Washington State Legislature
JOINT TRANSPORTATION COMMITTEE

EFFICIENCIES IN THE DELIVERY of Transportation Funding & Services to Local Governments

COUNTY ROAD ADMINISTRATION BOARD

FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

TRANSPORTATION IMPROVEMENT BOARD

WASHINGTON STATE DEPARTMENT OF TRANSPORTATION HIGHWAYS AND LOCAL PROGRAMS DIVISION

January 11, 2011

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EXECUTIVE SUMMARY

Introduction

The Legislature directed the Joint Transportation Committee to conduct a study evaluating funding and services provided to local governments by four Washington State transportation agencies: the County Road Administration Board (CRAB), the Freight Mobility Strategic Investment Board (FMSIB), the Transportation Improvement Board (TIB), and WSDOT's Highways and Local Programs division.

Governor Gregoire proposed a bill in the 2010 legislative session that would have consolidated CRAB, FMSIB, and TIB into WSDOT in an effort to streamline state government activities and increase efficiency. Though not introduced, the bill provided the genesis for this study to identify opportunities to improve service delivery to local governments.

This report does not recommend consolidation; however, it does make recommendations to improve the current system and operations of the four agencies.

Study Context and Agency Overview

The overarching purpose of the four studied agencies is to help local jurisdictions plan, fund, and implement high quality projects that meet the needs of communities and strengthen the transportation network across the state.

Overview of Agencies

	Origin	Key Functions	09-11 Budget
CRAB	• Formed in 1965 to oversee and regulate the administration of county roads	• Oversees and distributes the motor vehicle fuel tax, ensuring funds are used exclusively for highway purposes at the county level • Major resource for County Engineers and County Public Works staff	• $105.4 million capital and $4.5 million operating
FMSIB	• Created in 1998 to ensure strategic investments to facilitate freight movement	• Invests in freight projects that are often cross-jurisdictional, serving cities, counties, port districts, and freight movers, including railroads and trucking companies	• $55.0 million capital and $0.7 million operating
TIB	• Created in 1988 to bring an objective method to funding transportation needs previously addressed through earmarks	• Funds projects in urban areas and has dedicated programs for small cities	• $209.5 million capital and $3.0 million operating
WSDOT H&LP	• Established in 1937 as WSDOT State Aid Division	• Serves as the steward of Federal Highway Administration funds • Functions as a "WSDOT for local agencies," providing technical assistance, regulatory oversight, and funding for cities and counties	• $695.9 million capital (with ARRA funds and earmarks) and $13.5 million operating

Source: Agencies, BERK, 2010.

In recent years, jurisdictions' ability to fully fund transportation projects has become a significant challenge as available funding has declined. The objectives of this study – and of the programs it examines – are a product of these conditions: the need for transportation funding far exceeds available resources, both at the state and local level. Therefore, the dollars that do exist must be deployed *effectively* and *efficiently*.

Stakeholder Input and Participation

Throughout the project, a Technical Work Group and a Policy Work Group helped guide the process and reviewed findings and products as they were developed. The customer perspective was represented through focus groups with cities, ports, county elected officials, and county engineers.

Report Organization

In this report, we employed a two-level approach to analysis:

- **System evaluation:** The four agencies are examined as a local transportation funding system to see if they are functioning as intended and meeting the needs of their customers.
- **Agency management systems, programs, and process evaluation:** Each agency is examined to identify improvements to current systems and processes.

Our recommendations are listed on pages ES-6 and -7.

System Evaluation: Findings and Recommendations

Alignment with State Transportation Policy Goals

How does the current funding model compare to potential alternatives?

All of the four agencies' funding programs are currently operating as grant programs. Funds are distributed through formula-driven allocations, assessment-based awards, or competitive awards. This system was established incrementally, with the intention of moving away from the political nature of the previous process of funding local projects through legislative appropriations. The current model has many benefits that draw on the strengths of these different funding approaches.

In their various configurations, the programs act as strategic intermediaries that target limited funds at priority projects at the appropriate time. As shown under Agency Staffing and Administration, below, they provide this value efficiently, requiring comparatively few resources for their own operations.

Are the agencies delivering the services and benefits they were designed to deliver?

Each of the four agencies was created to address a particular need. Our assessment is that agencies have continued to execute programs and deliver services in alignment with their founding statutes and program direction. The four agencies' programs and outcomes are in line with the six State Transportation Policy Goals. In addition, customers interviewed for this study are generally very satisfied with the four agencies and did not highlight a need for significant structural changes.

Based on this assessment, we do not see a need for or benefit from restructuring the current system. Substantial changes are occurring in the environment, however, that require careful consideration, as discussed below.

Current Funding Environment

How are local jurisdictions and studied agencies affected by the current funding environment?

Jurisdictions' ability to initiate projects has been compromised with declining local tax collections resulting from the economic recession. Not only are there fewer transportation dollars, but general fund revenues are being shifted away from transportation investments into other essential public services.

At the state level, revised forecasts show declines in projected gas tax revenues of $1.8 billion over 16 years. If the forecasts are correct, this will reduce the direct allocation to cities and counties, and will directly reduce revenues to CRAB and TIB. These two agencies may not be able to finance new projects, and may have trouble servicing previously-awarded projects and bond obligations.

Alignment with Local and Statewide Needs

Are the agencies meeting the current needs of local jurisdictions? Are there gaps?

State provision of centralized resources and expertise provides efficiencies, reducing the need to replicate these resources locally across the state. This is particularly valuable for smaller jurisdictions that could not otherwise afford access. Local governments are generally very satisfied with the services provided by the agencies and complaints, when were stated, were directed at functional opportunities for improvement rather than a need for wholesale, structural adjustment. The following three needs or issues came up repeatedly during this project:

- There were strong concerns raised about the ability of local jurisdictions to address immediate and significant **maintenance and preservation needs**. Such investments reduce the much greater costs required to replace infrastructure with significant deferred maintenance. Our most important recommendations for achieving an "efficient" system direct more dollars at meeting these immediate needs.
- There is a pressing funding need for **bridge maintenance,** and several funding gaps were noted.
- **CRAB's first-in funding is critical to smaller, rural counties.** Without these pre-design funds, small counties would be unable to initiate projects.

Possible Changes to Transportation Funding Levels and Policy Direction

What does the future hold and how relevant is the existing model likely to be?

The economic situation at both the federal and state levels produces significant uncertainty concerning the amount of investment that will be possible in the future, how new investments will be financed, and what types of projects will be prioritized. Initial discussions around Federal Transportation Reauthorization suggest that Congress may more closely link funding to how well projects meet certain goals. A shift to performance-based funding at the federal level would likely lead to similar shifts in state policy.

- Changes at the state and/or federal level might necessitate another look at the structure and intent of the agencies.
- Continuation of the competitive grant model, with its focus on criteria-based selection and accountability, are recommended in the event of performance-based funding.

Evaluation of Current Management Systems, Programs, and Processes

The four studied agencies are generally functioning well and receive positive reviews from their customers, local governments. The sections below summarize our assessment of performance in key areas, with related recommendations for improvement listed on pages ES-6 and -7.

Technical Assistance and Oversight

Overall Technical Assistance and Oversight Functions

All four agencies provide, or facilitate, some level of technical assistance or oversight to local jurisdictions. Overall, customers are satisfied with and genuinely value the technical assistance provided by all the agencies. In particular, the following points were raised:

- Support for smaller jurisdictions is critical.
- Compliance with federal requirements is expensive and often onerous.
- CRAB engineering and standards software systems could be improved by linking software systems to accounting systems and developing more diverse tools for design and maintenance management.

Funding and Grant Programs

Promotion of Funding Opportunities

Agencies promote their various funding programs through presentations and trainings, direct mail, websites, and related professional associations. The consensus from customer focus groups is that agency funding programs and eligibility requirements are clear and commonly understood.

Application Process and Timeline

The possibilities of a joint application and/or a coordinated application cycle were explored; however, the potential challenges were found to outweigh the benefits. In addition, there was little interest for such change from customers.

Project Selection

Project selection varies both by agency and by program. For programs that require legislative approval, a full construction cycle may pass between the time project awards are determined by the agency and recipient jurisdictions actually begin construction.

Reporting Requirements

State reporting requirements for projects were identified by cities and county engineers as a potential challenge, particularly for smaller jurisdictions. All agreed that agencies should continue to streamline reporting requirements to the greatest possible degree for recipient jurisdictions.

Federal reporting requirements were identified by customers as particularly onerous. In particular, cities and counties identified the costs of federal compliance as a significant impediment to seeking funds under the various federal programs.

Agency Management

Portfolio Management

One of the challenges inherent in the role the agencies play is that they have little direct control over individual projects once they are underway. In the aggregate, however, these projects determine the quality of an agency's overall portfolio and affect its ability to efficiently manage its finances.

Agencies are taking steps to better track and manage their portfolio of projects. They differ significantly in their scope and ability to actually affect portfolio performance.

Financial Management

The agencies are all managing to a unique set of project funding requirements and budgeting constraints. CRAB and TIB manage to the revenue stream from motor vehicle fuel taxes, adjusting award amounts each year as appropriate. FMSIB and H&LP are required to develop line-item capital budgets by project for legislative approval and are not able to manage funds on a cash-flow basis.

Policy changes could be made to improve metrics such as appropriations versus expenditures, but this would affect the type of project and jurisdiction that ultimately receives funding. For example, CRAB could be directed to be a "last-in" funder similar to TIB in order to increase the pace at which its funds are used by recipient jurisdictions. This would have significant impacts on the types of projects and jurisdictions that would benefit from the program.

Performance Measures

The four agencies differ considerably in their tracking of program outcome and internal agency measures, and there are no consistent performance measures to enable comparison across agencies.

Communication with Stakeholders

Agencies have many audiences, including their customers, their boards, and decision-makers in the executive and legislative branches of state government. Conversations with customers and stakeholders within state government highlighted the importance of communicating a comprehensive picture of individual and collective performance of the agencies.

Governance and Organizational Structure

Boards

CRAB, FMSIB, and TIB have governing boards that provide credibility and support the agencies' ability to fund projects. Their independence has protected the focus and mission of the organizations, as well as their funding streams.

Agency Staffing and Administration

Each agency currently provides its own staffing, with the exception of FMSIB, which pays for financial support services from H&LP and website development and maintenance services from CRAB. Collectively, the four agencies have program administration expenses that average 1% of their total capital budgets. In other words, one cent on the dollar is spent on program administration, and the rest is distributed to local jurisdictions.

A shared services model was considered, but given the current efficiencies obtained by agency staff and the minimal overhead currently required for funding program administration, we do not recommend such a change given the potential for disruption and challenges.

Recommendations

The following recommendations will enable the current system to operate more effectively, efficiently, and transparently. Recommendations which require additional funding or legislative action are identified with the money and gavel symbols, respectively. Page references to the main body of the report are included to the right in brackets.

Addressing Unmet Preservation Needs

1. State policymakers should consider directing additional resources to address maintenance and preservation needs. [34]
2. Without new money, state policy makers should consider reallocating some existing resources to address preservation needs. [34]
3. Agency boards and staff should use flexibility within existing programs to focus on maintenance and preservation needs. [34]
4. Transportation stakeholders should better communicate the importance of maintenance and preservation projects to the public and to decision-makers. [35]
5. Policy makers should seek to address unmet needs related to short span bridges, high cost bridges, and funding for preventative maintenance through additional federal and state resources. [36]

Strengthening Funding Programs and Technical Assistance

6. CRAB should continue to function as a first-in funder despite the challenges that such a portfolio brings. The agency should continue to develop stronger portfolio and financial management tools to manage cash-flows and fund balance. [37]
7. TIB should evaluate the need for and implications to creating a first-in funding mechanism for cities in its Urban Arterial and Urban Corridor programs. [37]
8. CRAB should work with County engineers to undertake a review of current and future software product offerings and training. [41]
9. FMSIB and H&LP (for the Safe Routes to School and Pedestrian and Bicycle Safety programs) should be given the ability to finalize their project lists without legislative approval. This would release the funds earlier than currently occurs, speeding project implementation by as much as a construction season and in down cycles could produce lower construction costs. [48]
10. Opportunities to create a combined quarterly project update should be explored so a jurisdiction with a project funded by multiple funding sources could complete a single update. [50}
11. Washington should collaborate with other states to advocate for less onerous project reporting requirements for federally funded projects [50]

Improving Financial Management, Portfolio Management, and Performance Measures

12. Agencies should actively manage their portfolio of projects. While individual projects may be subject to unforeseeable variances, it is critical that agencies manage predictable aggregate portfolios. Agencies must invest in the staff and tools required for data tracking and reporting (see Recommendation #22). They should establish portfolio management targets (see Recommendation #19) and have the ability to modify program parameters to achieve those targets. [55]

13. CRAB should use enhanced portfolio management tactics to improve project timeliness and manage financial performance based on real time information about project timeliness. If portfolio challenges continue to hinder CRAB's financial management abilities, CRAB should review the status of active projects and encouraging stalled projects to withdraw their request for funding. [60]

14. Take legislative action to merge TIB's two accounts (UATA and TIA) to allow for simpler cash management. [61]

15. Shift responsibility for cash advances of federal emergency funds from CRAB to WSDOT and target freed-up funds to immediate county preservation needs. [61]

16. The state should continue to track and monitor the agencies' program administration costs relative to their capital budgets to ensure continued efficiency. [61]

17. Agencies should link program outcome measures to program objectives and project selection criteria. [62]

18. The same set of outcome measures should be tracked consistently over time. Tracking measures over time facilitates comparison across agencies, when appropriate, and provides valuable information to agencies on trends. [63]

19. Institute a manageable set of internal performance measures consistent across the four agencies related to financial management, portfolio management, and customer service. [63]

Communicating More Effectively

20. Agencies should ensure that their reports and briefings tell the full story, reminding decision makers of their distinctive roles, how these roles create specific benefits and challenges, and an annotated description of current contributions and challenges. [66]

21. Briefings with decision makers and staff should augment written reports, and particular effort should be taken to develop relationships with new policy makers and their staff as turnover occurs. [66]

22. CRAB, FMSIB, and H&LP should identify ways to use their websites to communicate more timely information about project and portfolio status to support transparency and encourage timely project advancement. Agencies should adopt a "Dashboard-lite" approach rather than recreating the full extent of the TIB Performance Management Dashboard. Agencies should collaborate and consider models and partnerships with other agencies that manage grant and loan portfolios. [66]

Developing Agency Leadership and Succession Plans

23. CRAB, FMSIB, and TIB should develop formal plans for leadership development and succession. [73]

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1.0 INTRODUCTION

1.1 Overview of Study Purpose

Governor Gregoire proposed a bill in the 2010 legislative session that would have consolidated CRAB, FMSIB, and TIB into WSDOT in an effort to streamline state government activities and increase efficiency. Though not introduced, the bill provided the genesis for this study to identify opportunities to improve service delivery to local governments.

In response, the Washington State Legislature directed the Joint Transportation Committee (JTC) to conduct a study to assess the delivery of transportation funding and services to local governments by the following four agencies: the County Road Administration Board (CRAB); the Freight Mobility Strategic Investment Board (FMSIB); the Transportation Improvement Board (TIB); and the Highways and Local Programs division (H&LP) of the Washington State Department of Transportation (WSDOT).

