



Puget Sound Regional Council

## Transportation Policy Board's FTA Funding Working Group Agenda

Date: September 7, 2022, from 1:00 p.m.-3:00 p.m.

Hybrid Meeting – PSRC Board Room – 1011 Western Avenue, Seattle, 98104

Attendee link to join webinar

<https://psrc-org.zoom.us/j/81023835203?pwd=ekJMMGdtWHA5eU5BaVVzMFNmSDNxZz09>

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### 1. Introductions and Announcements (1:00)

### 2. Ground Rules & Expectations for the Working Group (1:05)

The purpose and outcomes of the Working Group will be discussed, as well as expectations from members.

### 3. Background on PSRC's Federal Transit Administration Funding\* (1:15)

PSRC staff will answer questions from the background materials provided on FTA funding and the historic distribution process.

### 4. What Are We Trying to Solve? (1:35)

Working Group members will share their views on issues or concerns with the current approach to funding transit. The goal will be to seek consensus on a problem statement or focus areas for improvement.

### 5. Next Steps (2:45)

The proposed agenda and homework for the next meeting will be discussed.

### 6. Next Meeting: TBD

The work group will determine the schedule for the next two meetings.

### 7. Adjourn (3:00)

\*Supporting materials attached

For more information, contact Kelly McGourty, Director of Transportation Planning, at (206) 971-3601 or [KMcGourty@psrc.org](mailto:KMcGourty@psrc.org).

### Other Formats:

- Sign language, and communication material in alternative formats, can be arranged given sufficient notice by calling 206-464-7090, TTY Relay 711
- العربية | Arabic, 中文 | Chinese, Deutsch | German, Français | French, 한국어 | Korean, Русский | Russian, Español | Spanish, Tagalog, Tiếng Việt | Vietnamese, visit <https://www.psrc.org/contact/language-assistance>

