Regional FTA Caucus Agenda

Date: Wednesday, August 14, 2019 from 10:30 a.m.-12:00 p.m.
Location: PSRC Conference Room, 1011 Western Avenue, Suite 500, Seattle, WA 98104

1. Welcome and Introductions (10:30)

   Approve summary for the Regional FTA Caucus meeting held May 8, 2019.

3. Action: King County Metro Obligation Date Extension Request* (10:40)
   King County Metro is requesting an obligation date extension for their “Route 48 South Electrification” project from June 1, 2018 to December 31, 2019.

4. Discussion: PSRC’s FTA Project Tracking Policies* (10:45)
   Sarah will lead a discussion about potential updates to PSRC’s Project Tracking Policies related to FTA funding obligation deadlines.

   PSRC staff will lead a discussion on the key elements identified in the attached 2020 FTA Project Selection memorandum. The Caucus will provide feedback to inform upcoming 2020 Project Selection Task Force discussions.

6. Discussion: Federal Surface Transportation Reauthorization Bill (11:35)
   The Caucus will discuss the upcoming reauthorization of the federal surface transportation bill, as the Fixing America’s Surface Transportation (FAST) Act is set to expire in October 2020.

7. Other Business (11:55)

8. Next Meeting: November 13, 2019: 10:30 a.m. – 12:00 p.m.

9. Adjourn

*Supporting materials attached

For more information, contact Sarah Gutschow at (206) 587-4822 or sgutschow@psrc.org or Kelly McGourty at (206) 971-3601 or kmcgourty@psrc.org.
Other Formats:

- Sign language and communication material in alternate formats can be arranged given sufficient notice by calling (206) 464-7090 or TTY Relay 711.

• العربية | Arabic, 中文 | Chinese, Deutsch | German, Français | French, 한국어 | Korean, Русский | Russian, Español | Spanish, Tagalog, Tiếng việt | Vietnamese

Call 206-587-4819
Regional FTA Caucus Meeting Summary

Date: May 8, 2019
Location: PSRC Conference Room, 1011 Western Avenue, Suite 500, Seattle, WA 98104

Welcome and Introductions
Melissa Cauley, Chair, welcomed everyone at 10:30 a.m. Self-introductions were provided around the room and on the phone.

Approval of Meeting Summary
The summary for the December 11, 2018 meeting was approved.

Discussion: PSRC’s 2019 Annual FTA Adjustments
Sarah Gutschow, PSRC, reviewed the current status and timeline for the 2019 Annual FTA Adjustments process. As project changes were not yet ready, the Caucus would be taking action via vote by email on its recommendation to the Transportation Operators Committee (TOC) in advance of the June 26th TOC meeting. The TOC recommendation would then go to the Transportation Policy Board and Executive Board in July, with the project changes approved into the State Transportation Improvement Program (STIP) in mid-August.

Sarah noted that there were some errors in the published FTA 5307 2019 apportionment to the Seattle-Tacoma-Everett Urbanized Area (UZA), resulting in the UZA receiving less 5307 funding. She was waiting for a resolution from the FTA, but this issue would not likely impact the 2019 funding as any funding adjustments to resolve the errors would occur as part of the 2020 FTA apportionments. The Caucus then discussed its recommendation for the additional 5307 regional competitive funding available for 2019, including which projects would be advancing to earlier years and how freed up 2022 funds would be awarded to projects on the adopted 2018 contingency list.

For more information, contact Sarah Gutschow at (206) 587-4822
Discussion: 2020 FTA Project Selection Process

Ryan Thompto, PSRC, presented on the results from the 2018 Project Selection Process Survey and reviewed the ways that PSRC staff would be working to improve the process based on the survey results. He informed the Caucus that the 2020 Project Selection Task Force would be convening in September to prepare for the upcoming 2020 project selection process. Sarah noted that at upcoming meetings the Caucus would be asked for feedback to share with the Task Force on project selection for FTA funding.