In particular, the study was asked to respond to the following questions:

Systemic Assessment

- *What improvements can be made to the system as a whole?*
- *How can the State best facilitate the full funding and completion of projects?*

Agency Systems & Processes

- *What significant improvements can be made to individual agencies?*
- *What practices can be shared or adopted across agencies?*

In addition to these evaluative questions, an important aspect of the study is descriptive in nature, presenting a summary of what these agencies do, how they interact, and what benefits are received by local jurisdictions and the residents of the state. **Section 2.0,** and the Agency Profiles contained in **Appendix A,** provide this background information and will be of use to a variety of stakeholders, from new legislators and staff to the local jurisdictions that receive technical and funding support via the agencies.

As the descriptive and evaluative phases of the project were completed, a number of long-standing misconceptions were encountered. This report addresses many such issues, including:

- **Misconception.** *There is significant overlap in agency function.*

  Finding. The agencies were founded to accomplish different ends and to serve different customer groups, and are doing so without inefficient duplication.

- **Misconception.** *Customers are confused by the array of programs available to fund transportation projects, leading to an "Easter egg hunt" for funding.*

  Finding. Customers are familiar with the funding opportunities offered by the four agencies. As each agency has a particular focus and eligibility criteria, cities, counties, ports, and other potential recipients are familiar with the relevant subset of funding programs.

- **Misconception.** *The State spends twenty-five cents for every dollar of funding on program overhead that could otherwise be passed on to local jurisdictions.*

  Finding. Our analysis shows that funding program administration is much lower, in the range of one cent on the dollar (see page 70).

- **Misconception.** *Joint applications, coordinated application timelines, and shared reporting would lessen the burden on customers.*

  Finding. This study considered each of these options and found them for the most part to be impractical.

To evaluate both the system and the individual agencies, three larger categories were assessed: policy, management, and organization. As shown in **Exhibit 1,** policy encompasses the objectives and strategies the programs and agencies are intended to fulfill. Management addresses the day-to-day operation of grant management and technical assistance, and organization examines how the agencies are staffed and governed.

Exhibit 1

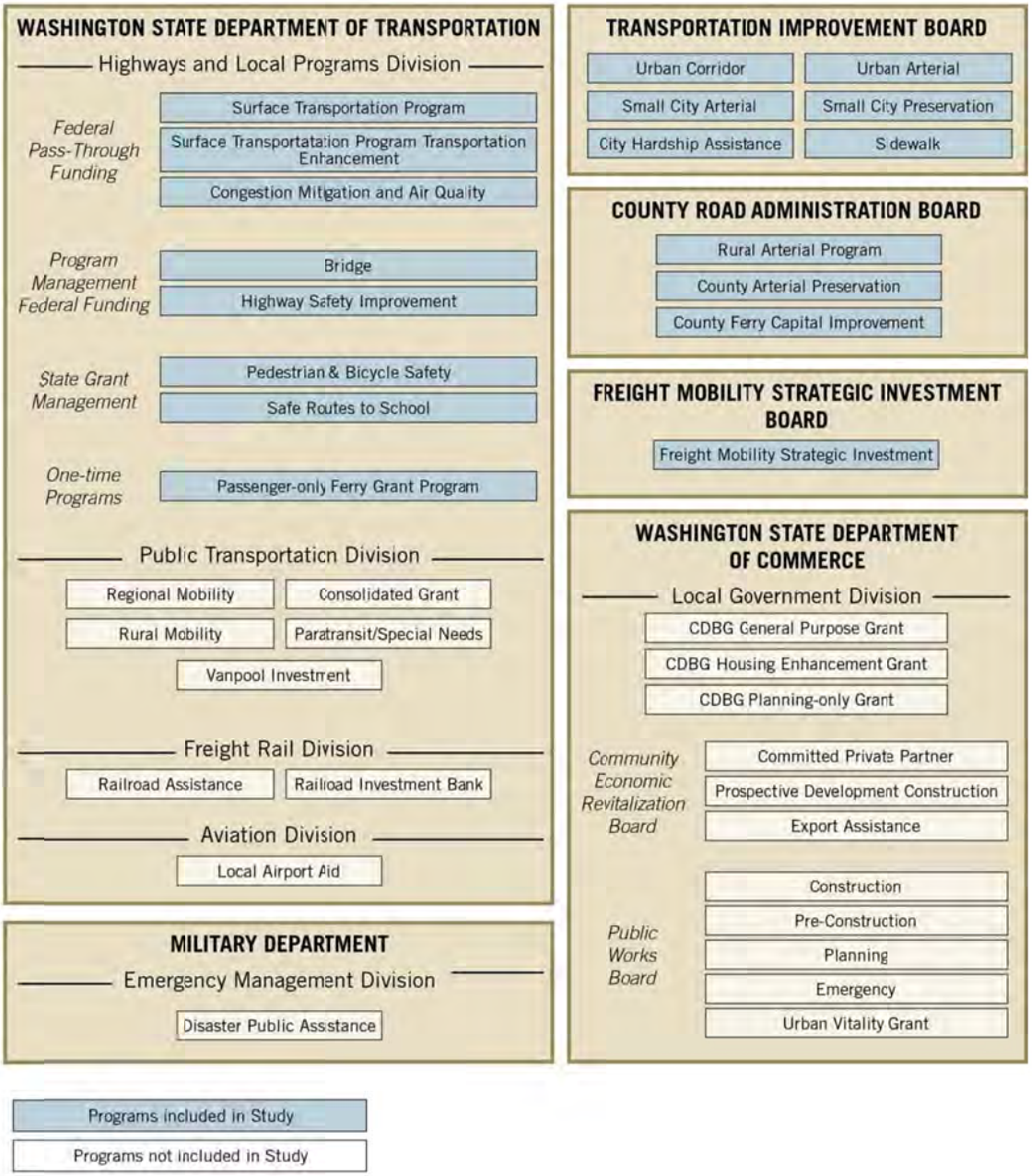
Evaluative Framework

Source: BERK, 2010.

Exhibit 2 identifies the four agencies studied in this effort, as well as other state programs that fund transportation infrastructure projects in local jurisdictions.

Exhibit 2

Inventory of State Grant and Loan Programs that Fund Transportation Infrastructure Projects



Source: BERK, 2010.

1.2 Study Context

The overarching purpose of the four studied agencies is to help local jurisdictions plan, fund, and implement high quality projects that meet the needs of communities and strengthen the State's transportation network. In recent years, jurisdictions' ability to fully fund projects has become a significant challenge as available funding has declined. New transportation projects and maintenance needs must compete with other general purpose needs within the budget structures of cities and counties. Local governments struggle to assemble funding packages for every project, particularly larger-scale projects. In addition, transportation corridors often pass through several jurisdictions that may not see a direct benefit from the corridor, which makes ownership of problems a challenge.

The objectives of this study – and of the programs it examines – are a product of these conditions: the need for transportation funding far exceeds available resources, both at the state and local level. Therefore, the dollars that do exist must be deployed *effectively* and *efficiently*. The stand local jurisdictions share a goal of extracting as much value as possible from every dollar spent, maintaining and expanding our transportation infrastructure and achieving the ancillary benefits associated with this investment, including increased safety, decreased congestion, and related jobs and economic stimulus.

The Desire for More Funding. In this context, there is discussion of "increasing the size of the pie" and interest in a new transportation revenue package with new revenue sources that will supply much-needed funding to address the needs of local jurisdictions. While this topic is of great interest, and is the focus of important discussion in **Section 3.3 b)**, the objective of the Legislature and this study is to do more than echo the call for additional funding. While the possibility of new revenue is considered, so is the possibility that no new revenue will be available to address current and emerging priorities.

Appropriate Regulation. Another common theme in any discussion of transportation infrastructure investment is the impact of regulations designed to protect environmental or cultural assets or mitigate disruption to them. When exploring issues related to project timeliness, these topics quickly come to the fore. In general, it should be acknowledged that transportation projects have become more complex, requiring more staff time to build partnerships among more players in an increasingly complicated construction environment. In the case of grant-making agencies that fund projects but may have little control over local project implementation, regulations may directly affect project timeliness, portfolio management, and the overall financial well-being of the organization.

We acknowledge the importance and challenge of balancing protection of environmental and cultural assets with efficient infrastructure investment and project management. This important topic is not the focus of this work, however, and so only gets occasional mention in the pages that follow. While we would support an additional effort to review and reform how the State regulates transportation projects, it is the task of the studied agencies and local governments to efficiently manage local projects within the current regulatory structures.

1.3 Overview of Analytic Process and Organization of this Report

This study began in May 2010 with a presentation to the JTC describing the proposed approach and key questions and was completed in December 2010. Throughout the project, a Technical Work Group and a Policy Work Group helped guide the process and reviewed draft materials. Agency directors were involved in the Technical Work Group and were responsive to requests for information, contributing significantly to the success of the study. Membership of these work groups is shown on the inside cover of this report.

The customer perspective was represented through four focus groups with cities, ports, county elected officials, and county engineers. JTC members also heard from panels of representatives on the strengths of the four agencies and the unmet needs and challenges faced by local jurisdictions at the June conference of the Association of Washington Cities and the November conference of the Washington State Association of Counties.

Analysis for the study was conducted through review of documents, budgets, and financials, interviews with agency staff and directors, focus groups and presentations with stakeholders, and discussions with legislators and legislative staff.

This Report is organized as follows.

- **Section 2.0** describes current agency functions and the most valued contributions each makes as noted by customers and stakeholders. Comprehensive Agency Profiles are contained in **Appendix A**.
- **Section 3.0** evaluates the four programs as a system, examining whether they are functioning as intended and meeting the needs of their customers today. It also considers the system in the context of potential future changes in the funding and policy environment.

  This examination is organized as follows:

  - **Section 3.1** considers how the current funding model compares to potential alternatives.
  - **Section 3.2** evaluates programs relative to their founding statutes and program goals.
  - **Section 3.3** evaluates programs relative to today's policy and funding environments and the current needs of local jurisdictions.
  - **Section 3.4** considers future changes in the transportation funding and policy environment.

> **Recommendations in Section 3.0** address: *Should the State adopt a different model to serve local transportation needs?*
>
> **Recommendations in Section 4.0** address: *Is there an opportunity to improve how the existing agencies function*?

- **Section 4.0** contains an evaluation of how individual agencies are performing in terms of management systems, programs, and processes.

2.0 DESCRIPTION OF AGENCY FUNCTIONS AND ROLE

This section summarizes the most salient functions of each agency, drawing on the comprehensive Agency Profiles contained in **Appendix A**. Each of the agencies is summarized independently, including a description of the contributions and roles most valued by customers and stakeholders. **Section 2.5** provides summary exhibits that show the agencies' functions and funding.

2.1 County Road Administration Board

The **County Road Administration Board (CRAB)** was created by the Legislature in 1965 to provide statutory oversight of Washington's 39 county road departments. CRAB's oversight and distribution of the motor fuel tax revenues ensure that these funds are used exclusively for highway purposes, per the State Constitution's 18th Amendment. CRAB's mission is to:

> *Preserve and enhance the transportation infrastructure of Washington Counties by providing standards of good practice, fair administration of funding programs, visionary leadership, and integrated, progressive, and professional technical services.*

Regulatory and Oversight Functions

RCW 36.78 requires CRAB to establish, by rule in the Washington Administrative Code (WAC), Standards of Good Practice for the "administration of county roads and the efficient movement of people and goods over county roads." CRAB has developed and adopted thirteen Standards of Good Practice, with which counties must comply. These include: Certificate of Good Practice, maintenance management, county engineer vacancy, priority programming, six-year programs, annual road program, county forces construction, inspections of bridges, county accident reports, accommodation of utilities, county engineer relationship, county roadlog, and pavement management.

Annual CRAB certification regarding compliance with the Standards of Good Practice is required for disbursement of motor vehicle fuel tax revenues to the county in the following year.

Technical Assistance

CRAB is a major technical assistance resource for the Washington State County Engineers and County Public Works staff for transportation-related issues. To support county compliance with the Standards of Good Practice, CRAB has developed and provides counties with a road management software system (*Mobility*), provides an engineering design software system (*Design Systems* and *Eagle Point)*, and provides training and support in the use of these tools. CRAB also provides training for Public Works and County engineers regarding key roles, responsibilities, and legal requirements.

Funding Programs, Clients, and Projects

CRAB administers three grant programs: the County Arterial Preservation Program (CAPP), the Rural Arterial Program (RAP), and the County Ferry Capital Improvement Program (CFCIP). Both CAPP and RAP are funded via direct motor vehicle fuel tax appropriations, whereas CFCIP requires legislative approval and appropriations.

CAPP is designed to help counties preserve their existing paved arterial road networks. CAPP is funded with 0.45 cents of the motor vehicle fuel tax and by an annual transfer from the Transportation Partnership Account. This is not a competitive program, but rather, funds are distributed based on each county's miles of paved arterial roads in unincorporated areas. In 2009, $15.1 million was allocated.

RAP is a road and bridge reconstruction program under which counties compete for funds every two years within their respective regions of the state. Since 1990, RAP has received 0.58 cents of the motor vehicle fuel tax annually. CRAB acts as a "first in" funder for the majority of its RAP projects. Currently 76% of its active RAP projects (or 90 out of 118) began in the project pre-design phase. CRAB awarded $51.6 million in 2009.

CFCIP was created in 1991 due to a lack of other viable funding support to assist the four counties operating car ferries. Pierce, Skagit, Wahkiakum, and Whatcom Counties are eligible to compete every four years for funding in support of major capital car ferry system improvements. The last call for projects was made in 2005; 2009 distributions equaled approximately $525,000.

Staff and Board

CRAB has a total of 16 full time equivalent staff (FTEs), which includes an Executive Director and staff in three departments: Engineering Services, Administrative Services, and Information Services. There is one full-time Grant Programs manager.

CRAB's governing Board is comprised of nine members: six county commissioners and three county engineers. County representation reflects the diversity of Washington's counties by population and geography, and no county can have more than one representative on the Board. The role of the Board is to:

- Establish and maintain Standards of Good Practice
- Approve: (1) criteria for RAP and CFCIP grants, (2) project list for RAP awards, and (3) CFCIP project list for submittal to the Legislature for funding

Most Valued Contributions as Noted by Customers and Stakeholders

Focus group discussions with county elected officials and county engineers highlighted the importance of CRAB's grant programs and technical assistance. Overall, there was a strong sense that CRAB is serving its intended purpose and meeting customer expectations.

First-in funding. Counties lack funding options for road-infrastructure projects which makes CRAB's "first-in" funding approach in its RAP program particularly important. By funding the pre-design phase of a project, CRAB enables a county to conduct the preliminary work necessary to decide if a project is viable.

Technical assistance. CRAB's software systems and training enhance the capacity of counties' Engineering and Public Works Departments. Stakeholders noted the significant disparity of resources across counties. For smaller, resource-constrained counties, CRAB's software and assistance can be essential to their compliance with the Standards of Good Practice, and therefore, their receipt of motor vehicle fuel tax revenues. For example, counties that cannot afford to purchase separate engineering design software rely on CRAB's provision of *Eagle Point* software. In addition, CRAB's staff of professional engineers serves as a general resource to county personnel.

2.2 Freight Mobility Strategic Investment Board

The Washington **Freight Mobility Strategic Investment Board (FMSIB)** was created by the Legislature in 1998 to identify and recommend investments that improve freight movement and mitigate barriers on strategic state corridors, grow jobs and the economy, and bolster Washington as a leader in international trade.

FMSIB was originally established and funded in 1998 at $100 million per biennium. In 1999, funding was eliminated with the passage of I-695 and subsequent legislative action to repeal the motor vehicle excise tax, and the Legislature funded projects on a case-by-case basis. In 2005, the Legislature approved a 16-year funding package that includes $109 million for FMSIB projects or approximately $12 million per biennium.