# PSRC's Federal Transit Administration Funding Process

## Background Materials for the Transportation Policy Board's FTA Funding Work Group

September 7, 2022

# Revenue Sources for Region's Transit Agencies

## Sales Tax

Rates vary by geography

## Farebox Revenue

Includes all modes

## Federal Sources

FTA Programs  
Other DOT Grants

## Motor Vehicle Excise Tax (MVET)

Sound Transit is only recipient

## Other Local Sources

Property Taxes  
Other

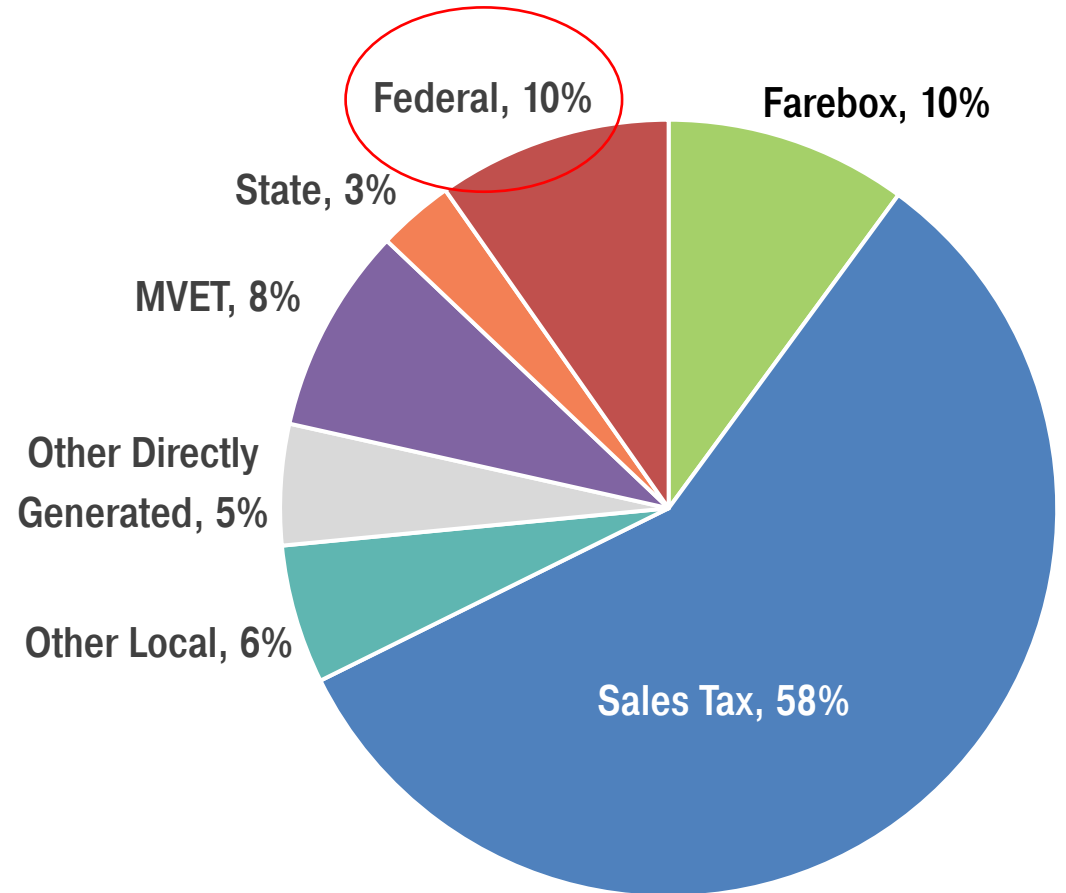
## Other Directly Generated Revenue

Park & Ride Revenue  
Advertising  
Sale/Disposal of Assets

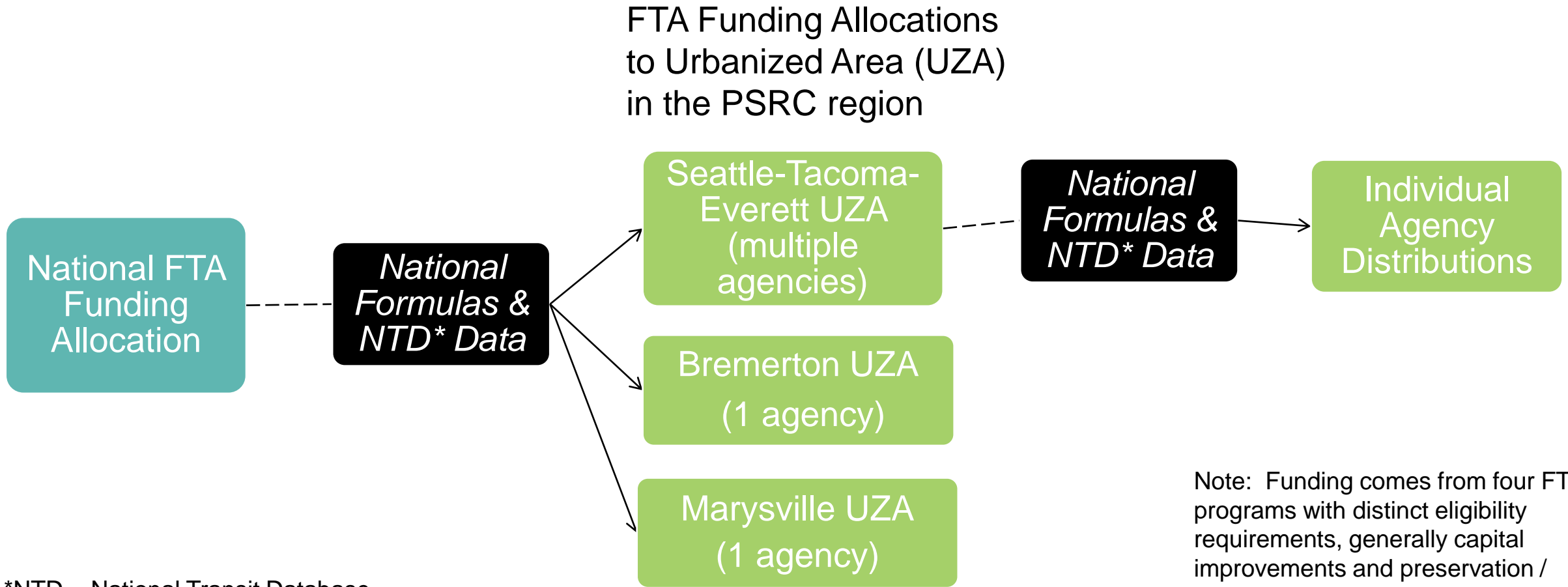
## State Sources

Regional Mobility Grants  
Other State Transportation Funds

Total Capital & Operating Revenues: \$3.94 billion



# FTA Formula Programs and Distributions



\*NTD = National Transit Database

Note: Funding comes from four FTA programs with distinct eligibility requirements, generally capital improvements and preservation / asset management activities

# How FTA Funds Come to the Region

**Transit Agency  
Operating & Service  
Data**  
(revenue and passenger miles)

FTA uses transit data as self-reported in the National Transit Database (NTD)