The presentation is available on the PSRC website here: https://www.psrc.org/fta-meetings

For more information, contact Sarah Gutschow at (206) 587-4822

Discussion: FTA Project Tracking and Progress Reports Update

Sarah provided an update on the on-going project tracking of FTA-funded projects, including information from PSRC’s March 2019 Progress Reports. She noted that under PSRC’s current project tracking policies, regional funds were considered on time if sponsors submitted them to TrAMS by one year after their estimated obligation date. However, in a few recent cases there was a long lag time between when funds were submitted and when they were obligated, with some grant applications eventually being cancelled. The Caucus then discussed some of the possible reasons for the long lag times. Sarah said that PSRC would be looking into this issue and potentially making some updates to its project tracking policies for FTA funds.

The presentation is available on the PSRC website here: https://www.psrc.org/fta-meetings

Other Business

Sarah noted that there was a vacant alternate seat for Pierce County Ferries. Clint Ritter, Pierce County, said he would continue representing Pierce County as the voting member and would be working on identifying a new alternate to represent Pierce County Ferries on the Caucus.

Melissa Cauley, Chair, reported on the April meeting of Community Transit, Sound Transit, Pierce Transit, and King County Metro to discuss the methodology for splitting Direct Route Miles (DRM) for shared services. The meeting resulted in updated DRM splits between agencies, which were then incorporated into calculations for the 2019 annual FTA adjustments.

For more information, contact Sarah Gutschow at (206) 587-4822

Adjourn

The meeting adjourned at 12:00 p.m.
Members and Alternates Present
Melissa Cauley, Community Transit and Chair; Sara Walton, City of Seattle and Vice-Chair; Krishan Aggarwal, WA State Ferries; *Dawn Erickson, Everett Transit; Peter Heffernan, King County Metro; *Kirste Johnson, Sound Transit; Tina Lee, Pierce Transit; Dave Morrison, King County Metro; Clint Ritter, Pierce County Ferries; Lisa Wolterink, Sound Transit

PSRC Staff and Other Guests Present
Monica Adkins, PSRC; *Jessica Gould, Intercity Transit; Sarah Gutschow, PSRC, Eric Irelan, King County Metro; Steve Lovengood, Seattle Center Monorail; Kenneth Wilson, Sound Transit

*via remote participation
King County Metro Obligation Date Extension Request

**Request:** King County Metro (KCM) requests an obligation date extension from June 1, 2018 to December 31, 2019 for $1,159,089 in 2017 5307 competitive funds in its SEA-199 (Route 48 South Electrification) project.

### SEA-199 Federal Funding

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Appropriation Year</th>
<th>Amount</th>
<th>Estimated Obligation Date</th>
<th>Status</th>
</tr>
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<tr>
<td>CMAQ</td>
<td>2018</td>
<td>$3,286,610</td>
<td>12/31/19</td>
<td>Unobligated</td>
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<tr>
<td>5307 Competitive</td>
<td>2017</td>
<td>$1,010,966</td>
<td>9/30/17</td>
<td>Submitted for obligation. Grant is currently shown in TrAMS as “In-Progress”.</td>
</tr>
<tr>
<td>5307 Competitive</td>
<td>2017</td>
<td>$1,159,089</td>
<td>6/1/18</td>
<td>Not yet submitted for obligation</td>
</tr>
</tbody>
</table>

**Project Scope:** The scope of the SEA-199 project is to close the gaps in the electrification of Metro’s Route 48 by installing trolley poles, wires, switches, and electrical connections on 23rd Avenue East between South Jackson Street and Rainier Avenue South in Seattle. Installation of these improvements will complete a larger effort by the City of Seattle and KCM to fully electrify the route to allow for trolley bus service between the University District and the Mount Baker Transit Center.

**Discussion:** The Route 48 project was part of an overall corridor reconstruction project lead by the City of Seattle. The City was awarded funds to construct trolley system, bus stop, and bus stop access improvements on 23rd Ave. S. and Rainier Ave. between E. John St. and the Mt Baker Link Light Rail Station. The City decided to fund the improvements north of Jackson Street with local funds. During the winter of 2018, the City and KCM held a series of discussions regarding the project elements, PSRC funding, and the feasibility of using federal funds. The two agencies subsequently agreed to pursue the transfer of lead agency for the grants. After KCM and the City consulted with both FTA and PSRC, the City submitted a request to change lead agency status on April 18, 2019, which was then approved.