Funding Program, Clients, and Projects

FMSIB projects are cross-jurisdictional and often serve cities, counties, port districts, and freight movers, including railroads and trucking companies.

FMSIB advocates for freight projects at the local, state, and federal levels. FMSIB facilitates individual and group conversations to help develop partnerships, brokers agreements, and leverages additional money to fund projects. The federal government is typically a significant funding partner along with counties, cities, ports, and other private sector investors.

FMSIB has one competitive grant program, the **Freight Mobility Strategic Investment Program**. FMSIB issues a call for projects every two years to maintain a six-year list of active projects. FMSIB works with the State and with local communities to identify and develop freight corridor projects, utilizes agency-developed criteria to select and prioritize projects, and recommends selected freight mobility projects to the Legislature for funding.

Since 1999, FMSIB has completed 39 projects.

Staff and Board

The agency has a full-time Executive Director and one additional FTE. FMSIB has 12 board members representing the modes and jurisdiction types involved in freight movement. The role of the Board is to:

- Advocate for strategic freight transportation projects that bring economic development and a return on investment to the state
- Focus on timely construction and operation of projects that support jobs; leverage funding from public and private stakeholders
- Cross modal and jurisdictional lines to create funding partnerships and freight corridors
- Serve as the de facto freight project screening agency for state and federal policy makers

Most Valued Contributions as Noted by Customers and Stakeholders

During focus group discussions with port representatives, these stakeholders made it clear that the mission of FMSIB remains as relevant today as it was at creation, and that they highly value the role the agency plays in advocating for freight interests. FMSIB's most valued contributions as noted by customers and stakeholders included the following:

An advocate for freight. Focus group participants noted that FMSIB is a government agency that truly understands and successfully facilitates public-private partnerships. As the advocate for the freight

community it brings parties together to create solutions and leverage state dollars by bringing in other funders. It was noted that the advocacy role is played by the Executive Director and also members of the Board, who bring relevant expertise and an understanding of the freight priorities and issues across the state. Given that freight crosses jurisdictional boundaries, and is often seen as a challenge by many local jurisdictions, this role is seen as very valuable, ensuring that the economic importance of freight transportation is recognized and addressed.

A proactive and committed approach. Port representatives noted that FMSIB "really goes to bat for you" and works vigorously to ensure projects are constructed. One representative commented that the FMSIB Executive Director proactively approached his jurisdiction about submitting an application based on her knowledge of the issues in the area. FMSIB was repeatedly praised for making significant accomplishments with minimal staffing. The opportunity to accomplish more when the state budget allows consideration of additional resources was noted.

Leverage funding. FMSIB's ability to use public-private partnerships to raise additional project dollars was noted repeatedly by legislative representatives and other stakeholders. FMSIB dollars accounted for 18% of the total funding for 19 projects under construction from November 2009 to February 2010, with the federal government contributing 43%, counties, 11%, ports 11%, cities 9%, other state partners 5%, private 2%, and transit 1%.

2.3 Transportation Improvement Board

The Legislature created TIB in 1988, replacing the Urban Arterial Board which had been administering the Urban Arterial Program since 1967. At the same time, it created the Transportation Improvement Account and the Urban Corridor Program, which TIB was also charged with administering. The Legislature's goal in establishing the new agency and program was to bring an objective method to project selection and funding of transportation needs that had previously been funded through earmarks.

Since its inception, TIB has taken on four new programs while improving business processes and project performance. In 2003, TIB built its Performance Management Dashboard, providing current project and financial information to stakeholders and the public. The Dashboard has become a model of performance management and accountability in government, and has won state and national awards.

Funding Programs, Clients, and Projects

TIB's mission is to "fund high priority transportation projects in communities throughout the state to enhance the movement of people, goods and services." The agency administers six funding programs to cities, urban areas within counties, and transportation benefit districts. These programs receive revenues from the Transportation Improvement Account (TIA) and the Urban Arterial Trust Account (UATA) which both receive a direct allocation of state motor vehicle fuel taxes.

Urban Corridor Program (UCP) funds road construction projects to address congestion caused by economic development or rapid growth. Projects with multiple partners that expand capacity and often cross jurisdictional boundaries are the focus of this program. The UCP receives 1.3 cents from the State's 37.5 cent per gallon fuel tax, and approximately 20% of the proceeds are used for debt service payments on bonds that have been issued over the past decade (currently over $100 million debt balance against the TIA account). Funds are distributed across three regions (based on arterial lane miles and population), and projects within those regions compete separately.

Urban Arterial Program (UAP) funds road construction projects for preservation and modernization of the street system with an emphasis on safety (correcting hazards), pavement condition (rebuilding aged infrastructure), and congestion relief. The UAP receives 1.7 cents from the State's 37.5 cent per gallon fuel tax, distributed into the Urban Arterial Trust Account. When TIB was founded in 1988, one of the Board's first actions was to transition the UATA away from bond sales as the source for project funding. UATA funds are distributed across five regions (based on arterial lane miles and population), and projects within those regions compete separately.

Small City Arterial Program (SCAP) provides funds for projects in small cities and towns (population less than 5,000) that expand or improve the arterial road network by addressing the structural condition of the roadway, "roadway geometry deficiencies" (alignment problems such as a dangerous curve or a poorly aligned intersection), and safety issues. SCAP was created to keep small cities from having to compete with larger ones for arterial improvement funds. Funds are distributed across three regions (based on small city populations), and projects within those regions compete separately.

Small City Preservation Program (SCPP) provides funding for rehabilitation and maintenance of the roadway system (chip seal and pavement overlay) in incorporated cities or towns with populations of less than 5,000. This is a non-competitive program, and funds are not distributed by region. Rather, TIB administers a maintenance management program through which funds are targeted based on condition ratings, economies of scale, and assessed valuation of cities.

City Hardship Assistance Program (CHAP) provides state funding for cities with populations of less than 20,000 to offset extraordinary road maintenance costs associated with the transfer of responsibility of state highways to cities. This is a non-competitive grant program in which cities with eligible routes (only 14 routes are eligible statewide) request funding through an application process.

Sidewalk Program (SP) funds the construction, retrofitting, or replacement of sidewalks to promote pedestrian safety and mobility as a viable transportation choice. SP is funded from UATA, and there is both an urban and small city component to the sidewalk program with projects that compete separately. Additionally, program funds are distributed across five regions (based on arterial lane miles and population), and projects within those regions compete separately.

Last-in Funding

With the exception of the Small City Preservation Program and the City Hardship Assistance Program, TIB is a "last-in" funder. This means that the agency requires letters of commitment from other funders before committing its own funds. This was a policy decision the Board made in order to have better predictability around project timelines and costs so that cash flow could be more effectively managed. It typically results in funding projects that are further along in the design process because the local jurisdiction has already made or obtained some investments.

Staff and Board

TIB has 11 FTEs, including an interim Executive Director, engineering staff who administer the funding programs, and administrative staff.

TIB's governing Board is comprised of 21 members: six city members, six county members (CRAB member is ex officio), two WSDOT officials, two transit representatives, a private sector representative, a member representing the ports, a Governor appointee, a member representing non-motorized transportation, and a member representing special needs transportation. Membership reflects the diversity of the customers TIB-funded projects serve. The role of the Board is to:

- Determine project evaluation and scoring criteria, updating existing criteria where appropriate
- Review and approve projects selected for funding by agency staff
- Review and approve major project scope or cost changes

Most Valued Contributions as Noted by Customers and Stakeholders

During focus group discussions with city officials and Association of Washington Cities members, stakeholders noted the importance of the following TIB services and programs:

Performance Management Dashboard and Financial Management. The TIB Dashboard establishes the bar for transparency and ease of access. It has allowed the agency to better manage its finances while providing stakeholders with an easily accessible tool to better understand agency and project performance.

Small City Preservation Program. SCPP has had a noticeable impact. When the program was founded in 2005, almost every small city, especially in eastern Washington, had poor condition ratings. Now only two cities remain in that category, and TIB has performed condition ratings on over 1,600 miles of road in small cities.

Other Services to Cities. In general, TIB provides a high level of service to customers of its grant programs. This is particularly true for small cities with limited resources that rely on TIB for assistance with pavement ratings.

2.4 Highways and Local Programs

As a division within WSDOT, Highways and Local Programs (H&LP) assists in the successful delivery of transportation projects by providing educational, technical, and financial support to cities, counties, and other transportation partners such as tribal governments, ports, and transit agencies.

Under the Federal Highway Administration's (FHWA) Federal-Aid Stewardship Agreement with WSDOT, H&LP serves as the pass-through agency for FHWA funding. These federal dollars are distributed to public agencies throughout the state for various purposes, from project development through construction administration.

Regulatory, Oversight, and Technical Assistance Functions

H&LP serves several regulatory and oversight roles: submitting the Statewide Transportation Improvement Program to the FHWA and Federal Transit Administration, functioning as Certified Agency (CA) and monitoring local agency CA status, supporting an asset management program, and ensuring local compliance with federal regulations. Statutory requirements identify H&LP's oversight role for the design standards for city and county roads.

H&LP provides substantial technical assistance to local governments, ranging from planning and design assistance to supporting compliance with federal fund requirements. H&LP has a Local Technical Assistance Program (LTAP) that provides a coordinated technology transfer program and is available to local agencies in partnership with WSDOT and FHWA. LTAP's goal is to enhance the technical and management skills of local agencies to use resources more efficiently and effectively.

Funding Programs, Clients, and Projects

WSDOT performs four distinct business functions based on the types of funding associated with each program.

1. Federal Pass-Through Funding

H&LP allocates **Surface Transportation Program** (STP); **STP Transportation Enhancement**; and **Congestion Mitigation/Air Quality** (CMAQ) federal funds to Transportation Management Areas, Metropolitan Planning Organizations (MPO), Regional Transportation Planning Organizations (RTPO), and county lead agencies that select projects based upon regional priorities.

This category also includes various discretionary earmarks selected by congressional delegates, including Scenic Byways, Public Lands Highways, and the Transportation Community, System and Preservation Program. For all of these projects, H&LP has the responsibility to provide project oversight to individual recipient agencies.

2. Program Management Federal Funding

H&LP has responsibility for selection authority and management of the federal **Bridge Program** and the **Highway Safety Improvement Program**. The Bridge Program preserves and improves the condition of bridges that are physically deteriorated or structurally deficient through replacement, rehabilitation, and systematic preventive maintenance. The **Highway Safety Improvement Program** reduces fatalities and disabling injuries, including reducing collisions using low-cost, near-term solutions that are consistent with the statewide strategic safety plan.

These programs fund projects based solely upon data, with WSDOT inviting eligible agencies to compete for the available funding. Submitted projects are field reviewed to verify the information provided and to ensure that the appropriate solution is implemented. After projects are selected, H&LP provides project oversight to recipient agencies.

3. State Grant Management

H&LP provides the program and project oversight of legislatively-selected projects funded primarily with state funds and periodically supplemented with federal funds. The **Pedestrian and Bicycle Safety** program improves the transportation system by enhancing safety and mobility for people who choose to walk or bike. The **Safe Routes to School** program improves safety and mobility for children by enabling and encouraging them to walk and bicycle to school.

Project submittals for these programs are field reviewed to ensure the appropriate solutions are implemented. Prioritized lists of projects for each program are submitted to the legislature for final selection. After projects are selected, H&LP provides project oversight to recipient agencies.

Through the **County Ferry Operations** program H&LP provides state subsidies for four county ferry operations.

4. One-Time State and Federal Projects and Programs

In addition to the ongoing programs described above, H&LP may be charged with managing projects established through federal or state earmarks, as well as one-time or occasional programs. Such responsibilities are established in budget provisos and are not entitlements enacted in long-term statute. Examples include the **American Recovery and Reinvestment Act (ARRA)** signed into law in 2009, with nearly $50 billion in funding for transportation infrastructure nationwide and the **Passenger-Only Ferry Grant Program** funded for the 2007/09 biennium only.

Staff

H&LP has 55.5 FTEs. WSDOT's six regions each have an H&LP Engineer and staff who act as direct liaisons to local jurisdictions. While these staff report to the local Regional Administrator, the majority of their responsibilities are directed by H&LP.

Most Valued Contributions as Noted by Customers and Stakeholders

Discussions with H&LP customers and other stakeholders highlighted the importance of the following services:

A "WSDOT for locals." H&LP provides technical assistance and funding support for local jurisdictions, serving as a dedicated liaison between the state (and federal) system and local communities. Beyond these functions, H&LP is seen by many as a true champion for local jurisdictions. Stakeholders noted that the division and its Director act with local interests at heart and serve as an internal advocate for local communities within WSDOT.

Distribution of federal funding. As the steward of FHWA funds, H&LP manages more than half of the federal and state transportation dollars that are distributed via the State to local jurisdictions (see **Section 2.5**). In addition to the volume of funding managed, H&LP helps local jurisdictions navigate the requirements associated with federal funding. H&LP can also act as a Certified Agency on behalf of a local jurisdiction that is not a CA, thereby making it eligible to receive federal funds.

In 2009, H&LP staff managed the distribution of $152 million in ARRA funding to local governments through the MPOs and a Local Oversight Accountability Panel. While the reporting requirements associated with the funding presented some challenges, the ARRA funds were viewed as a success and demonstrated the ability of the system to flexibly accommodate this sudden influx of funding and workload.

2.5 Summary of Agency Functions and Funding

The exhibits on the following pages summarize aspects of each of the agencies and their funding support. Key findings from each of these exhibits are described below.

Exhibit 3 summarizes the key functions of each agency, including mission or intent, oversight responsibilities, technical assistance services, and funding program objectives.

- CRAB provides funding to Washington counties through three separate grant programs. It also provides counties with technical assistance, and oversees county compliance with the Standards of Good Practice. CRAB's 2009-11 budget includes $105.4 million for capital and $4.5 million for operating.
- FMSIB supports freight mobility in the state through a grant funding program, as well as with advocacy and technical assistance. FMSIB's 2009-11 budget includes $55.0 million for capital and $0.7 million for operating.
- TIB supports cities, towns, counties, and transportation benefit districts through its six funding programs and provides technical assistance and support to local jurisdictions. TIB's 2009-11 budget includes $209.5 million for capital and approximately $3.0 million for operating.
- H&LP manages both state and federal funding programs, serving as the steward of the Federal Highway Administration funding that comes to Washington State. It also provides technical

assistance and oversees statewide programs. H&LP's 2009-11 budget includes $695.9 million for capital (including ARRA and earmark funding) and $13.5 million for operating.

Exhibit 4 focuses on each agency's funding programs, describing the types of funds provided, the amount of funds allocated to the agency in the 2009-11 capital budget, and a summary of eligible recipients, projects, and costs.