- Bremerton UZA 100%
- Marysville UZA 100%
- Seattle-Tacoma-Everett UZA ~ 86-88%

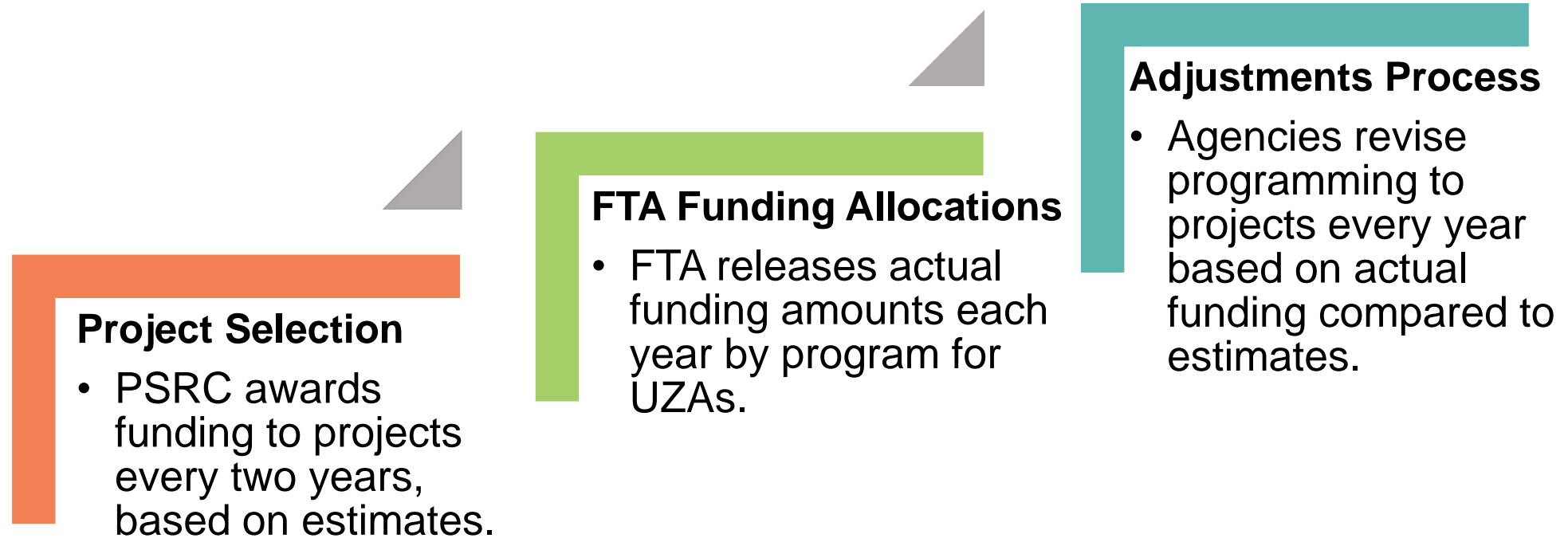
**Regional Attribute  
Data**  
(population, density)

FTA uses data from the decennial U.S. Census and the American Community Survey (ACS)



- Seattle-Tacoma-Everett UZA ~12-14%

# PSRC's FTA Funding Processes



2018 project selection process – 2021-2022 funds; annual adjustments process concluded