The SEA-199 project contains $1,159,089 in 2017 5307 competitive funds that have an estimated obligation date of June 1, 2018. These funds have not yet been submitted for obligation, so are now past the end of their one-year grace period as of June 1, 2019. The project also contains $1,010,966 in in 2017 5307 competitive funds which were already submitted for obligation and $3,286,610 in unobligated 2018 CMAQ funds, which also had a submission deadline of June 1, 2019. PSRC has already granted the City’s extension request for the CMAQ funding obligation, with a new deadline of December 31, 2019.

Because the remaining 2017 5307 funds are for the construction phase of the project, NEPA documentation must be completed and a determination made by FTA prior to obligation. KCM initiated NEPA discussions with FTA and developed preliminary environmental information in April 2019 to inform those discussions. FTA provided a preliminary indication that the project should qualify as a
Documented Categorical Exclusion (DCE). KCM is working on compiling the necessary information for NEPA submission to FTA in late August 2019. FTA has stated that their goal is to supply Metro with a NEPA determination by November 15, 2019.

If the obligation date extension request is approved, KCM will submit funding applications to the FTA for both the 5307 and CMAQ funding prior to the December 31\textsuperscript{st} deadline, with a goal of preparing the applications no later than November 15, 2019. KCM will add FTA's NEPA approval information to the applications as soon as it is available. KCM therefore requests an obligation date extension until December 31, 2019 for the unsubmitted $1,159,089 in 2017 5307 competitive funds.
Project Tracking Policies for PSRC’s Federal Funds
(Revised October 2015)

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...
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 and the RPEC and countywide chairs. Determinations are to be completed by PSRC staff and communicated to sponsors by mid to late April. PSRC’s Regional Project Evaluation Committee (RPEC) and Transportation Policy Board will also be notified in order to respond to any impact to PSRC’s delivery target for that fiscal year. See Attachment A to this document for the adopted policies regarding supplemental funding actions to meet annual delivery targets.

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. Exceptions

At times there may be issues facing a project that require an exception to the policies as described above. Requests for such an exception will be evaluated on a case-by-case basis, but any exception granted must result in circumstances consistent with the overarching goals of the project tracking program – i.e. project delays and increased costs are reduced, projects are delivered in a timely manner, and the exception is processed in a fair and equitable manner. Therefore, short-term time extensions and/or the movement of funds between phases will be considered under certain circumstances as defined below. Depending on the request, exceptions will be processed administratively or require approval by PSRC boards, as provided below.

a. Exceptions that will be Considered

1.) Administrative Exceptions:

The following circumstances will be allowed to occur without an exception needing to be approved, as long as the applicable project phases remain fully funded:
a) The transfer of PSRC funds between phases at the time of grant closeout; and/or

b) The transfer of PSRC funds between any phases below the threshold of $50,000.

2.) Exceptions requiring Board Approval

Short-term time extensions and/or the movement of funds between phases above $50,000 will be considered by the board if the following three parameters are met:

a) The phase(s) involved in the exception request remain fully funded;

b) The applicable phase can be implemented within six months of PSRC Board action; and

c) There is a compelling need for the exception.

1. Examples of a compelling need include a funding gap which the transfer will fill, or significance of opportunity lost if the exception is not granted (i.e. there is a risk of losing other (non-PSRC) funding if not granted or there would be a significant impact on the timing of completion and coordination with other projects).

2. The transfer of funds to reduce the local match commitment provided in the competitive project selection process is not considered a compelling need.

b. Exceptions that will not be Considered

The following requests will not be considered for an exception to the project tracking policies:

1. Scope changes

2. Transfer of PSRC funds from one project to another

3. Time extensions for unobligated funds beyond what is already available, as the current policies already allow an opportunity for six month extension

4. Additional time to pursue funding for cost overruns

5. De-federalizing (i.e. swapping PSRC funds for local and/or state funds)

c. Review and Approval Process

PSRC staff will review all exceptions requests requiring board approval in coordination with WSDOT and the Regional Project Evaluation Committee (RPEC) and countywide chairs, and prepare a recommendation to PSRC’s Boards. Sponsors applying for an exception will be made aware of when their request will be reviewed and will have an opportunity to answer any questions the group may have. In the event a consensus cannot be reached among this group, exception requests will be reviewed by RPEC for a final recommendation. All exception requests will be provided to PSRC’s Boards for final action.
6. **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.