- All of the studied funding programs currently operate as grant programs. FMSIB and H&LP are also authorized to provide loans, but the Legislature has only provided funding for grants at this time.
- Funds are distributed to local jurisdictions through three different methods, summarized below. The dollar amounts and percentages shown exclude ARRA funds.
  - **Formula-driven Allocation**. Approximately $326.2 million (39.5%) of the four study agencies' combined total 2009-11 capital budgets is distributed via formula. This includes CRAB's County Arterial Preservation Program and the federal pass-through dollars administered by H&LP.
  - **Analytic Assessment**. Approximately $3.9 million (or 0.5%) of the four study agencies' total 2009-11 capital budgets is distributed through analytic assessments. This includes awards for TIB's Small City Preservation Program, which targets according to the greatest need; and TIB's City Hardship Assistance Program, which directs funds to cities that have encountered a net gain in cost responsibility due to jurisdictional transfers.
  - **Competitive Awards**. Approximately $496.7 million (60%) of the four study agencies' total 2009-11 capital budgets is distributed through competitive award processes. The majority of these competitive programs are open to all applicants, and include:
    - CRAB's Rural Arterial Program and County Ferry Capital Improvement Program (only Pierce, Skagit, Wahkiakum, and Whatcom Counties are eligible)
    - FMSIB's Freight Mobility Strategic Investment Program
    - TIB's Urban Arterial, Urban Corridor, Small City Arterial, and Sidewalk Programs
    - H&LP's Safe Routes to School Program

    Three of the study programs combine competitive awards with condition-based assessments and invite qualifying jurisdictions to compete. All three programs are administered by H&LP: the Federal Highway Bridge Program, the Federal Safety Improvement Program, and the Pedestrian & Bicycle Safety Program.

Exhibit 5 presents the 2009-11 capital budget by agency and program, highlighting the relative magnitude of each program in terms of budget size.

- Approximately $407.5 million (38%) of the four agencies' total 2009-11 capital budgets is funded from state dollars; the other $658.3 million (62%) comes from federal funding.
- H&LP manages the most money (with 65% of the sum of the four agencies' 2009-11 capital budgets, including ARRA funds), followed by TIB (20%), CRAB (10%), and FMSIB (5%). This is a reflection of the number of programs that each agency manages, as the size of the individual funding programs varies greatly across the four agencies.

- H&LP is primarily funded from federal dollars, FMSIB relies on both state and federal funds, and CRAB and TIB are entirely state-funded. In the 2009-11 biennium, federal funds comprise approximately 92% of H&LP's capital budget.

Exhibit 6 shows agency capital expenditures over time, from the 2001-03 biennium to the 2009-11 biennium, with numbers for 2009-11 reflecting capital budgets in lieu of expenditures. While the trend for the time period analyzed shows a steady increase, with total capital expenditures of the four agencies increasing by 40% from the 2001-03 biennium to 2009-11, this look backward is likely very different from what we will see in the coming years. As discussed in **Section 3.4 a)**, recently revised motor vehicle fuel consumption forecast very significant declines in future gas tax revenues. Such declines will directly impact the budgets of CRAB and TIB, both of which receive direct gas tax allocations, and indirectly impact the budgets of FMSIB and H&LP as overall transportation resources decline.

- Excluding $181 million in one-time funding from ARRA in the 2009-11 biennium, the sum of all four agencies' capital expenditures has increased from about $630 million in the 01-03 biennium to about $880 million in 09-11.
- CRAB's biennial capital budget has grown nearly 80% since 01-03, totaling over $105 million in 09-11. Some of this growth is attributable to reappropriations
- TIB's biennial capital budget has been relatively stable over the 10-year period.
- FMSIB's capital budget data was unavailable for the 01-03 biennium; from 03-05 to 09-11, FMSIB's biennial capital budget increased from $5.7 million to $55 million, though much of the increase is attributable to reappropriations. FMSIB received $17 million in new appropriations in 09-11.
- H&LP's biennial capital budget, not counting one-time ARRA funds, has increased approximately 43% since the 01-03 biennium.

Exhibit 7 maps the state and federal transportation revenue sources that flow to local projects. The figures shown are for the 2009-11 biennium and are based on the November 2010 Transportation Revenue Forecast Council (TRFC) projections. Funding sources dictate how funds can be used unless legislative changes are made in the case of state funds.

- Approximately $1,414 million of the $5,905 million (24%) in state and federal transportation revenues that is coming to Washington State in 2009-11 will be distributed to local transportation projects.
- Of this amount, about $943 million (67%) will be distributed through one of the four study agencies.
- The remaining $471 million (33%) is comprised of motor vehicle fuel tax revenues that are directly allocated to cities and counties.
- The dollar amounts cited here differ from agency capital budgets because they show dedicated new revenues only and exclude special projects and reappropriations.

Exhibit 3 – Agency Overview

County Road Administration Board

	Mission/Intent	Oversight Responsibilities	Technical Assistance	Funding Programs and Objectives	
Founded in 1965 ***Who does it serve?*** Cities/Towns **Counties** Port Districts Transportation Benefit Districts Tribes State Agencies Transit Other **16.0 FTE** 09-11 Capital Budget: **$105.4 M** 09-11 Op. Budget: **$4.5 M**	CRAB's mission is to preserve and enhance the transportation infrastructure of Washington Counties by providing standards of good practice, fair administration of funding programs, visionary leadership, and integrated, progressive, and professional technical services	• Sets Standards of Good Practice, establishes county reporting requirements, issues annual Certificates of Good Practice to counties in compliance, allowing them to receive state gas tax disbursements • Reports annually to WSDOT and the Legislature on the status of each county's road administration and makes recommendations for improvement	• CRAB has developed and provides counties with a road management software system, and engineering design software system, and training and support in use of these tools to support county compliance with Standards of Good Practice	**County Arterial Preservation Program (CAPP)**	Helps counties preserve existing paved arterial road networks and is a distribution of the Motor Vehicle Fuel Tax
				Rural Arterial Program (RAP)	Funds road and bridge reconstruction
				County Ferry Capital Improvement Program	Offers financial assistance for major capital improvements to county-operated ferry systems

Freight Mobility Strategic Investment Board

	Mission/Intent	Advocacy and Convening	Technical Assistance	Funding Program and Objectives	
Founded in 1998 ***Who does it serve?*** **Cities/Towns** **Counties** **Port Districts** Transportation Benefit Districts Tribes **State Agencies** Transit **Other (Freight movers)** **2.0 FTE** 09-11 Capital Budget: **$55.0 M** '09-11 Op. Budget: **$0.7 M**	FMSIB was created by the Legislature to identify and recommend investments that improve and mitigate freight movement on strategic state corridors, grow jobs and the economy, and bolster Washington as a leader in international trade.	• Advocates for freight projects at the federal, state, and local level • Facilitates individual and group conversations to help develop partnerships and broker agreements and leverage additional money to fund projects	• Facilitates the creation of funding partnerships to support project success	**Freight Mobility Strategic Investment Program**	Works with the state and local communities to identify and develop freight corridor projects

Agency Overview, continued

Transportation Improvement Board

	Mission/Intent	Oversight Responsibilities	Technical Assistance	Funding Programs and Objectives	
Founded in 1967 (as Urban Arterial Board) ***Who does it serve?*** **Cities/Towns** **Counties** Port Districts **Transportation Benefit Districts** Tribes State Agencies Transit Other **11.0 FTE** 09-11 Capital Budget: **$209.5 M** '09-11 Op. Budget: **$3.0 M** (approx.)	TIB funds high priority transportation projects in communities throughout the state to enhance the movement of people and goods and improve services.		• Conducts annual workshops to provide information on its grant programs • Provides semi-annual training workshops on project reporting requirements and project management practices • Works with applicants and recipients on an ongoing basis to help agencies develop strong applications and ensure successful project delivery • Maintains an inventory of pavement conditions by street segment in small cities • TIB engineers participate in the value engineering study process for projects that require it	**Urban Corridor Program**	Funds road construction projects to address congestion caused by economic development or rapid growth
				Urban Arterial Program	Funds road construction projects for preservation and modernization of the street system
				Small City Arterial Program	Funds projects in small cities and towns that expand or improve the arterial road network
				Small City Preservation Program	Funds rehabilitation and maintenance of the roadway system in small cities or towns
				City Hardship Assistance Program	Provides state funding to offset extraordinary road maintenance costs associated with the transfer of responsibility of state highways to cities
				Sidewalk Program	Funds the construction, retrofitting, or replacement of sidewalks to promote pedestrian safety and mobility

WSDOT Highways and Local Programs Division

	Mission/Intent	Oversight Responsibilities	Technical Assistance	Funding Programs (grouped within four categories) and Objectives	
Established in 1937 ***Who does it serve?*** **Cities/Towns** **Counties** **Port Districts** **Transportation Benefit Districts** **Tribes** **State Agencies** **Transit** **Other (Schools)** **55.5 FTE** 09-11 Capital Budget: **$695.9** (with ARRA and earmarks) '09-11 Op. Budget: **$13.5 M**	As a division within WSDOT, Highways and Local Programs (H&LP) assists in the successful delivery of transportation projects by providing educational, technical, and financial support to cities, counties, and other transportation partners such as tribal governments, ports, and transit agencies. Under the Federal Highway Administration's (FHWA) Federal-Aid Stewardship Agreement with WSDOT, H&LP serves as the pass-through agency for FHWA funding. These federal dollars are distributed to public agencies throughout the State for various purposes, from project development through construction administration.	• Submits the Statewide Transportation Improvement Program to the FHWA and FTA. • Functions as a Certified Agency (CA) and monitors local agency CA status, • Supports an asset management program, management of the freight mobility capital program, and ensures local compliance per federal regulations. • Statutory requirements identify H&LP in an oversight role for the design standards for city and county roads.	Provides substantial technical assistance to local governments, including: • Provides general assistance throughout the planning and construction process • Provides training and documentation to understand and meet requirements for federal funding • Serves as a contact point between citizens, local government, and funding agencies • Helps local governments increase transportation expertise and technical and management skills • Assists with pavement data management	**1. Federal Pass-Through Funding Programs**	Surface Transportation Program Transportation Enhancement Program Congestion Mitigation/Air Quality Program
				2. Bridge Program	Preserves and improves the condition of bridges that are physically deteriorated or structurally deficient through replacement, rehabilitation, and systematic preventive maintenance.
				Highway Safety Improvement Program	Reduces fatalities and disabling injuries, including reducing collisions using low-cost, near-term solutions that are consistent with the statewide strategic safety plan.
				3. Pedestrian & Bicycle Safety Program	Improves the transportation system by enhancing safety and mobility for people who choose to walk or bike.
				Safe Routes to School Program	Improves safety and mobility for children by enabling and encouraging them to walk and bicycle to school.
				4. One-Time Projects and Programs	Projects established through federal or state earmarks, as well as one-time or occasional programs, that H&LP is charged with managing. In 2009, included local projects funded through the American Recovery and Reinvestment Act (ARRA).

Source: Agencies, BERK, 2010.

Exhibit 4 – Funding Program Overview

	Type of Funds					*Capital Budget (2009-11)*			*Who is eligible?*								*What projects are eligible?*									*What costs are eligible?*		
	Grant or Loan	Type	Match	Cycle	Approval Authority	State	Federal	Total	Cities/ Towns	Counties	Port Districts	Transp. Benefit Dist.	Tribes	State Agencies	Transit	Other	Local Roads	State Highways	Bridges	Railroads	Grade Crossings	Airports	Bicycle Facilities	Sidewalks & Crossings	Other	Design	Right of Way	Construction
County Road Administration Board																												
County Arterial Preservation Program	Grant	Formula Allocation	None	Monthly Distribution	N/A	$31.4 M		$31.4 M		✓							✓									✓		✓
Rural Arterial Program	Grant	Competitive	10%	Biennial	CRAB	$73.0 M		$73.0 M		✓							✓	✓	✓							✓	✓	✓
County Ferry Capital Improvement	Grant	Competitive	Varies	4 years	CRAB & Legislature	$1.0 M		$1.0 M		✓															✓	✓	✓	✓
Freight Mobility Strategic Investment Board																												
Freight Mobility Strategic Investment	Grant+	Competitive	35%	Biennial	Legislature	$38.0 M	$17.0 M	$55.0 M	✓	✓	✓			✓		✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓
Transportation Improvement Board																												
Urban Arterial	Grant	Competitive	10-20%	Annual	TIB				✓	✓							✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Small City Arterial	Grant	Competitive	0-5%	Annual	TIB	$123.9 M*		$123.9 M*	✓								✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
Sidewalk	Grant	Competitive	None	Annual	TIB				✓	✓														✓				✓
Urban Corridor	Grant	Competitive	10-20%	Annual	TIB	$81.6 M		$81.6 M	✓	✓		✓					✓	✓	✓		✓			✓		✓	✓	✓
Small City Preservation	Grant	Non-Competitive	None	Annual	TIB	$3.9 M**		$3.9 M**	✓								✓	✓	✓		✓			✓				✓
City Hardship Assistance	Grant	Non-Competitive	None	As needed	TIB				✓								✓	✓	✓		✓							
WSDOT Highways and Local Programs Division (1=Federal Pass-Thru Funding; 2= Program Management Federal Funding; 3=State Grant Management)																												
1. Federal Pass-Through Funding++	Grant	Formula Allocation	Varies	Annual	MPO, RTPO, county		$294.8 M	$294.8 M	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓		✓	✓	✓	✓	✓	✓
2. Federal Highway Bridge Program	Grant	Invitation	20%	At WSDOT discretion	WSDOT H&LP		$105.0 M	$105.0 M	✓	✓									✓							✓	✓	✓
2. Federal Safety Improvement Program	Grant	Invitation	None	Annual	WSDOT H&LP		$26.0 M	$26.0 M	✓	✓							✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
3. Pedestrian & Bicycle Safety	Grant	Invitation	None	Biennial	Legislature	$22.3 M	$8.8 M	$31.1 M***	✓	✓			✓	✓			✓						✓	✓	✓	✓	✓	✓
3. Safe Routes to School	Grant	Competitive	None	Biennial	Legislature				✓	✓			✓			✓	✓	✓					✓	✓	✓	✓	✓	✓
4. One-Time Projects and Programs (ARRA)				One-time			$181. 4 M	$239.0 M																				

** Amount is Urban Arterial Trust Account total* *** Amount is Small City Sidewalk & Pavement Account total* ****Program funding budgeted as a group.*