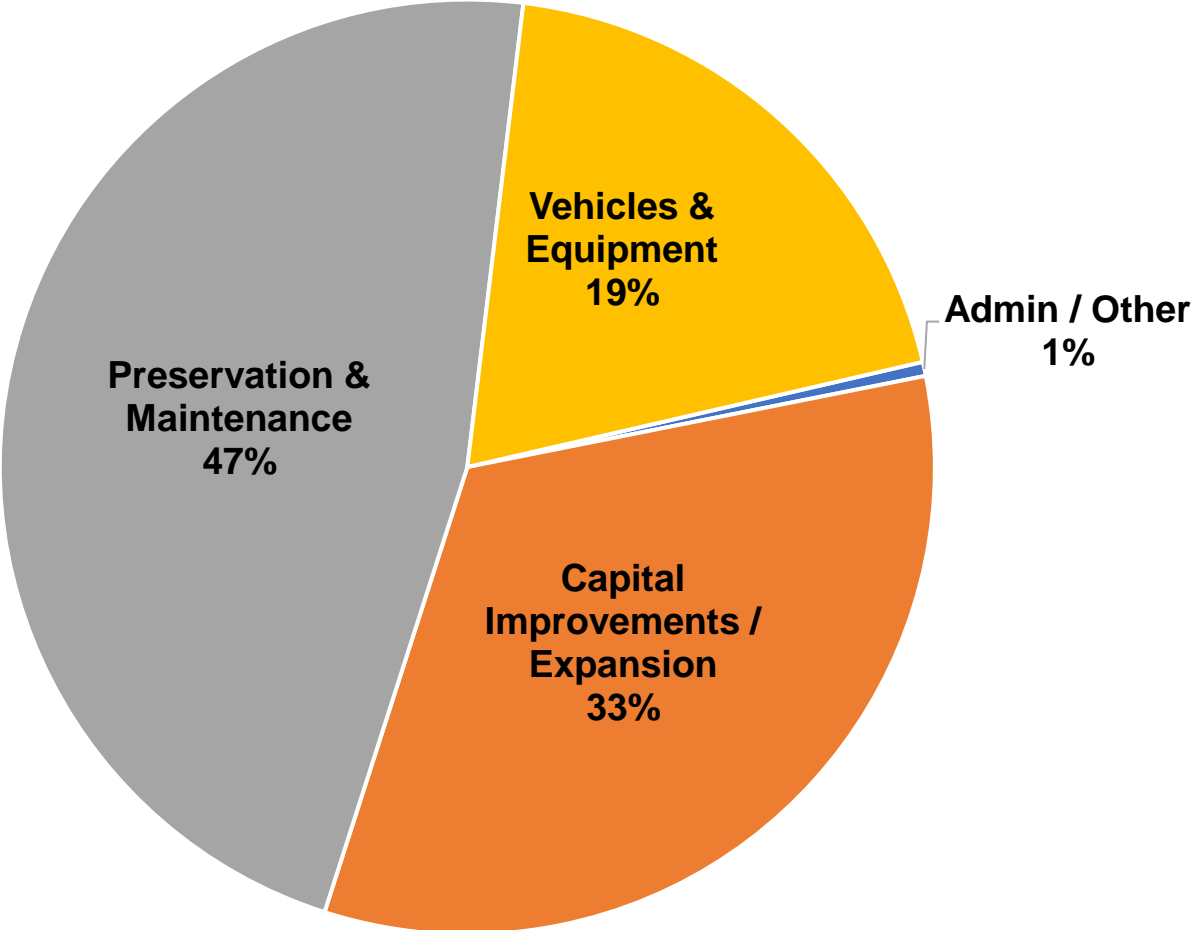
2020 project selection process – 2023-2024 funds

2022 project selection process – 2025-2026 funds; *On hold*

# PSRC's FTA Funds – 2022 Distribution

- Total FTA funds = \$271 million
    - \$6.4 million Bremerton UZA – Kitsap Transit
    - \$3.0 million Marysville UZA – Community Transit
    - \$262 million STE UZA – Nine transit agencies
      - \$230.4 million distributed via earned share process – 88%
      - \$11.2 million distributed to preservation set-aside
      - \$20.4 million distributed to regional competition
- } regional portion, 12%

# 2022 FTA Funds - Distribution by Project Type





# Summary of PSRC's 2022 FTA Funding Distribution

Urbanized Area (UZA)	Final Amount
Bremerton	\$6,433,230
Marysville	\$3,011,280
Seattle-Tacoma-Everett	\$261,908,929
<b>Total for all three UZAs</b>	<b>\$271,353,439</b>

Seattle-Tacoma-Everett (STE) UZA	
<b>Earned Share and Preservation Set Aside Funding</b>	
Community Transit	\$15,156,213
Everett Transit	\$1,430,634
Intercity Transit	\$2,671,136
King County Metro	\$109,473,241
Kitsap Transit	\$1,578,745
Pierce Transit	\$9,735,087
PSRC Planning and Programming	\$1,206,667
City of Seattle	\$1,420,367
Skagit Transit	\$470,730
Sound Transit	\$77,189,169
Washington State Ferries	\$21,223,606
<b>Regional Competition &amp; Contingency List Funding</b>	
Projects awarded funds through the regional FTA competition	\$20,353,333
<b>Total for STE UZA</b>	
	<b>\$261,908,929</b>

# FTA Regional Competition

- Consistent with adopted Policy Framework
- Evaluation criteria based on *VISION 2050* policies, and address:
  - *Support for regional and local centers*
  - *Mobility, accessibility and circulation*
  - *Active transportation*
  - *Safety*
  - *Equity*
  - *Climate and air quality*
  - *Project readiness*

# Regional Competition Awards, 2012-2020

<b>Agency</b>	<b># of Projects</b>	<b>Amount Awarded</b>	<b>% of Total Funding</b>
Community Transit	5	\$19,048,240	14.6%
King County	8	\$25,363,335	19.5%
Kitsap Transit	1	\$2,500,000	1.9%
Pierce Transit	4	\$8,601,920	6.6%
City of Seattle	4	\$8,350,000	6.4%
Sound Transit	10	\$55,072,690	42.3%
Washington State Ferries	2	\$11,129,500	8.6%

# PSRC's FTA Funding Disaggregation Tool

Per request of members, the following information is provided on PSRC's disaggregation tool