7. **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:

i. 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.

ii. 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.

8. **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.

9. **Expenditure Monitoring**

There are no current PSRC 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. In the last several years, these requirements have been more rigorously enforced, and sponsors of inactive projects risk losing their federal funding. Sponsors are expected to submit bills for reimbursement on a monthly basis, and WSDOT is proactively reaching out to sponsors of projects with no billing activity within 9 months, to encourage billing progress and the avoidance of being...
deemed inactive. Inactive projects are required to submit detailed documentation and justification to FHWA or risk the project being closed and federal funds repaid.

PSRC will assist with this monitoring through the twice-yearly Project Progress Report form, and ongoing communication and education to project sponsors. 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/.

10. 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. In addition, for projects awarded funds in 2014 and beyond, the Board will be informed of obligation extension requests submitted by the April 1st deadline each year, any subsequent impacts to meeting the delivery target for that year, and the process for a supplemental funding action if required.

In addition to the communication to sponsoring agencies described above in Section 6b, PSRC will provide additional outreach on upcoming obligation deadlines and consequences for non-delivery.

- Notification of each project’s obligation deadline will be included in every sponsoring agency’s PSRC award letter.
- Additional notification will be provided at the beginning of each year to inform sponsors of their projects with a June 1st obligation deadline that year.
- Project Progress Reports will be monitored in the first quarter of each year to evaluate if projects appear to be at risk of missing their obligation deadline; PSRC will proactively reach out to those project sponsors to determine if they plan on requesting an extension by April 1st, if they plan to return the funds, or if they have a solid plan for meeting the obligation deadline.

5. 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 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.
ATTACHMENT 1
PROCEDURES FOR SUPPLEMENTAL FUNDING ACTIONS
(Revised June 2019)

The following procedures will apply when there are not enough projects able to deliver in a
given year, and additional measures need to be taken in order to meet the required annual
delivery target for PSRC’s FHWA funds.

The overarching guiding principles are to work within the established procedures for project
selection and project tracking, to the extent feasible. This means:

- Achieving delivery with a neutral impact on overall PSRC funds is preferred (i.e., no net
  change to funding totals in the Transportation Improvement Program [TIP]); and
- Adhering to existing policies and procedures to the extent possible, including geographic
  equity principles and respect for the original project selection process in terms of how
  awards were granted and prioritized contingency lists adopted.

Due to obligation deadline extensions, returned funds or other circumstances, if there is not
enough remaining programming in a given year to achieve the delivery target, the
recommended process is as follows, in priority order:

1. Advance projects from later years of the TIP
   - Sponsors of projects with PSRC’s FHWA funds in the later years of the TIP will be asked
     if they are willing and able to advance to the current year and obligate by the deadline.
     PSRC will review project milestones to confirm the feasibility of this advancement.

2. Exchange federal funds for local or state funds between phases or stages of a single
   project, or between projects within the same agency
   - If there are not enough projects able to advance to the current year to meet the delivery
     target, sponsors of projects with PSRC’s FHWA funds in both the current year and later
     years of the TIP will be asked if they are willing and able to perform an exchange
     between federal and local funds, with the goal of obligating more federal funds in the
     current year but keeping all projects whole with the exchange. PSRC will review project
     milestones and budgets to confirm the feasibility of this exchange, and also to ensure
     this is a viable option that will:
       - help with delivery
       - do no harm to either the donor or receiving project(s), and
       - remain consistent with the project scopes and schedules as originally awarded
       - Projects that exchange federal funds for local funds will still be subject to PSRC’s project
         tracking policies (i.e., progress reporting and monitoring) and will not be allowed to
         reapply for PSRC funding for that phase. In addition, monitoring will occur of any
         changes or cancellations to any de-federalized projects, for future review and
discussion.
3. **Fund immediately ready to go projects from the current adopted contingency lists**
   - If Strategies 1 and 2 above do not result in enough existing projects able to meet the annual delivery target, PSRC will survey sponsors of every project on the adopted contingency lists for the ability to obligate by mid-July of the current year, to meet the state’s August 1st deadline. PSRC will review every project’s milestones to confirm the feasibility of obligating by the deadline.
     - As feasible, PSRC will apply geographic equity and equity by recommending forum:
       - if more projects are available to obligate than necessary to meet the delivery target, the standard 50/50 split among forums will be applied, and projects will be selected in rank order
       - if all available, immediately ready to go projects are needed to meet the delivery target, then geographic equity will simply be incorporated into the standard analysis over time