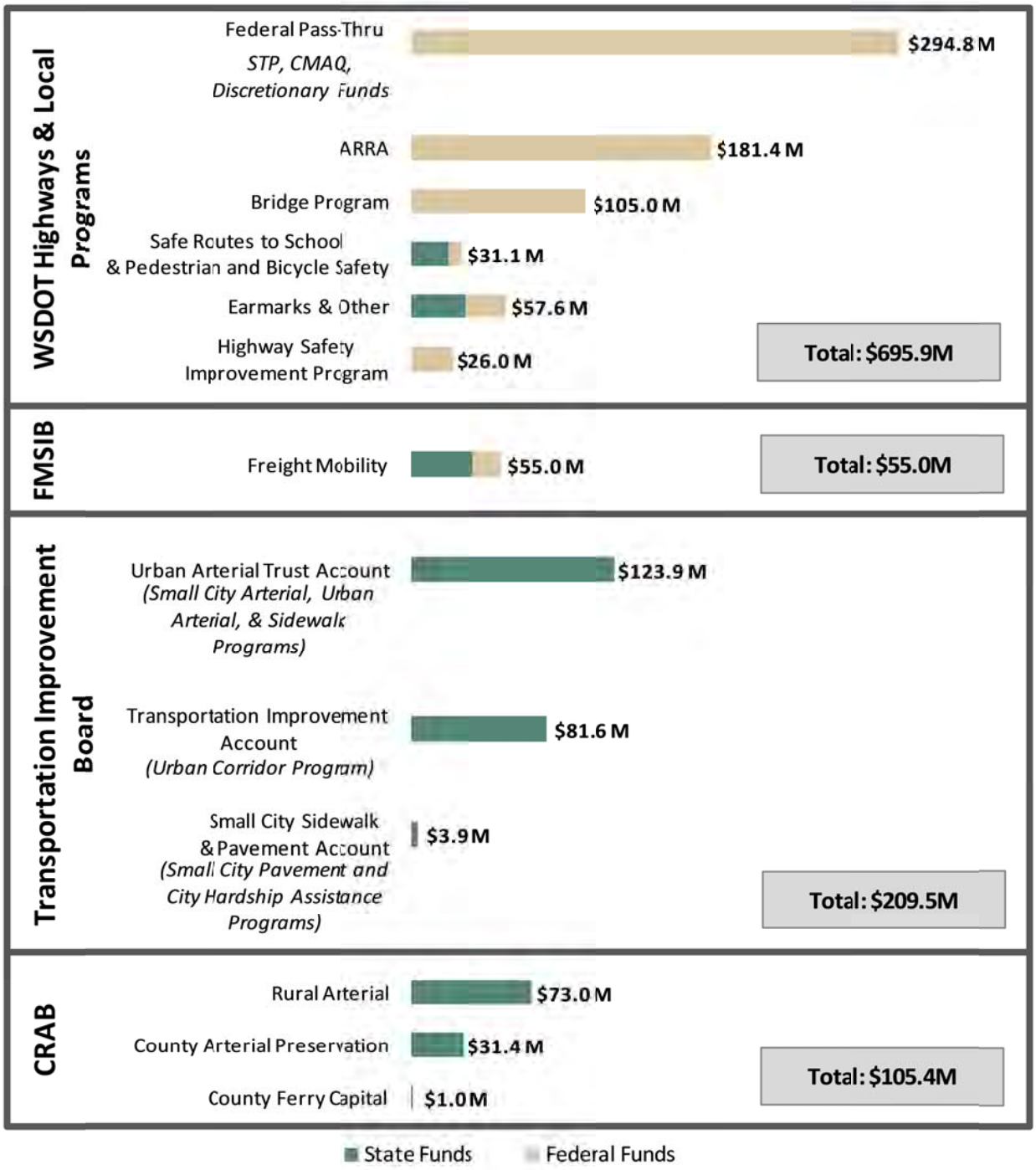
+ FMSIB is also authorized to provide loans but the Legislature has only provided funding for grants at this time

++ Includes Surface Transportation Program, Transportation Enhancement Program, and Congestion Mitigation/Air Quality Program

Source: Agencies, BERK, 2010.

Exhibit 5

2009-11 Capital Budgets by Agency and Program



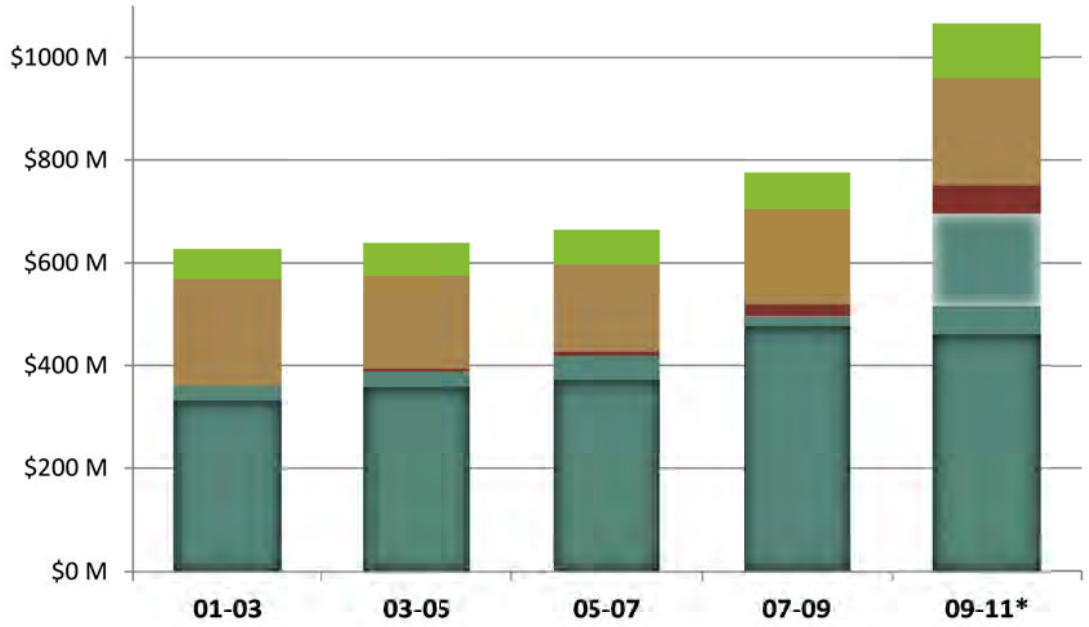
Source: Agencies BERK, 2010.

Notes:

1. State Capital Budget Numbers per 2010 Transportation Supplemental Budget; WSDOT and FMSIB dollar amounts provided by WSDOT.
2. Federal Dollars based on WSDOT expenditure projections

Exhibit 6

Summary of Agency Capital Expenditures (2001-2011)



	01-03	03-05	05-07	07-09	09-11*
CRAB	$ 58.6 M	$ 63.3 M	$ 68.2 M	$ 70.9 M	$ 105.4 M
TIB	$ 208.4 M	$ 182.0 M	$ 170.6 M	$ 187.3 M	$ 209.5 M
FMSIB	N/A	$ 5.7 M	$ 8.1 M	$ 22.6 M	$ 55.0 M
WSDOT H&LP	$ 360.2 M	$ 387.9 M	$ 417.8 M	$ 494.9 M	$ 695.9 M

** 2009-11 numbers are budgeted amounts*

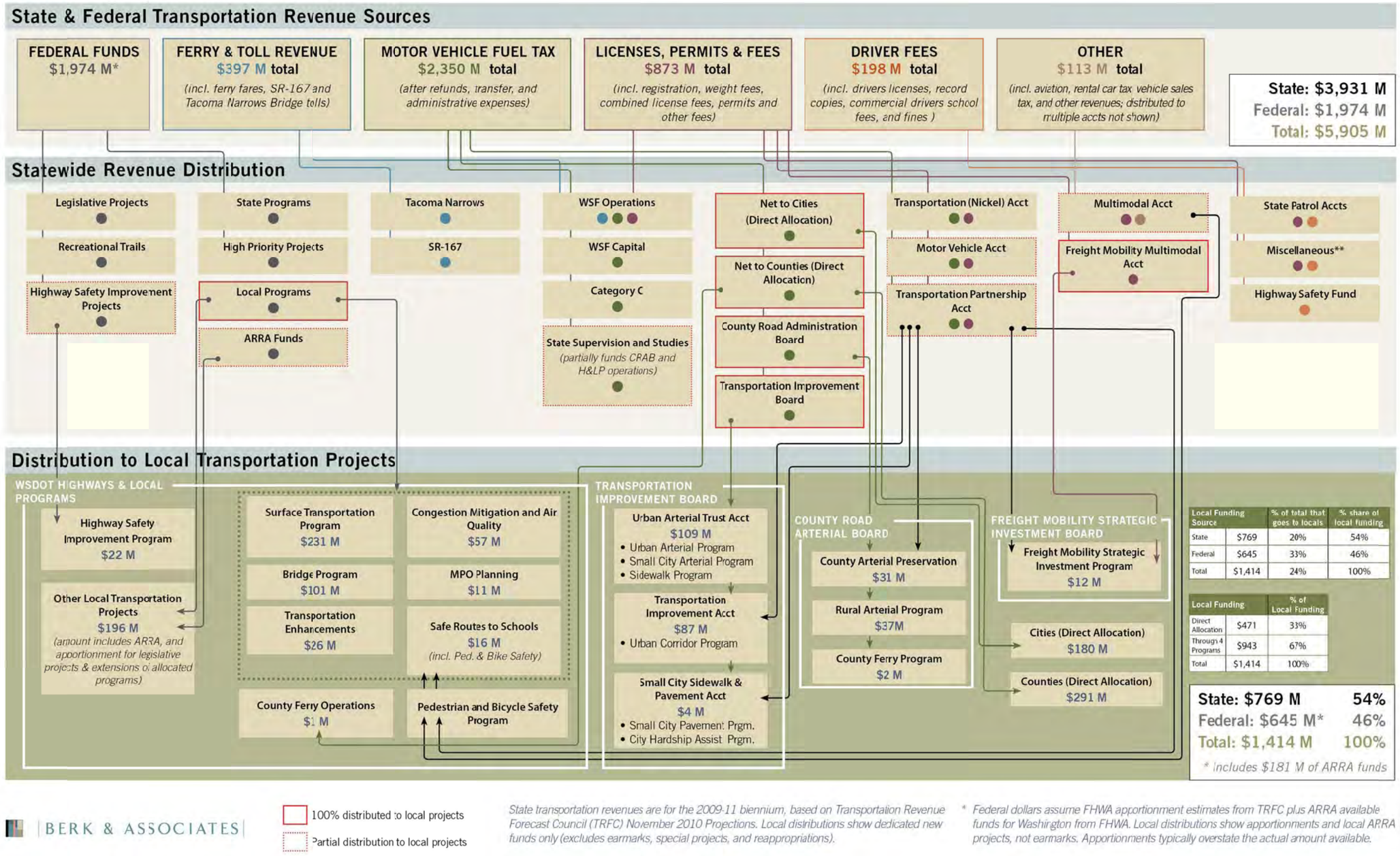
Source: Agencies, BERK, 2010.

Notes:

1. White shading in H&LP represents one-time Federal expenditures (estimated for 2009-11) on American Recovery and Reinvestment Act (ARRA) projects
2. Black shading in H&LP represents Federal expenditures (estimated for 2009-11) for all federal programs except ARRA
3. Non-shaded colors represent state funding
4. 2009-11 Dollars are based on agency biennial capital budgets (CRAB and TIB per 2010 Transportation Supplemental Budget, H&LP and FMSIB provided by WSDOT)
5. Biennia 2001-03 through 2007-09 show actual expenditures as provided by the agencies (FMSIB expenditures provided by WSDOT).

Exhibit 7

State and Federal Transportation Revenue Sources



Local Funding Source		% of total that goes to locals	% share of local funding
State	$769	20%	54%
Federal	$645	33%	46%
Total	$1,414	24%	100%

Local Funding		% of Local Funding
Direct Allocation	$471	33%
Through 4 Programs	$943	67%
Total	$1,414	100%

Source: BERK, 2010.

3.0 EVALUATION OF EXISTING SYSTEM: FUNDING MODEL, ORGANIZATIONAL STRUCTURE, AND PROGRAM DIRECTION

3.1 Introduction

How does the current funding model compare to potential alternatives?

In evaluating the current system's fit with policy objectives and the funding environment, possible alternatives to the status quo were considered. **Exhibit 8** summarizes the general strengths and challenges associated with alternative models for distribution of funding to local jurisdictions.

Taken as a whole, the current system employs multiple funding models, including direct allocation on a formula basis, allocation via regional decision-making bodies, and competitive, criteria-based awards. The system was established incrementally, with the intention of moving away from the political nature of the previous process of funding local projects through legislative appropriations.

The majority of programs evaluated in this study (though not the majority of dollars allocated by studied agencies) are managed on a competitive basis, with local jurisdictions competing for dollars. Projects are evaluated against pre-established criteria and awards are made accordingly. This model (as well as a model in which funding determinations are made by regional bodies such as the state's fourteen RTPOs), has specific advantages over formula-based allocations.

Competitive programs target funds to projects that 1) can put the funds to work quickly and 2) are aligned with priority areas of focus: the best projects according to selection criteria established by the State and the program. Competitive programs also concentrate accountability in a limited number of bodies (the four agencies studied). This is both effective, allowing the State to easily monitor use of the funds, and efficient in that the infrastructure, time, and expertise required to evaluate, select, and monitor local projects are concentrated in four bodies rather than fourteen RTPOs.

Comparatively, a direct allocation model could lead to funds sitting idle as small local jurisdictions wait to accumulate enough funding for a major project. Additionally, evaluating outcomes would be more challenging as measurement inconsistencies and system differences across the myriad local jurisdictions would need to be accounted for. This is likely to be of greater importance in the future, as discussed in **Section 3.4**.

It is important to note that as shown in **Section 4.4 b)** (beginning on page 70), the agencies fulfill this intermediary function of strategically targeting dollars in an efficient manner with minimal overhead. They are an efficient mechanism for ensuring that limited state and federal dollars are utilized for the maximum benefit to local jurisdictions.

Exhibit 8 – Alternative Funding Models

Model	Notes	Theoretical Strengths	Theoretical Challenges
Appropriated Funding for Projects	Prior to the establishment of the four agencies being studied, local transportation projects were funded through legislative appropriations. Independent, board-governed agencies and competitive processes were introduced to reduce the political nature of this model.	• Efficient, requires less state effort and no application process for local jurisdictions • Can be used to target strategic priorities	• Process is political • Uncertain timing and amount of funds make it very difficult for local jurisdictions to plan and manage projects
Direct Allocation	In this model, a formula (based on population, lane miles, or another calculation) is used to distribute funds. Approximately 30% of funds to local jurisdictions are currently distributed directly to cities and counties via a formula allocation. In addition, funding through CRAB's County Arterial Preservation Program and some federal pass-through funding managed by H&LP are allocated according to a formula basis.	• Efficient, requiring minimal state effort and no application process for local jurisdictions • Transparent and predictable • Formula can be used to target strategic priorities • All jurisdictions receive a distribution	• Difficult to establish a formula that achieves desired outcomes without unintended consequences • Would result in the regular distribution of small amounts of funding (particularly for smaller jurisdictions); it may take many cycles to accumulate enough funding locally to be able to advance a construction project
Allocation via Regional Bodies	Across the state, 14 Regional Transportation Planning Organizations (RTPOs) cover 38 of Washington's 39 counties. These organizations could be used to select projects for funding.	• Can target funds based on highest priority regional needs	• There is a great deal of variation in staffing and capacity among RTPOs: concerns about consistency and quality statewide • Shifts burden of project selection from state to RTPOs • Distributes accountability and tracking across 14 agencies • Small jurisdictions may not be well represented, lacking the political capital to ensure their needs are met
Competitive Funding Opportunities	This is the model employed in most of the programs studied, with funds awarded to projects based on competitive criteria. WSDOT's Federal Highway Bridge Program, Safety Improvement Program and Pedestrian and Bicycle Safety Program are by invitation only and are based on condition inventory and assessment. TIB's Small City Preservation Program operates in a similar fashion.	• Process is not political • Competitive nature targets limited funds in strongest projects and projects that are ready (keeps funds working) • Award criteria can be used to target priorities • Leverages board time and expertise • Concentrates accountability in four agencies	• Requires agency and board support (the efficiency of which is examined in **Section 4.0**) • Jurisdictions may be dependent on multiple agencies for funding for one project • Informally coordinated project selection

Source: BERK, 2010.

3.2 Alignment with Founding Statutes and Program Goals

Are the agencies delivering the services and benefits they were designed to deliver?

Each of the four agencies was created to address a particular need. Our assessment is that agencies have continued to execute programs and deliver services in alignment with their founding statutes and program direction as shown in **Exhibit 9**.