*Attachment 1: Disaggregation tool guidance*

*Attachment 2: Link to 2022 disaggregation tool*

- <https://www.psrc.org/sites/default/files/2022-08/FINAL%20-%20FFY%202022%20Disagg%20Tool.xlsx>

# **PSRC FTA Annual Adjustments Process Overview (Revised April 2021)**

## **General Process Overview**

On an annual basis, the Federal Transit Administration (FTA) requires that PSRC review the estimates used to program FTA funds against the actual allocations approved by Congress and make adjustments to reconcile the two amounts as necessary. Under the Fixing America's Surface Transportation (FAST) Act, PSRC receives four different FTA funding sources:

- Urbanized Area Formula (5307)
- State of Good Repair Grants (5337)
  - High-intensity Fixed Guideway
  - High-intensity Motorbus
- Buses and Bus Facilities (5339)

For each fiscal year, the FTA determines the amount of funding received by each urbanized area (UZA) using the national FTA distribution formulas, which allocate federal transit funds to metropolitan areas using national Census and public transit system data. Once the actual allocations are made available, PSRC coordinates with the FTA and the region's public transit agencies to distribute FTA funds to projects in the three UZAs of the PSRC region: Bremerton, Marysville and Seattle-Tacoma-Everett (STE). PSRC compares the actual amounts distributed to each transit agency against their current programming to determine whether they need to increase or reduce the funding amounts programmed to their projects.

PSRC's FTA funds are distributed to the UZAs using both the "earned share" or "regional" processes. Under the earned share process, funds are allocated to transit agencies based on their service and operating characteristics. The regional funds are apportioned based on regional attributes, such as population density. As Kitsap Transit is the only transit agency in the Bremerton UZA and Community Transit is the only transit agency in the Marysville UZA, all funds are distributed using the earned share process. Because there are multiple transit agencies serving the STE UZA, funds are distributed using both the earned share and regional processes. A portion of 5307 funds within each UZA is also set aside for PSRC's Work Program.

Once PSRC finalizes the annual FTA funding distributions, each public transit agency identifies the projects to which those funding adjustments will be applied. The project adjustments are then recommended to the Regional FTA Caucus, Transportation Operators Committee (TOC), and subsequently to PSRC's Boards for action.

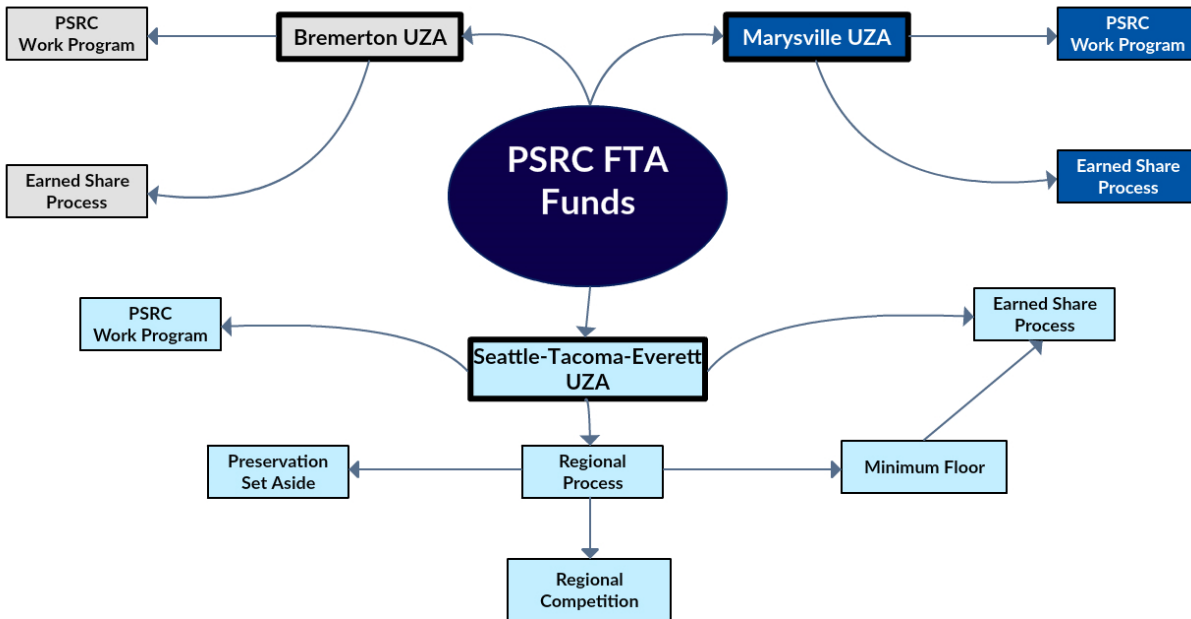
## **Seattle-Tacoma-Everett UZA Adjustments Process**

Per adopted regional policy, approximately 86% of FTA funds are allocated to transit agencies in the Seattle-Tacoma-Everett UZA using the earned share process, while approximately 14% of FTA funds are distributed using the regional process. Since 2004, these funds have been distributed to regional transit agencies using PSRC's Disaggregation Tool, which applies the national FTA distribution formulas to the overall funding totals received by the STE UZA. Detailed information about this tool is available in Appendix A.