4. **Increase the federal share of awarded projects**
   - If there remains a gap to meeting the delivery target after Strategies 1 through 3 have been implemented, then all projects that are able to deliver in the current year will be eligible for an increase to the existing federal award amount. The amount will be determined based on the remaining delivery gap, by funding source.
     - A consistent percentage increase will be applied to all eligible projects, to reach a pre-determined amount based on the need. The amount will be no less than $100,000 for any project, and no more than the maximum federal share allowable for any project. If this does not yield enough to meet the delivery gap, projects from the previous years will be reviewed.
     - The recommendation includes a provision that projects participating in Strategy 2 that achieve the maximum federal share due to the exchange may select a project from the previous year to apply the increase, in the amount that would otherwise have been eligible.

5. **Award new funds to new projects, outside of the standard PSRC project selection process**
   - If the implementation of Strategies 1 through 4 above are still not enough to meet the current year’s delivery target, PSRC will solicit new projects for a supplemental funding action that are able to readily accept federal funds for immediate use. The likely types of projects will be those that are ongoing in nature, such as bus purchases, transportation demand management activities, maintenance and preservation, or projects that are more operational in nature. Another category may be very large capital construction projects that have other federal funds and can easily absorb additional federal funds.
     - Given the short turnaround times for this exercise, PSRC staff would identify a small number of likely candidates and reach out to potential sponsors for immediate delivery, with input from the chairs of the Regional Project Evaluation Committee and the four countywide forums.
2020 PROJECT SELECTION PROCESS
KEY POLICY FRAMEWORK ELEMENTS

The Project Selection Task Force will be convened later in 2019, formed from volunteers from each of PSRC’s four boards. The Task Force will review and make recommendations to the Transportation Policy Board on the following topics. The Regional Project Evaluation Committee, the Regional FTA Caucus and the countywide forums will be asked to provide feedback prior to the Task Force convening.

ADMINISTRATIVE DETAILS

Funding years to program
Description:
Two years of funding will be distributed -- FFY 2023, 2024. Per direction from the Federal Highway and Transit Administrations (FHWA, FTA) PSRC will continue to build and maintain a full 4-year TIP (2021-2024).

Funding Estimates
Description:
Funding estimates will be determined by the Project Selection Task Force, in coordination with WSDOT, FHWA and FTA. Note that these funds extend beyond the FAST Act.

Policy Focus
Description:
The current policy focus for the project selection process is support for centers and the corridors that serve them. As a reminder, this is currently implemented in the following manner:

- FHWA Regional competition - centers are defined as regionally designated growth and manufacturing/industrial centers.
- FHWA Countywide competitions and FTA Earned Share distribution - centers are defined as regionally designated growth and manufacturing/industrial centers, centers as designated through countywide processes, town centers, and other locally identified centers. The definition of locally identified centers is expanded to include military facilities.
- FTA Regional Competition - centers are defined as regionally designated growth centers and manufacturing/industrial centers, centers as designated through countywide processes, town centers, and other locally identified centers.

Please note: VISION 2050 is anticipated to be adopted in spring 2020, after the 2020 project selection process has begun. As such, the current VISION 2040 policies as they relate to PSRC funding are expected to be utilized.

Contingency Lists
Description:
Prioritized lists of contingency projects are adopted for all competitions, should additional funds become available in the off-cycle years. Given the current procedures for balancing funds by year, contingency projects are generally awarded funds from the last year of the TIP.
Number of regional applications

Description:
The structure for the FHWA regional competition has been to set a limit of 36 total applications, as follows:

- 12 from King County; 6 each from Kitsap, Pierce, and Snohomish Counties; 2 each from the three regional agencies (Puget Sound Clean Air Agency, WSDOT and Sound Transit)

The number of applications submitted for the FHWA countywide competitions is determined by each countywide forum. The number of total applications for the FTA regional competition has been unlimited in prior cycles.

