)
King	\$0.74
Kitsap	\$0.42
Pierce	\$0.72
Snohomish	\$0.82
<b>Total</b>	<b>\$2.70</b>

## 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 as conducted for the 2024 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. Projects may be submitted in both the regional and countywide forums, however, the requirement that each requested phase be fully funded must be met. In addition, under these circumstances, no project should receive more than the total amount of the regional cap.

## SECTION 4: PSRC'S FTA FUNDS

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### 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

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<sup>4</sup> The minimum amounts to be spent in the rural area are based on the final 2023 allocation amounts for the rural area, as provided to PSRC by the Washington State Department of Transportation.

recommend and select projects to receive the funds is split between an “Earned Share” process and an “Equity Formula” process, details of which are provided in the sections below. Attachment 7 illustrates the distribution of funding between the two 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, 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:<sup>5</sup>

- 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. Funds are set aside for PSRC’s Work Program in the amount of \$1,250,000 of Section 5307 funds per year, for a total of \$2.5 million of FTA funds in the 2024 project selection process. PSRC’s adopted budget and work program assumes some amount of funding from both FHWA and FTA funding sources, and the specific details of PSRC’s work program for these

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<sup>5</sup> There are several transit agencies located outside the STE UZA that provide service into the region and therefore earn FTA funding. These agencies are referred to as “external transit agencies,” and are provided funding through the Earned Share Process.

years will be determined in the future. Prior to utilizing the FTA funds, PSRC must receive the concurrence of the transit agencies; PSRC regularly meets with both transit agency staff and management and will continue to do so as the budget and work program evolves.

Note: with the revision of the regional portion of STE UZA funds to an Equity Formula distribution, the former Preservation and Minimum Floor set-asides are no longer in practice.

## **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.

- Each UZA receiving Section 5307 funds must expend at least 1% on public transportation security projects. For the 2024 project selection process, the procedures detailed in Attachment 11 will be followed to meet this requirement.
- Up to but not more than 10% of the total estimated Section 5307 funds within each UZA may be used for the operation of paratransit service under certain conditions.

## **Contingency Process and Annual Adjustments**

With the revision of the regional portion of STE UZA funds to an Equity Formula distribution, a contingency list of projects is no longer developed.

## **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, which in turn makes recommendations to the TPB. If any other agency in either UZA wishes to apply for these FTA funds, they may do so with 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 2027-2028 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.

## **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 transit agencies in the UZA. Per historic adopted regional policy, this portion of the funds has been 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 has historically been distributed through a regional competition for transit-related projects, as well as a preservation set-aside. However, in 2023 a new distribution process was developed for the regional portion of STE UZA funds, referred to as the “Equity Formula” distribution.

### **Earned Share Process**

The earned share portion of the FTA funds has historically been 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 TOC, which will make recommendations to the TPB. If any other jurisdiction in the UZA wishes to apply for these FTA funds, they may do so with the concurrence of the designated recipient.

As noted earlier, the STE UZA includes three agencies that are external to the UZA but provide service to the area: Kitsap Transit, Intercity Transit in Thurston County and Skagit Transit in Skagit County. Per adopted regional policy, these external agencies are able to access the FTA funds earned from the service they provide to the region.

### **Regional Process / Equity Formula**

The regional portion of funds coming to the STEA UZA as of 2023 are to be distributed via an Equity Formula. The Equity Formula uses a focused and intentional methodology that looks at all transit services being provided to the region’s equity focus populations and distributes funds accordingly. The six equity focus populations include people of color, people with low incomes, seniors, youth, people with disabilities, and people with limited English proficiency. The adopted distribution methodology requires transit agencies to identify the equity populations being served by each project proposed to receive the equity formula funding, and to respond to the equity criterion questions included in the current project selection process.

The methodology calculates the percentage of equity focus populations within a ½ mile walkshed of all bus stops and a 1-mile walkshed of all rail stops for each transit agency. Due to the unique nature of their waterfront service locations, ferry providers will be provided funding based on what they would have received in formula-based funding under the previous methodology.

Since these are regional funds, all previous regional policies and procedures apply unless otherwise noted in the adopted Project Tracking Policies. For example, the same project phase may not be submitted to both the Equity Formula and FWHA competitions, unless reflective of additional scope.



PSRC staff is responsible for the review of all projects for consistency with the purpose and intent of the Equity Formula. The TOC will develop the final funding recommendation to the TPB.

### **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. For the 2024 project selection process, sponsors will make all effort to submit projects based on their earnings by funding source, per their FFY 2023 earnings; however, the flexibility of this past practice will be retained to ensure the UZA is able to balance the FFY 2027-2028 amounts among the four funding sources.

### **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 2027-2028 FTA funds. 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 Equity Formula process, any increase in the regional portion of funds will be distributed proportionately to eligible agencies using the Equity Formula. Agencies will then use the funds for new Equity Formula projects or for additional work on existing Equity Formula projects. For both new and expanded projects, agencies are required to provide information in response to the established equity criteria, and the projects will be reviewed by the TOC to ensure they are consistent with the Equity Formula distribution policies. Any deviations to this policy will be detailed in the adopted Project Tracking Policies.

If PSRC receives a reduction in regional funds, the reduction will be applied to each agency proportional to their share of the Equity Formula funds, and existing Equity Formula projects identified for the reduction.