Transit performance and operating data are obtained from the National Transit Database (NTD), which is populated with data public transit agencies are required to submit to the FTA on an

annual basis. For transit services jointly operated by multiple agencies, the agencies subsequently review the reported data to determine the Directional Route Miles (DRM) splits. Funding is then apportioned to those agencies based on the share of DRMs for which each agency is responsible (See Appendix B for details). Additionally, transit agencies external to the STE UZA that provide service to, and report data in, the UZA receive a portion of PSRC’s FTA earned share funds based on the amount of service they provide to the STE UZA. Per adopted policy, those PSRC FTA funds must be programmed and spent on projects related to this service.

**Chart 1: PSRC FTA Funds Distribution Flow Chart**



For the regional competitive process, any increase in the regional portion of funds is used to allow regionally awarded projects to advance to earlier years, resulting in the distribution of later years funding to projects on the most recently adopted contingency list. Any reduction in the regional competitive funds is applied to previously awarded projects. In addition to the regional competitive funds, a portion of the regional funds is reserved for the Preservation Set-aside, representing 45% of the STE UZA regional pot. Per adopted policy, the Preservation Set-aside is a fixed amount that does not change from its original programming. However, the distribution of this fixed amount among the transit agencies is revised as part of each annual adjustment process based on their most recent earned share percentages.

In addition, some transit agencies in the STE UZA earn less than 1% of the total of the earned share portion of funds. Per adopted policy, a minimum floor adjustment is made to bring the earned share amounts for these agencies up to the 1% amount. The adjustment is taken from the STE UZA regional pot and applied to these agencies for their earned share distribution. External agencies do not receive funding from the Preservation Set-aside or the minimum floor adjustments.

**Project Programming Adjustments**

Once PSRC has determined the distribution of FTA funds by transit agency and funding source, the agencies use the adjusted amounts to modify their current project programming for that

appropriation year. After the initial funding distributions are released, transit agencies may opt to exchange their earned share funds with other agencies in the region based on an identified need, such as a lack of projects eligible for one of their earned share funding sources. In those cases, transit agencies coordinate with each other on the exchange of funds and inform PSRC of how this will impact their project adjustments.

The adjustments may reflect either an increase or a reduction to the funding sources received by each transit agency. Along with adjusting the funding programmed to projects, sponsors must also determine how that adjustment will impact project scopes. For each project impacted by the adjustments, sponsors must make at least one of the following changes:

- Update project scopes to reflect the funding increase or decrease;
- Keep the project budget constant by adding or removing funds from other sources;
- Provide information on why no changes are necessary due to increases or decreases in project costs.

Once agencies submit their project changes, PSRC staff will first review the adjustments and work with project sponsors on any identified issues. Project adjustments will then be recommended to the Regional FTA Caucus and TOC and subsequently to PSRC's Boards for action. Concurrently, project sponsors will submit applications to modify their projects in the Regional Transportation Improvement Program (TIP) according to the recommended adjustments. Once the changes are approved into the State TIP, sponsors will be able to obligate funds to their projects for that appropriation year.

## Appendix A: PSRC Disaggregation Tool Guidance

In consultation with its partners, PSRC developed the Disaggregation Tool in 2004 to distribute FTA funds among the seven transit agencies in the Seattle-Tacoma-Everett UZA. Once the FTA releases the appropriation amounts for each federal fiscal year, PSRC uses the Disaggregation Tool to apply the national FTA distribution formulas to the overall funding totals received by the STE UZA. Given the complexity of the formulas used to allocate each funding source, the tool provides a consistent and transparent way to distribute funds to transit agencies as part of the annual adjustments process. Since its inception, the Disaggregation Tool has been updated on a continuous basis to account for any changes to the FTA funding sources received by the UZA.

The following notes provide additional information on how funds are distributed in the Disaggregation Tool. These notes are meant to provide guidance and serve as a reference when reviewing the tool.