- **CRAB** was formed in 1965 primarily to conduct oversight and regulation of the administration of county roads. CRAB's oversight and distribution of the motor fuel tax ensures the protection of the State's 18th Amendment at the county level. The agency also acts as a major resource for the Washington State County Engineers and County Public Works staff for transportation-related issues.
- **FMSIB** was created in 1998 to ensure strategic investments to facilitate the movement of freight, a critical factor to the State's competitiveness. Since freight corridors pass through multiple jurisdictions, the rationale was that freight projects might be deferred in favor of other transportation projects wholly contained within a jurisdiction.
- **TIB** was created by the Legislature in 1988 with the goal of bringing an objective method to project selection and funding of transportation needs that had previously been funded through earmarks. TIB replaced the Urban Arterial Board which had been administering the Urban Arterial Program since 1967.
- **WSDOT's Highways and Local Programs Division** was established in 1937[1] and serves as the steward of FHWA funds that are allocated to public agencies throughout the state. The division functions as a "WSDOT for local agencies," providing technical assistance, regulatory oversight, and funding for cities and counties.

In general, are the programs functioning in the spirit they were intended?

The four agencies were created to assist local jurisdictions. While they are state entities that act to implement state policy, they are customer-serving organizations whose clients include cities and towns, counties, port districts, transportation benefit districts, tribes, other state agencies, schools, transit agencies, and others.

This customer focus is important to bear this in mind as potential efficiencies are explored. When considering opportunities to increase efficiencies, we have to consider impacts to both the State and local entities. In many instances, increasing efficiencies for one party may shift the burden to the other. For example, reducing the State's costs may actually increase *net system costs* considering both state and local costs if a function or resource previously provided by the State would have to be replicated in local jurisdictions across Washington.

In many cases, the state program is set up to provide services and expertise that local jurisdictions do not have. State provision of centralized resources and expertise reduces the need to replicate these locally across the state. This is particularly valuable for smaller jurisdictions that could not otherwise afford these resources. Examples of how the agencies serve small jurisdictions in particular include:

- **Technical assistance.** CRAB and H&LP provide significant technical assistance services to small cities and counties, allowing these smaller jurisdictions to access technical resources and

[1] In 1937, the Division was called WSDOT State Aid Division – counties and cities.

expertise they would not otherwise have. CRAB's design software is particularly useful for small jurisdictions.

- **Dedicated funding programs.** The Small City Arterial Program, Small City Preservation Program, the City Hardship Program, and the Rural Arterial Program are dedicated to serving the needs of small and rural communities.

Exhibit 9
Founding Statutes and Program Goals

Agency and Program	Goal, Intent, or Objective	Source
County Road Administration Board	Preserve and enhance the transportation infrastructure of Washington Counties by providing Standards of Good Practice, fair administration of funding programs, visionary leadership, and integrated, progressive, and professional technical services.	CRAB documents
County Arterial Preservation Program	Assist counties to preserve paved arterial roadway surfaces	CRAB documents
Rural Arterial Program	Reconstruct and upgrade rural county arterial roadway and bridges	CRAB documents
County Ferry Capital Improvement Program	Major capital improvements to county-operated car ferry systems	CRAB website
Transportation Improvement Board	Fosters state investment in quality local transportation projects	TIB website
Urban Corridor Program	Improve mobility of people and goods by supporting economic development	RCW 47.26.086
Urban Arterial Program	Improve the arterial street system of the State by improving mobility and safety	RCW 47.26.080
Small City Arterial Program	Preserve and improve the roadway system consistent with local needs	RCW 47.26.115
Small City Preservation Program	Maintain, repair, and resurface city and town streets.	RCW 47.26.345 WAC 479-10-100
City Hardship Assistance Program	Provide rehabilitation and maintenance funds for eligible routes	WAC 479-10-200
Sidewalk Program	Improve pedestrian safety, access, connectivity, and address system continuity.	TIB website

Agency and Program	Goal, Intent, or Objective	Source
Freight Mobility Strategic Investment Board	Create a comprehensive and coordinated state program to facilitate freight movement	FMSIB Mission
Freight Mobility Program	State investment in projects that enhance or mitigate freight movements, should pay special attention to solutions that utilize a corridor solution to address freight mobility issues with important transportation and economic impacts beyond any local area. The corridor approach builds partnerships and fosters coordinated planning among jurisdictions and the public and private sectors	RCW 47.06A.001
Highways & Local Programs	Provide educational, technical, and financial support to cities, counties, and other transportation partners	WSDOT website
Federal Pass-Through Funding		
Surface Transportation Program	Preserve and improve the transportation system consistent with regional priorities	Website program description
STP Transportation Enhancement	Community based projects that improve the cultural, historic, aesthetic and environmental aspects of the transportation infrastructure to create a more balanced, multimodal approach to mobility and accessibility	Website program description
Congestion Mitigation/Air Quality	Fund projects/programs that contribute to attainment or maintenance of national ambient air quality standards which reduce transportation related emissions	Website program description
Program Management Federal Funding		
Federal Highway Bridge Program	Preserve and improve the condition of bridges that are physically deteriorated or structurally deficient through replacement, rehabilitation and systematic preventive maintenance	Website program description
Federal Safety Improvement Program	Reduce fatalities and disabling injuries including reducing collisions using low-cost/near-term solutions that are consistent with the statewide strategic safety plan	Website program description
State Grant Management		
Pedestrian & Bicycle Safety	Improve the transportation system to enhance safety and mobility for people who chose to walk or bike	Website program description
Safe Routes to School	Improve safety and mobility for children by enabling and encouraging them to walk and bicycle to school	Website program description

Source: Agencies, BERK, 2010.

3.3 Alignment with Current Funding Environment, Policy Goals, and Local and Statewide Needs

This section reviews the four agencies within the context of the following:

- Alignment with State Transportation Policy Goals
- Current funding environment
- Current local and statewide needs

The purpose of this review was to assess how well the agencies and programs are meeting the local transportation needs of today both at the state and local levels. In general, we found that the programs are meeting policy goals and customers are satisfied.

Based on this assessment, we do not see a need or benefit to fundamental changes to the current model to serve local transportation needs without significant changes in the environment. However, there are several changes underway that warrant close attention and could have significant implications for the agencies.

a) Alignment with State Transportation Policy Goals

Are the agencies delivering services and benefits in line with current state transportation policy objectives?

In the aggregate, the four agencies and associated funding programs address all six of the State's Transportation Policy Goals: economic vitality, preservation, safety, mobility, environment, and stewardship. However, given their broad nature, the Goals do not provide a sufficiently rigorous framework to determine whether the agencies are directing funds in alignment with the State's *highest priority* transportation investment objectives.

In a related discussion, **Section c)** below, considers how programs specifically address preservation needs, which have been identified by both the State and local jurisdictions as a fundamental priority in all times, and as a particularly crucial need in today's constrained resource environment. **Section 3.4** considers how existing programs may respond should the state or federal government establish a more rigorously structured policy environment with more clearly identified priority targets.

b) Current Funding Environment

How are the local jurisdictions and studied agencies affected by the current funding environment?

General Tax Revenues. Local jurisdictions contribute to transportation projects through their general funds. Since the general fund includes revenues from property and sales tax collections, which have declined during the economic recession, jurisdictions' ability to initiate projects has been compromised. In addition, with reduced budgets overall, transportation must compete with other pressing needs at the local level, including police and fire. The current situation negatively impacts jurisdictions' abilities to fund projects on their own or meet matching fund requirements.

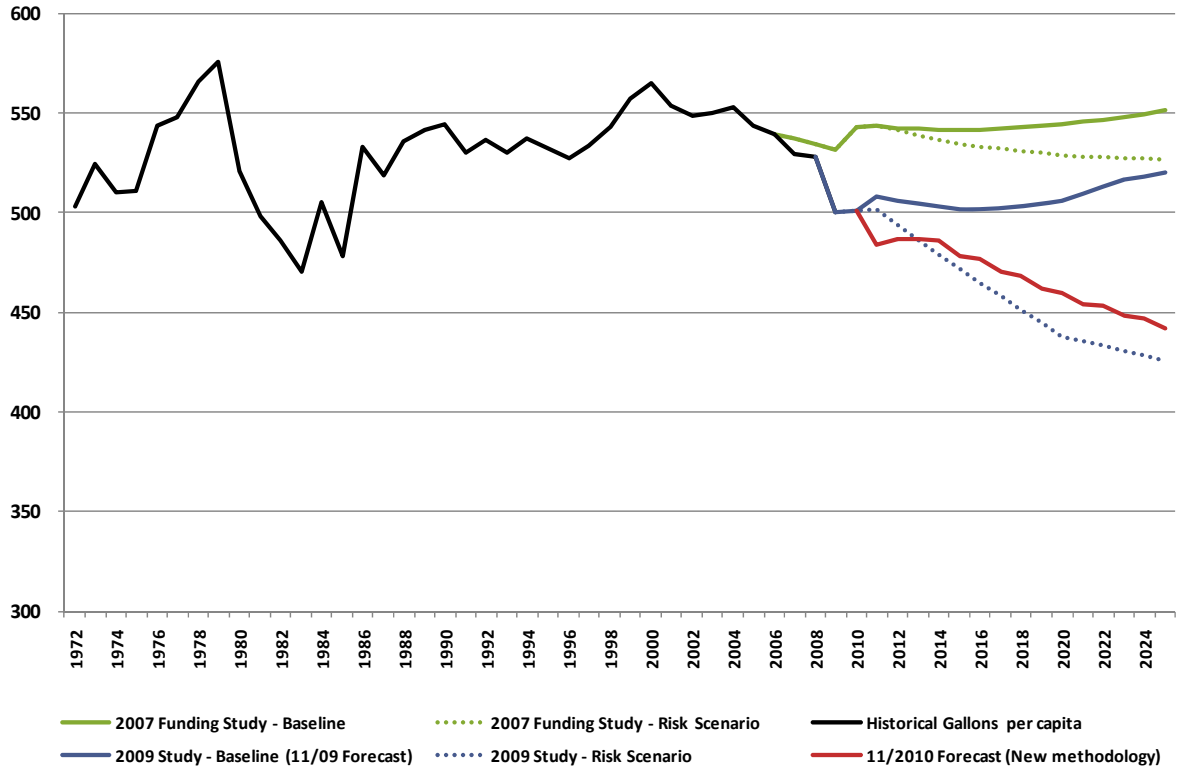
Motor Vehicle Fuel Tax Projections. Recently revised fuel consumption forecasts show significant projected declines in projected fuel consumption. As shown in **Exhibit 10**, the new forecast ("11/2010 Forecast – New Methodology") estimates much lower consumption over the long run than previous projections (shown in the solid blue and green lines). It is similar to the "risk scenario" created for the JTC's 2009 Implementing Alternative Transportation Funding Methods Study, which was intended to present a worst case scenario that incorporated fleet changes associated with a more

rapid integration of new federal corporate average fuel economy (CAFE) standards and increasing use of hybrid and electric vehicles.

The graph is notable because it shows how the State's perception of fuel consumption forecasts and risks has changed in just the past four years. When the JTC embarked on its funding study in 2007, consumption forecasts tracked with a recent history of relatively high consumption. The risk scenario that was developed for that study considered higher fuel prices and ultimately reduced per capita consumption in the long term by about 5%. By 2009, the current reality (as shown by the solid blue line) was already much more pessimistic than the 2007 risk scenario, and a more aggressive risk scenario was developed. With the most recent November 2010 Transportation Revenue Forecast Council consumption projections, the State's current reality looks strikingly similar to the more aggressive risk scenario.

The impact of these reduced projections on state transportation funding will be compounded by the fact that recently added funding sources including the 2003 "Nickel" Funding Package and the 2005 Transportation Partnership Program were bonded to generate cash for transportation improvement projects that have already begun or been completed. This means that a significant share of the fuel tax revenues in the revised forecast must be used for fixed debt service payments on those bonds, leaving less revenue available for other purposes.

Exhibit 10
Historical and Projected Gallons Per Capita



Source: WSDOT, BERK, 2010.

Lower motor vehicle fuel tax revenues represent a very significant risk for the agencies. If gas tax revenues fall at the rate currently projected, CRAB and TIB will face severe financial constraints in the longer-term without additional revenues generated through other sources. Gas tax revenues are the primary funding mechanism for CRAB and TIB, as both agencies receive a direct share of the 37.5 cents per gallon motor vehicle fuel tax. Other agencies would likely also be impacted by reductions in motor vehicle fuel tax revenue projections because the Legislature would have to decide how to distribute a smaller total amount of funding.

Diminished revenue will first limit CRAB and TIB's ability to put forth a call for new projects and may also impair their ability to service previously awarded projects and, in TIB's case, bond obligations which remain at a fixed level. Current policy diverts 20% of the gas tax revenue dedicated to TIB's Transportation Improvement Account to debt service on bonds sold over the last decade (current balance of over $100 million). Bond debt associated with the Urban Arterial Trust Account has been mostly paid off. The remaining balance is approximately $10 million.

In response to less drastic reductions, TIB eliminated its call for new projects in 2009 as it needed the full amount of its cash flow to service commitments from past awards (typically the agency uses a portion of its cash flow to service past commitments and a portion to begin new projects). Given that its portfolio of projects had decreased, TIB eliminated two FTE engineering positions that work with local jurisdictions on project selection and monitoring. Under the current staffing configuration, three engineers monitor projects across the state.

TIB noted that by not issuing a call for projects in 2009 they have a safety net that should assure their ability to fund current obligations and bond payments. However, new projects create new jobs, which is an additional loss to the state when agencies are unable to issue a call for projects.

CRAB staff estimate that by 2013, even with no new project awards, the decreased revenue will produce a situation in which the Rural Arterial Trust Account balances have been depleted. Without other revenue, the agency will have only its current motor vehicle fuel tax revenue with which to make payments on existing projects. This could lead to long delays in payment turnaround times and uncertainty about future calls for projects.

Severe and sustained reductions of funding may warrant consideration strategies to reduce the program administration burden on CRAB and TIB, particularly if the agencies are unable to issue new calls for projects and are challenged to service past awards. This potential scenario is not likely until the 2013-15 biennium and may be avoided by either a stronger-than expected economic recovery or a new revenue package.

In addition to impacting the four agencies, decreased motor vehicle fuel tax revenues will reduce the direct allocations to cities and counties (see **Exhibit 7**) further hampering their ability to invest in their transportation infrastructure, and – in particular – exacerbating the need for preservation funding, as discussed in the next section.

c) Alignment with Local and Statewide Needs

Are the agencies meeting the current needs of local jurisdictions? Are there gaps?

As previously noted, customer feedback about the performance of the four studied agencies was largely positive. **Section 4.0** utilizes customer feedback about specific functions of each agency, including technical assistance, regulatory oversight, and funding program management to identify opportunities for improvement in the current operations of the agencies. While opportunities for

improvement were identified, in general, local jurisdictions feel these programs are working well and did not articulate the need for structural change at the agency level or significant process change at the program level.

Three project specific topics are explored below: funding for maintenance and preservation projects; funding for bridges; and the need for funding support in the early stages of a project.

Funding for Maintenance and Preservation Projects

Discussions with stakeholders throughout the study surfaced strong concerns about the ability of local jurisdictions to address immediate and significant maintenance and preservation needs. The current economic climate has reduced resources and local governments are struggling to maintain and preserve the existing system, let alone expand it.

Some jurisdictions report that match requirements for new construction projects leave them with a difficult choice. Not wanting to pass up an opportunity for state assistance on an important improvement project, jurisdictions may use money that was set aside for maintenance and preservation to meet the match requirement. While the new project goes forward, maintenance and preservation needs continue to mount.