Split of Funds Between Regional / Countywide / Earned Share Processes

Description:
Historically, once the set-asides are taken off the top of the combined pot of funds, the split between the FHWA regional and countywide competitions is set at 50%. For the last several cycles, this has resulted in a total of 33% to the regional competition and 67% to the countywide competitions.

The split between the FTA regional competition and earned share distribution has historically been based on the funding formula and the percentage of funds coming to the region based on regional attributes vs. transit operating characteristics. In general, this split has been approximately 14%/86%.

Funding Limits

Description:
The 2018 project selection process for the first time set a limit on funding requests as part of the FHWA regional competition, at 50% of the annual amount available by source. No limits have been set on the maximum amount requested in FTA regional competitions, and the four countywide processes have varied in setting limits on either funding or application limits.

Pre-Determined Amounts by Source in FHWA Competition(s)

Description:
Since 2016, the amounts by funding source have been pre-determined for the FHWA regional and countywide competitions. This provides greater certainty to applicants within each process as to the amount of funds available by source, particularly given the inclusion of cost-effectiveness in the CMAQ criteria. The percentage amounts for the regional competition are 60% CMAQ, 40% STP.

SET-ASIDES

Preservation Set-Aside

Description:
The preservation set-aside has been in place since 2012, at varying levels over the last several cycles. The 2018 preservation set-aside was approved at the following levels: for FHWA, the set-aside was 20% of STP funds, with the 5% delta from the original set-aside amount distributed among the four counties for their regular competitions. For FTA, the set-aside was 45% of the regional portion of the FTA funds. The set-aside is a fixed amount taken from the regional portion of the STE UZA funds and distributed to transit agencies in the STE UZA using the earned share distribution formula.
**Bicycle / Pedestrian Set-Aside**

**Description:**
The bicycle/pedestrian set-aside has been in place since 1993, and has been retained over the years at 10% of the total estimated FHWA funds, distributed in the countywide processes.

**Rural Town Centers & Corridors Program**

**Description:**
The RTCC Program has been in place since 2003, and the set-aside – taken from the regional portion of funding – has increased over time from the original amount of $2 million to $5 million in 2018. This competition is conducted in the year following the regular project selection process.

**Kitsap Distribution Methodology**

**Description:**
The procedure to distribute the Kitsap Countywide population share from the total STP funds available, before any other set-asides, has been in place since 1995. The rationale behind this methodology has been that Kitsap County agencies are not eligible to receive CMAQ funds, due to the boundaries of the region’s air quality maintenance areas, so the application of their population share is only to STP funds rather than the total pot of funds. This distribution methodology helps to balance that differential.

**Minimum Floor Adjustment**

**Description:**
Since 2003, transit agencies in the Seattle-Tacoma-Everett Urbanized Area (STE UZA) that earn less than 1% of the total of the earned share portion of funds have received a minimum floor adjustment 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. The rationale for this adjustment is to facilitate future planning for these agencies by allowing them to rely on a certain amount of FTA funding each year as a safety net for a basic level of investment. Since 2016, this amount was capped at the amount identified from the final 2015 FTA allocations. In 2018, the additional provision of considering the full range of transit operations and ownership of assets when conducting the calculation was included.

**PSRC Work Program**

**Description:**
FHWA and FTA funds have been used to assist in funding PSRC’s work program since 1993 and 2004, respectively. Since 2016, the amounts approved have been $1 million of STP funds and $1.25 million of FTA funds per year.

**PROJECT EVALUATION CRITERIA**

The project evaluation criteria for PSRC funding competitions include the following components:

- Support for centers (including housing and employment)
- Safety, mobility and accessibility (for persons and freight)
- Populations served (including health and equity)
- Emissions reduction
- Project readiness
Since 2016, cost effectiveness has been included for projects requesting CMAQ funds in the FHWA competitions. This feature aligned with federal guidance on the CMAQ program, to select projects achieving the most cost effective emission reductions. In 2018, the Project Selection Task Force directed staff to enhance safety and equity in the criteria to be more explicit. In addition, given that programming is now two to three years into the future, the project readiness criterion was moved to be more of a risk/feasibility analysis and reduced to 5 points.