<p><b>General Guidance for Using Disaggregation Table:</b></p> <ul style="list-style-type: none"> <li>• The Disaggregation Tool is an Excel spreadsheet made up of multiple worksheets. To use the tool, PSRC enters the relevant data published by the FTA into the designated worksheets. For some worksheets, PSRC also adjusts the data or calculated cells. All worksheets that require data entry or other adjustments are <b>marked in blue</b>. All other worksheets are reviewed but not edited.</li> <li>• There is information on the data sources and formulas used listed in the notes below each table. All data used for the tool can be found in the tables published by the FTA, except the DRM splits and the PSRC work program “off the top” amount.</li> <li>• The NTD data used for each apportionment year is based on data reported by transit agencies two years before that apportionment year, e.g., the FFY2020 apportionment used data reported for FFY2018. That means there is a two-year lag between when agencies report their service data and when they will earn formula funds based on those services.</li> <li>• Many tables include a “Double Check” row to ensure data has been entered correctly. If the data entry is correct, all “Double Check” rows should equal zero.</li> </ul>
<p><b>Additional Notes on Selected Tables:</b></p>
<p><b>Table 1 - Apportionments &amp; Data Unit Values</b></p> <ul style="list-style-type: none"> <li>• The published Section 5307 apportionment also includes funds from the Section 5340 Growing States/High Density States Program. Funds from the Section 5340 apportionment are added to the regional pot.</li> <li>• Data Unit Values (DUVs) represent the dollar amount FTA attaches to regional population, density, and agency service characteristics. The DUVs are developed for the national formulas as multipliers of the corresponding regional or service characteristics of each UZA. The Disaggregation Tool applies these DUVs to apportion funds to transit agencies in the region.</li> </ul>
<p><b>Table 4 - STE UZA 5307 Total Earned Share and Regional Pots</b></p> <ul style="list-style-type: none"> <li>• The Earned Share funds are apportioned to the STE UZA based on the total service attributes of all the transit agencies in the region. The national formulas are applied to these funds using their service data to determine the amounts that were “earned” by each agency.</li> <li>• Funds that are apportioned to the UZA based on the characteristics of the regional population and population density are allocated to the regional pot of funds, along with Section 5340 funds and any additional funds due to rounding.</li> </ul>



**Table 6 - 5307 Bus Tier (NF) Incentive Earnings by Agency**

- The 5307 apportionment includes an incentive component for awarding funds to bus tier (non-fixed guideway) transit services that are operating efficiently, as measured by the ratio between their total passenger miles and total operating costs.
- The formula for calculating the Bus Tier Incentive results in additional earnings that the FTA refers to as inherent formula "non-linearities", defined as situations where there is not a direct relationship between an independent variable and a dependent variable. The effect of these "non-linearities" is that the sum of the agency earnings is usually more than the amount that was calculated using the total UZA data.
- To account for this discrepancy, the total calculated transit agency earnings are subtracted from the total calculated UZA earnings to determine the additional difference.
- Each agency's proportional share of the difference is then determined based on their relative share of the calculated earnings. Finally, each agency's share of the difference is subtracted from their calculated earnings. These "adjusted earnings" are added to each agency's overall 5307 earnings.

**Table 8 - 5307 Fixed Guideway Tier Incentive Earnings by Agency**

- The 5307 apportionment also includes an incentive for awarding funds to fixed guideway transit services that are operating efficiently. This is calculated using the same method as described for Table 6.
- For the fixed guideway incentive, there is an additional step for the Commuter Rail Floor. If the total calculated earnings from the incentive are less than the Commuter Rail Floor designated by the FTA, the urbanized area receives additional funds from FTA to reach the floor amount. In 2003, the Regional FTA Caucus recommended that any additional funds from this incentive would be distributed to Sound Transit.
- If the calculated earnings are above the floor, the UZA does not receive any additional funds from the incentive. In 2012, the Regional FTA Caucus recommended that in that case, the calculated earnings minus the difference due to the "non-linearities" should be distributed to agencies without any additional adjustments.

**Table 10 - 5337 High Intensity Motorbus Funding**

- The Section 5337 State of Good Repair program is divided into two tiers: High Intensity Motorbus (HIMB) and High Intensity Fixed Guideway (HIFG). For both tiers, the apportionment is calculated using NTD data for public transit services that are at least 7 years old.
- The HIMB tier funding distribution is based on the Directional Route Miles (DRM) and Vehicle Revenue Miles (VRM) of motorbus services that operate in High Occupancy Vehicle (HOV) lanes.

**Table 11 - 5337 High Intensity Fixed Guideway Tier Funding**

- High-intensity fixed guideway services are transit services that operate in separate rights-of-way for the exclusive use of public transit, including rail, fixed catenary, passenger ferry, and bus rapid transit systems.
- For the 5337 HIFG tier, half of the fixed guideway apportionment is distributed according to the recipient's Directional Route Miles and Vehicle Revenue Miles multiplied by the applicable DUVs.
- The remaining half is based on the proportion a recipient would have received of the FFY2011 Fixed Guideway Modernization funding program apportionment as it then existed, if calculated using the updated 5337 HIFG definitions (FTA C 5300.1).
- More detailed information is available in Appendix A of the Disaggregation Tool.