The need for maintenance and preservation dollars now is critical because failure to adequately invest in maintenance and preservation can lead to much greater investment needs in the long-term, as deferred maintenance may necessitate replacement of the roadway. Wholesale replacement is typically significantly more expensive than regular and timely maintenance. An "efficient" system for funding transportation is one that ensures baseline preservation and maintenance.

Terminology

The terms "maintenance" and "preservation" are specific terms that mean very particular things in the transportation world. A complication is that the definitions of these terms vary at the state and federal government levels. For our purposes here, it is not necessary to either explain or resolve these differences, but rather emphasize that the need for stewardship of the existing system is great. The State, the studied programs, and local governments need to target these needs as the highest current priorities.

As noted in **Section 4.2**, CRAB, TIB, and H&LP have responsibilities connected to maintenance and preservation, either related to regulation and oversight or the collection of road and bridge condition data that informs the funding allocations of programs that target the greatest need.

Our recommendations related to this pressing need consider responses at both the state policy level and the agency level. In all cases, we recognize that needs change and as economic conditions improve, local jurisdictions will eventually be challenged by demands from new growth.

Recommendations

1. **State policymakers should consider directing additional resources to address maintenance and preservation needs**. Given declines in motor vehicle fuel tax revenues, it is imperative to determine additional revenue sources and provide more total resources than are currently projected to be available under the current funding package scenario. If a new revenue package generates additional funding for transportation, additional resources should be directed at preservation. CRAB, TIB, and H&LP may serve as useful and efficient mechanisms to distribute such funding, drawing on the agencies' current inventories of road and bridge conditions, funding tools, and contacts with local jurisdictions.

2. **Without new money, state policy makers should consider reallocating some existing resources to address preservation needs**. This can be done within the context of current programs by shifting resources to programs that focus on maintenance and preservation.

   For example, while CRAB's Rural Arterial Program (RAP) does address these needs to some extent (and will do more so with proposed WAC changes as discussed below), the County Arterial Preservation Program (CAPP) is dedicated purely to passing dollars to locals (on a formula basis) to address preservation needs. Motor vehicle fuel tax distributions could be shifted from RAP to CAPP, or the agency and its board could be given greater flexibility to shift resources between the two programs. In either case, such reallocation must be done very carefully to avoid or at least minimize disruptions in payments to counties for previously awarded projects.

   Similarly, TIB resources could be shifted from the Urban Corridor Program, which adds road capacity to address congestion caused by economic development or growth, to the Urban Arterial Program, which funds road construction projects for preservation and modernization of the street system.

3. **Agency boards and staff should use flexibility within existing programs to focus on maintenance and preservation needs**. While each of the agencies studied currently address maintenance and preservation to some extent, the greatest opportunities for strengthening this focus lie with CRAB and TIB, and less with FMSIB[2] and H&LP[3]. Some ideas are listed below and agency staff and governing boards should be encouraged to pursue additional options.

   - **CRAB.** CAPP focuses solely on preservation needs and the Rural Arterial Program (RAP) has funded road and bridge restoration projects. Proposed changes to the WAC rules that regulate RAP will increase eligibility of maintenance and preservation projects by allowing R2 and R3 preservation projects in all five regions. Currently such projects are

[2] FMSIB is currently prohibited from investing in general mobility projects. Given the relatively small size of the program and its unique focus on freight, we do not recommend changes to the program. When maintenance and preservation needs can be met, these opportunities should be taken. Examples include projects that divert freight traffic from heavily-used roadways that were not constructed to withstand heavy vehicles, extending the lifespan of this infrastructure, or opportunities to upgrade projects from cheaper materials to long-lasting alternatives.

[3] WSDOT's federal Bridge Program and Highway Safety Improvement Program prioritize safety, as do the state grant programs it manages (Pedestrian and Bicycle Safety Program and Safe Routes to School Program). Other federal funds managed by WSDOT are awarded regionally by RTPOs.

only permitted in two regions. Staff anticipates that this change will increase the program's funding of maintenance and preservation projects by 18-20%.

CRAB maintains approximately $5 million in emergency funds, as further outlined in the discussion of the agency's cash balance beginning on page 60. These funds, which are only usable on RAP-eligible roads have been put to repeated important use and the ongoing ability of counties to access comparable financial backing is important to maintain. A more effective use of funds, however, would put these dollars to immediate use addressing pressing maintenance and preservation needs. Arrangements would have to be made for counties to have emergency access to the same level of funding from other state sources, perhaps WSDOT, should the need arise. This arrangement has the additional benefit of allowing the use of such funds on roads other than RAP-eligible roads.

- **TIB.** The Small City Preservation Program focuses on preservation needs of cities with a population less than 5,000. The program itself is small (less than $4 million in 2009-11). Approximately a year ago, consideration was given to opening the program to cities with a population between five and ten thousand and staff estimated that this would double the amount of funding needed, requiring a shift from other programs or a new funding source.

  TIB's Urban and Small City Arterial programs fund both new construction and preservation projects (as well as some projects that include elements of both). Staff has noted that scoring criteria could be adjusted to put more emphasis on preservation.

  The Urban Corridor Program (UCP) is geared toward large, multi-jurisdictional projects that expand capacity. Consistent with a focus on preservation and recognizing the need to meet bond obligations (paid out of the same account as UCP), TIB did not open its most recent call for projects to UCP projects this year.

4. **Transportation stakeholders should better communicate the importance of maintenance and preservation projects to the public and decision-makers**. Repaving a road draws less public and political interest than a ribbon cutting on a new road. Restriping makes for far fewer headlines than widening a road. Maintenance and preservation are essential to responsible stewardship of public infrastructure and public dollars. The importance of these ongoing investments needs to be better communicated to members of the public and the decision-makers who have influence over the State and local policy decisions that direct where scarce dollars are allocated.

Funding for Bridges

Customer input has also highlighted a pressing funding need for bridge maintenance. H&LP targets the largest funding source for bridge investment – the federal Bridge Program – to preserve and improve the condition of bridges that are physically deteriorated or structurally deficient through replacement, rehabilitation and systematic preventive maintenance. By prioritizing safety, H&LP chooses not to invest these funds in bridges that are structurally sound but lack the capacity to accommodate greater traffic volumes.

Stakeholders noted several funding gaps for bridges:

- Short span bridges less than 20 feet that are ineligible for the federal Highway Bridge Program.
- Because money for bridges is awarded to those structures in greatest need of repair based on ongoing assessment, little to no money is left for earlier preventative maintenance.
- High cost bridges such as the South Park Bridge and others.
- Functionally obsolete bridges on strategic freight corridors.

Recommendations

5. **Policy makers should seek to address unmet needs related to short span bridges, high cost bridges, and funding for preventative maintenance through additional federal and state resources**.

First-In and Last-In Funding

To fully fund their projects, local jurisdictions often must piece together and secure funding from multiple sources. Each component funding source helps the jurisdiction demonstrate commitment to the project and increases the likelihood of securing additional funding. Therefore, the timing of *when* a state agency commits its funds is important.

CRAB is currently a "first-in" funder, helping local jurisdictions leverage additional funding for their project (if necessary) and supporting preliminary design work that small, rural counties could not afford to undertake without some assurance of funding for the project. Counties generally have fewer sources of funding available to them than cities, and in particular do not have ready access to federal funds. Particularly for counties facing severe financial challenges in today's climate, they are very reliant on CRAB funds to do the preliminary engineering and planning necessary to get a project ready to go. CRAB funding supported pre-design work for 76% of the agency's current 118 projects. Historically, this is true of about 70-80% of the CRAB portfolio. The nature of this assistance has implications on CRAB's cash management and re-appropriations levels (see **Section 4.4**). First-in funding carries the risk that not all that projects will come to fruition and that there will be greater uncertainties in project timing for those that do go forward. To date, only one project has not advanced.

In contrast, TIB is frequently the "last-in" funder for all of its programs (excluding the Small City Preservation and City Hardship Assistance Programs), providing the remaining funding needed to bring the project to fully funded status. The "last-in" nature of TIB funding is not required by statute, but is a direction taken by TIB as part of its efforts to tighten its financial management. Following the shift to last-in status, project proposals are evaluated on the completeness of their funding plan, meaning that projects are ready to begin and, once begun, are likely to encounter relatively fewer deviations from planned project timing and draw-downs on the TIB account.

In conversations with stakeholders, TIB is commonly perceived to be a more effective manager of its portfolio given the agency's lower reappropriation levels. In fact, the timing of an agency's funding is a major contributor to this, and CRAB's support for the early phases of rural county projects should not be overlooked when considering the financial management challenges that come with this role. TIB, in fact, should be encouraged to explore the need and opportunity to provide early-stage funding

for smaller cities in particular, which very likely face challenges similar to the smaller counties served by CRAB's first-in funding position.

Recommendations

6. **CRAB should continue to function as a first-in funder despite the challenges that such a portfolio brings.** The agency should continue to develop stronger portfolio and financial management tools (discussed in **Section 4.4 a)** and **b)**) to manage cash-flows and fund balance. The benefits and challenges of this approach, as well as the current status of CRAB's portfolio and fund balance should be communicated to state decision-makers in an effective manner as discussed in **Section 4.5**.

7. **TIB should evaluate the need for and implications to creating a first-in funding mechanism for cities in its Urban Arterial and Urban Corridor programs.**

3.4 Alignment with Potential Future Policy Direction and Funding Environment

What does the future hold and how relevant is the existing model likely to be?

Generally, the policy objectives that led to the creation of the individual agencies have not changed; however, transportation policies, priorities and investments may shift in response to eventual changes at the federal level. This section examines changes on the horizon that have the potential to affect funding levels and the types of projects that receive funding.

a) Possible Changes to Transportation Funding Levels

Federal funding. Authorization of current federal surface transportation policy (the 2005 Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU)), which encompassed $287 billion in approved funding, expired on September 30, 2009. Reauthorization of the Act may not occur until March 2011 or later. Three times in the past two years, Congress has had to deposit General Fund dollars into the Highway Trust Fund account to keep it solvent and pay for obligated transportation projects. Simply put, federal gas taxes and other revenue sources that go into the fund are not keeping up with expenses. According to one comprehensive study, the funding gap is estimated at $400 billion for the 2010-15 period and $2.3 trillion for 2010-35.[4]

The H&LP Director noted that the uncertainty around federal reauthorization has resulted in some local jurisdictions being reluctant to program their projects without greater understanding of the amount of funds that will be available. The reduction in the availability of local funds due to decreased revenue does not allow local agencies to take any additional risks related to programming projects.

Declining state motor vehicle fuel tax revenues. As mentioned in **Section 3.3 b)**, state gas tax revenues are forecast to decline significantly. This is important because they provide a major source of funding to the transportation budget overall and to CRAB and TIB, in particular.

The current funding situation at both the federal and state levels produces significant uncertainty as to the amount of investment that will be possible in the future, how new investments will be

[4] *Paying our Way: A New Framework for Transportation Finance*. Final Report. February. 2009. Surface Transportation Infrastructure Financing Commission. pp. 3-4.

financed, and what projects will be prioritized. Significant declines in federal and state transportation funding would obviously affect the number of projects that could be initiated. Major changes at either level would necessitate another look at the structure and intent of the agencies.

New state revenue sources. If the State identifies new revenue sources and *increases* transportation funding, a continuation of the existing competitive model would be recommended. Program selection criteria may need to be shifted to align with new state policy priorities.

b) Possible Changes Occurring in State and Federal Policy Direction

Initial discussions around Federal Transportation Reauthorization suggest that Congress may more closely link funding to how well projects meet certain goals. The specifics about what those goals are and how they are measured could significantly change the types of projects that the federal government funds. For example, highway advocates are concerned that a heavy emphasis on reducing greenhouse gases could reduce the number of highway projects in favor of rail projects.

It appears likely that there will be important shifts in the nation's transportation policy goals, including a broader focus on outcomes and the relationship of transportation to the environment, housing, land use, freight, energy and national defense. A shift to performance-based funding at the federal level would likely lead to similar shifts by the State and would suggest continuation of the competitive grant model with its focus on criteria-based selection and accountability. To adapt to particular topical areas of focus, programs may have to adapt, becoming more focused on specific issues than they currently are in some cases.

To prepare for this likely evolution towards outcome-based funding, agencies should continue to assess and refine their outcome measures and other performance metrics to clearly demonstrate results. Our analysis and recommendations related to this topic are covered in **Section 4.4 c)**.

3.5 Summary of Evaluation of Current System

Our assessment of the current system finds that:

- The current model with a mix of direct distribution, assessment-based awards, and competitive funding programs has many benefits that draw on the strengths of these different funding approaches.
- The four agencies are meeting the objectives they were established to fulfill and are in line with the State's overarching Transportation Policy Goals.
- Customers are generally very satisfied. Complaints, when they arose, were directed more at functional opportunities for improvement rather than a need for wholesale, structural adjustment.

Based on this assessment, we do not see a need or benefit to fundamentally change the model currently used to serve local transportation needs at this time. However, a number of risks to the system exist that may necessitate significant adaptations.

- Changes may be needed to address 1) diminished transportation revenues; and 2) high priority needs for funding for preservation and bridge projects.
- The current funding level at both the federal and state levels produces significant uncertainty concerning the amount of investment that will be possible in the future, how new investments will be financed, and what types of projects will be prioritized. Changes at either level would necessitate another look at the structure and intent of the agencies.

A shift to performance-based funding at the federal level appears likely, and will likely lead to similar shifts in state policy. Continuation of the competitive grant model with its focus on competition and accountability are recommended in the event of performance-based funding.

Section 4.0 continues our evaluation, with an assessment of how the current agencies are performing key functions and where there are opportunities for improvement.

4.0 EVALUATION OF CURRENT MANAGEMENT SYSTEMS, PROGRAMS, AND PROCESSES

4.1 Introduction

This section reviews the current operations of the four studied agencies, evaluating the following functions for opportunities for improvement:

- Technical Assistance and Oversight
- Funding and Grant Programs, covering the arc of a project, including funding opportunity promotion, the application process, and project selection
- Agency Management, including portfolio management, financial management, and performance measures
- Communication with Stakeholders
- Governance and Organizational Structure

Opportunities for improvement in these functions are generally considered in the following areas:

- Customer service
- Efficiency improvements and cost savings
- Transparency and accountability

4.2 Technical Assistance and Oversight

a) Overall Technical Assistance and Oversight Functions

Current Agency Roles and Practices

All four agencies provide, or facilitate, some level of technical assistance or oversight to local jurisdictions. For CRAB and H&LP, technical assistance roles are integrated with their regulatory and oversight functions. For TIB, technical assistance services are integrated with their funding programs. FMSIB differs from the other three agencies in that it acts as a project advocate and brokers partnership agreements rather than providing direct technical assistance or oversight. As noted earlier, FMSIB facilitates project development and public and private investment in the freight projects it recommends for funding.

RCW 36.78 requires **CRAB** to establish, by rule in the WAC, Standards of Good Practice for the "administration of county roads and the efficient movement of people and goods over county roads." CRAB has developed and adopted thirteen Standards of Good Practice, with which counties must comply.

CRAB is a major resource for the Washington State County Engineers and County Public Works staff for transportation-related issues and technical assistance. To support county compliance with the Standards of Good Practice, CRAB has developed and provides counties with a road management software system (*Mobility*), provides an engineering design software system (*Design Systems* and *Eagle Point)*, and provides training and support in the use of these tools. CRAB also provides training for Public Works and County engineers regarding key roles, responsibilities, and legal requirements.