**Table 13 - STE UZA 5339 Total Earned Share and Regional Pots**

- Since 5307 funding is much more flexible than 5339 funding, per adopted policy the regional pot is made up solely of 5307 funds to allow for a wider range of eligible projects. However, as both the 5307 and 5339 programs use regional characteristics to allocate funding, regional funds make up a portion of the funding apportionments for both programs. To maintain the regional pot with only 5307 funding, each year a transit agency is asked to exchange the regional 5339 funds for a portion of their 5307 earned share funds.

**Table 15 - 5339 Bus Tier (NF) Incentive Earnings by Agency**

- The 5339 apportionment also includes an incentive for awarding funds to non-fixed guideway transit services that are operating efficiently. This is calculated using the same method as described for Table 6.

**Table 17 - Preliminary Total Agency Earnings and Regional Pot**

- Due to rounding, the final totals for each funding source may differ slightly (i.e., by one or two dollars) from the apportionment amounts published by FTA. If there are any dollar differences, PSRC will request that a transit agency adjust their project funding recommendations by the dollar difference to ensure that the final project recommendations exactly match the published apportionment amounts for each funding source.

**Table 18 - Final Total Agency Earnings and Regional Pot**

- As adopted by PSRC’s Executive Board, designated amounts of 5307 funds are taken “off-the-top” for PSRC’s work program from the 5307 funds received by each of the three UZAs in the region. This is a fixed amount determined with the adoption of each TIP and does not change as part of the annual adjustments process.

**Additional Information on the National Transit Database:**

*\*More information on the National Transit Database terminology is available here:*  
<https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>

**National Transit Database Acronyms**

<ul style="list-style-type: none"> <li>• DUV - Data Unit Value</li> <li>• NF - Non-fixed Guideway</li> <li>• FG - Fixed Guideway</li> <li>• VRM - Vehicle Revenue Miles</li> <li>• DRM - Directional Route Miles</li> <li>• PM – Passenger Miles</li> </ul>	<p><i>Modes:</i></p> <ul style="list-style-type: none"> <li>• CB - Commuter Bus</li> <li>• CR - Commuter Rail</li> <li>• DR - Demand Response</li> <li>• DT - Demand-Response Taxi Service</li> <li>• FB - Ferry Boat on Fixed Route</li> <li>• LR - Light Rail</li> <li>• MB - Motor Bus</li> <li>• MG - Monorail and Automated Guideway</li> <li>• TB - Trolley Bus</li> <li>• SR - Streetcar Rail</li> <li>• VP - Vanpools</li> </ul>
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**NTD Transit Agency Names (if different from Disaggregation Tool)**

- Central Puget Sound Regional Transit Authority - Sound Transit
- Pierce County Transportation Benefit Area Authority - Pierce Transit
- Snohomish County Public Transportation Benefit Area Corporation - Community Transit
- King County Department of Metro Transit - King County DOT
- City of Everett – Everett Transit
- County of Pierce - Pierce County Ferry

## Appendix B: Directional Route Mile Shares

All transit services are reported to the National Transit Database by individual agencies. However, some transit services are jointly operated by multiple agencies. To improve the accuracy of the funding distributions, once the final NTD data is released for each fiscal year, the transit agencies in the region review the reported data for any jointly operated services. The agencies then determine the proportion of the reported Directional Route Miles (DRM) operated by each agency. PSRC incorporates this information into the Disaggregation Tool to apportion funding to the relevant agencies based on their share of the operations.

Directional Route Miles are defined as the mileage in each direction over which public transportation vehicles travel while in revenue service.<sup>1</sup> They measure the actual route path on a facility or roadway, but do not take into account the amount of service provided or the number of traffic lanes or rail tracks existing in the right-of-way. They also do not include any staging or storage areas at the beginning or end of a route.

As of FFY2020, there are four transit agencies in the region that split DRMs for their jointly operated services: King County Metro, Sound Transit, Community Transit, and Pierce Transit. These agencies meet on an annual basis to review the current DRM splits and determine if there are any adjustments needed. For example, a new agency may have begun operating transit services on a segment previously claimed by a different agency. Once the DRM splits for that fiscal year are finalized, they are reported to PSRC to be incorporated into the funding distributions.

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<sup>1</sup> National Transit Database Glossary; Accessed on March 20, 2020 at: <https://www.transit.dot.gov/ntd/national-transit-database-ntd-glossary>