TIB provides technical assistance related to projects in which they are, or are likely to be, a partner. TIB's technical assistance includes funding workshops, engineering and project management

services, and ongoing assistance to applicants and recipients to help them put together strong applications and ensure successful delivery of projects. TIB conducts annual workshops throughout the state to provide information on its grant programs, application process, and scoring criteria and semi-annual training workshops on project reporting requirements and TIB project management practices.

H&LP provides a wide range of technical assistance to local governments associated with all aspects of project planning, engineering, design assistance as well as various aspects of compliance associated with federal transportation funding. H&LP also has a Local Technical Assistance Program (LTAP) that provides a coordinated technology transfer program that is available to local agencies in partnership with WSDOT and FHWA. The goal of LTAP is to enhance the technical and management skills of local agencies so that they can use resources more efficiently and effectively.

Findings

Overall, customers are satisfied with and genuinely value and appreciate the technical assistance provided by all the agencies. In particular, the following points were made repeatedly.

Support for smaller jurisdictions is critical. Customers noted that TIB staff provides significant technical support to smaller jurisdictions regarding project management. Similarly, County engineers represented in the focus group uniformly supported and valued the technical assistance functions provided by CRAB and noted that it makes a more significant contribution to the overall operations of smaller jurisdictions since they have fewer resources available.

Compliance with federal funding requirements is expensive and often onerous. Some jurisdictions noted that under a certain dollar amount it is impractical for them to apply for federal funds given the administrative and reporting requirements. However, customers pointed out that H&LP helps local jurisdictions ensure compliance with federal requirements and as the agency that distributes the federal funds it is not responsible for the requirements.

Potential Opportunities for Improvement

As noted above, CRAB provides software systems to meet state-mandated reporting requirements for counties as well as assist with design and engineering work. County engineers recognize the need to meet these requirements for counties that differ in geography, population, road characteristics and staff capabilities. They identified several areas where improvements may be possible and desirable including linking software systems to accounting systems, and developing more diverse tools for design and maintenance management. This was not noted as a criticism of the technical assistance role played by CRAB. Rather, it is a reflection of the diverse interests of the 39 counties and that CRAB is doing a fair job in attempting to meet these needs

Recommendations

8. **CRAB should work with County engineers to undertake a review of current and future software product offerings and training.** Such a review should at a minimum address the integration of software products with local government budget and accounting functions and examine future needs recognizing the diversity of the 39 counties.

b) Monitoring Pavement and Bridge Conditions

Current Agency Roles and Practices

With the exception of FMSIB, each of the agencies studied has some responsibilities for the maintenance of up-to-date information on the conditions of roads and bridges across the state. Given the involvement of three agencies, state government stakeholders expressed confusion about "who does what" and raised questions about whether there might be inefficiencies or areas of overlap. Our analysis did not find any areas of overlap.

Pavement management. Several agencies have responsibilities related to pavement management:

- H&LP collects condition data on local arterials in cities with populations less than 25,000. Larger cities are required to collect this information and report it to H&LP, resulting in a complete database of city arterial conditions as directed by the Legislature. This information is compiled in the Attainment Report, along with CRAB county pavement data.
- CRAB sets standards and provides oversight and technical assistance to the road departments of Washington's 39 counties, who are responsible for managing more than 80,000 lane miles of roads. CRAB requires counties to implement a pavement management system in order to be eligible for the County Arterial Preservation Program (CAPP), assuring that paved county arterial roads data is available to evaluate regional or statewide arterial preservation and rehabilitation needs. This information is captured in the County roadlog.
- Although not statutorily required, TIB engineers have mapped and rated all 1,600 miles of local access and collector roadway segments in cities with a population less than 5,000. This information is used administratively to determine awards for the Small City Preservation Program, with dollars targeted at those roadways in the worst condition. In 2008, TIB implemented the Red Town Initiative, using the information in the small city street inventory database to identify small towns with the worst overall road conditions. These towns, which would normally receive a few small grants, were targeted and awarded extra funds in order to bring their average score up to the statewide average.

Bridge conditions. Similarly, multiple agencies have responsibilities related to bridge conditions:

- Federal regulations require state DOTs to inspect all bridges open to public use over 20 feet in length. As part of complying with those requirements, WSDOT manages the training and certification program through its Bridge and Structures Office. The Highways and Local Programs Division provides technical assistance, ensures inspections are done on time, and manages a statewide bridge inventory, providing data and reports to CRAB (for its Standards of Good Practice certification) and the Federal Highway Administration.
- H&LP maintains the inventory of bridges that are on the National Bridge Inventory System. The state inventory does not include bridges less than 20 feet in length.
- Counties are responsible for managing the more than 3,300 bridges statewide. CRAB requires that all counties comply with federal bridge inspection standards. H&LP verifies inspection schedules and accomplishment and, by letter, notifies CRAB of compliance. Failure to comply is a violation of CRAB Standards of Good Practice. Bridge Inspection certification allows continued flow of both federal and state highway dollars to the counties, and assures bridges are in safe conditions.

4.3 Funding and Grant Programs

Local governments and ports – the customers of the four agencies – are generally satisfied with the way the programs function and did not call for reorganization or restructuring during outreach. Some specific opportunities for improvement were noted and are explored below.

a) Promotion of Funding Programs

Current Agency Roles and Practices

One question that was raised at the outset of the study was whether local jurisdictions and ports are aware of the various funding programs administered by the four agencies. To answer this question, we examined the ways in which the agencies promote the grant programs and talked to customers.

There are a number of ways in which agencies promote the funding programs:

- Agency websites are an important source of information on the grant programs and eligibility requirements.
- Agency Directors and other staff and board members also promote the programs at conferences, other meetings and presentations, and informal discussions and interactions.
- FMSIB employs some direct mail promotion and the Director will meet directly with applicants upon request.
- Additional promotion is done by the Association of Washington Cities, the Washington State Association of Counties, the Washington Public Ports Association, and the private sector.

Customers specifically identified TIB trainings as useful. *TIB Funding Program Workshops* are held annually in June and provide information about the various funding programs, the scoring criteria for each program, and the application process. These workshops are intended to increase the probability of a successful project application. Separate sessions are held for small cities (less than 5,000) and urban agencies. *TIB Academy Training* is held twice a year and is open to local agency staff and consultants who work with TIB projects. The training provides information on how TIB projects develop, the steps that TIB requires throughout the life of a project, and the documentation requirements for each phase, from project selection to closeout.

Findings

The consensus from customer focus groups is that agency funding programs and eligibility requirements are clear and commonly understood. Early notification and information regarding funding opportunities, application procedures, and eligibility is important to prospective applicants. Agencies endeavor to discuss program eligibility requirements with potential applicants and may discourage applications that clearly do not meet the criteria.

The application process can require considerable effort and cost, which is particularly challenging for smaller jurisdictions and others with limited resources. Early notification and information helps customers to determine their eligibility and assess their likelihood for funding under the program, reducing the number of applications less likely to be funded. Local governments appreciate the efforts by all of the agencies to minimize this burden and expedite the application process.

Potential Opportunities for Improvement

A centralized clearinghouse of program information has been considered for some time. Such a function is filled in part by the Infrastructure Assistance Coordinating Council (IACC) and the IACC Infrastructure DATABASE which functions as a general reference source for jurisdictions seeking funding for infrastructure projects. This general information resource is valuable and could be expanded. A fully centralized clearinghouse, however, does not seem desirable for two reasons:

- First, there is no cause to believe that jurisdictions are unaware of, or confused by, the agencies' funding programs. On the contrary, they are quite familiar with these funding resources and know who to contact with questions.
- Second, it is important that potential applicants interact with agency staff that can accurately reflect the priorities and realistic opportunities presented by the program. Since there are costs to a local jurisdiction preparing and submitting an application, in addition to time for agency staff and Board members to review applications, a great efficiency is gained when jurisdictions who would not meet the criteria or not receive funding for some other reason, do not apply.

b) Application Process and Timeline

Current Agency Roles and Practices

As noted above, through the promotion of the funding programs customers are aware of and understand the various application processes and timelines. In addition, agency resources are available to them throughout the process.

The size and scale of a jurisdiction can directly impact its ability to compete successfully. Smaller jurisdictions are generally less likely to have available staff resources to compete for grant or program dollars and often rely on consultants to assist in application preparation and submittal. Cities and counties that fall just below or above defined program thresholds are often at a disadvantage in the application process, being too large to qualify for the smaller pool, and too small to effectively compete in the larger one.

The programs listed in the sidebar use population thresholds to target small jurisdictions. While it was noted that jurisdictions that are just above the threshold are at a disadvantage to compete for programs without the threshold, a cut-off must be established. TIB noted that they looked at raising the threshold on the Small City Preservation Program to 10,000, but found that it would have doubled the cost of the program requiring new money or reallocation of existing dollars away from other programs.

Small City Arterial Program – City or town with a population of less than 5,000. No match required if population is less than 500.

Small City Preservation Program - City or town must have a population less than 5,000.

City Hardship Program - Eligible cities and towns have a population less than 20,000 and have a net gain in cost responsibility due to jurisdictional transfers.

Potential Opportunities for Improvement

Simpler or Joint Applications. The possibility of a joint application has been raised over the years, and was in fact tried at one time, with reportedly poor results. This option was explored during interviews with both customers and the agencies.

On the customer side, there was not much demand for a joint application. While applicants support a shorter, more streamlined application, regardless of the program, combining the applications was not mentioned as a way to streamline the process, and could make the process more cumbersome, as programs have different criteria and requirements. In addition, many of the questions are mandated and cannot simply be deleted.

Similarly, there was little support for the idea of a joint application from the agencies. It was noted that this was tried once before and failed. Fearing disqualification for missing a section relevant to the program being applied for, some applicants completed the entire application.

A joint application implies a coordinated application cycle, which would produce some additional challenges.

Coordinated application cycle. A coordinated application cycle has also been suggested. Potential benefits would include allowing jurisdictions to apply to multiple programs at the same time to secure funding for a project.

The primary concern stated is that a coordinated cycle would actually place a greater burden on jurisdictions. Putting one application together takes time and to the extent that jurisdictions are applying for more than one program it might be difficult to find the staff resources to respond to several programs at once.

As shown in the sidebar and **Exhibit 11**, program award cycles range from annually to every four years. Individual agencies also have considerations that could make this a challenge to implement. For example, TIB requires letters of commitment from other agencies, which could be hard to complete within a short application period for all programs. FMSIB noted that they try to keep project selection in the odd years when they are not also writing the biennial budget. Project selection is also timed for after the legislative session has ended when agencies have more capacity to prepare documents and review projects.

Annual Grant Programs

- TIB Urban Corridor Program
- TIB Urban Arterial Program
- TIB Small City Arterial Program
- TIB Small City Preservation Program
- TIB Sidewalk Program
- TIB Hardship Program (as needed)
- FMSIB (as needed)

Biennial Grant Programs

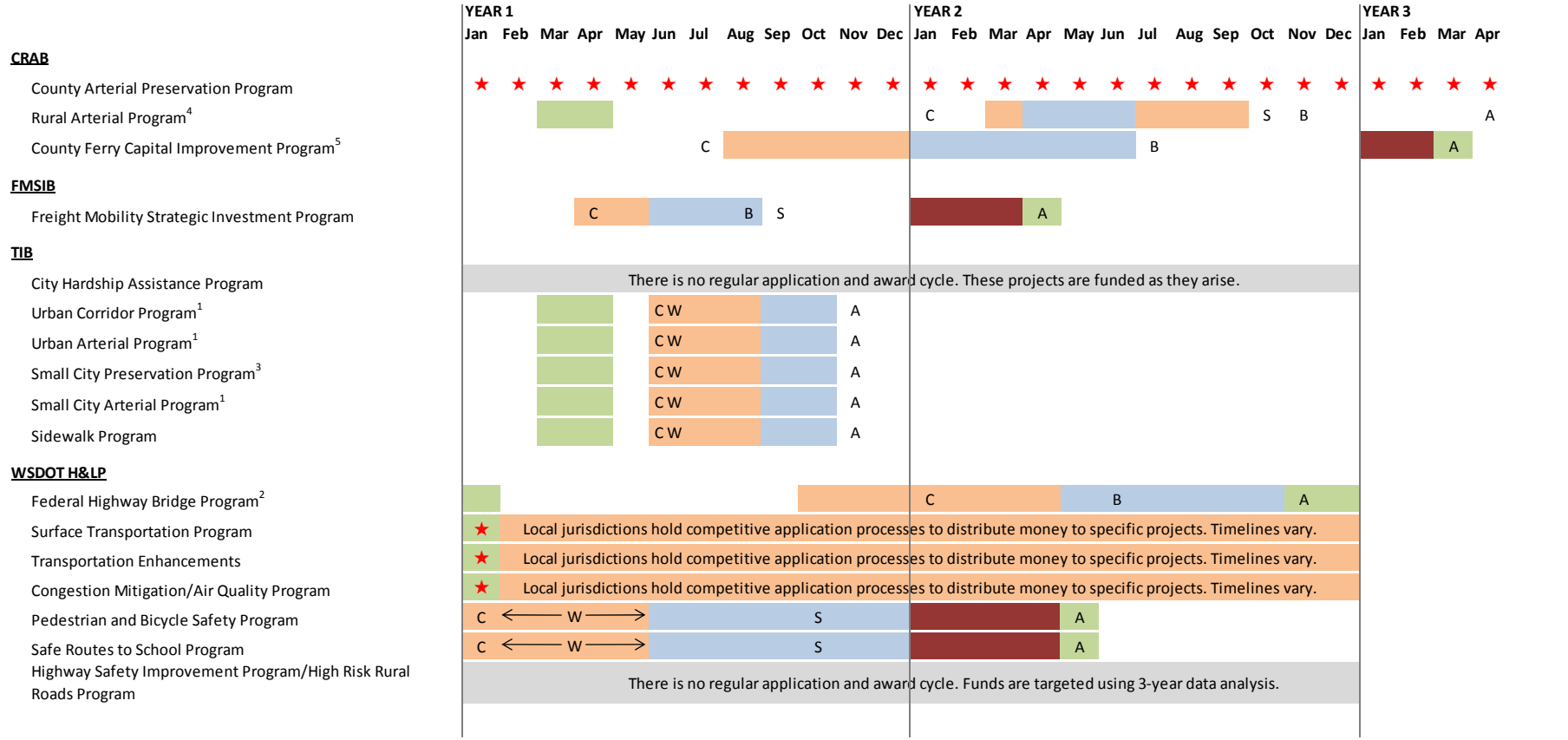
- CRAB RAP
- FMSIB
- WSDOT Safe Routes to School
- WSDOT Pedestrian and Bicycle Safety

Four Year Programs

- CRAB Ferry Capital Improvement

Conclusions. We concluded that the application process should remain within each agency rather than developing a joint application or coordinated application cycle. Agencies should continue to make their applications as efficient as possible, gathering only information needed for actual decision making.

Exhibit 11
Application Cycle



	Budget Appropriation	A	Projects Awarded	1	Selected applicants will receive funds as reimbursements once the project is under construction
	Application Period	B	Board Recommendations Submitted	2	Calls for projects only occur when needed. Not necessarily annually
	Agency Review	C	Call for projects	3	Non-competitive program. TIB selects projects based on pavement condition ratings. WAC requires cities to submit application.
	Legislative Review	S	Draft Project List Selected by Agency	4	Represents regular application cycle. Counties may submit applications for emergent needs prior to any scheduled CRAB meeting
★	Direct Allocation to local jurisdiction	W	Workshops	5	This process occurs only every 4 years, and only if the eligible counties present the Board with a compelling project list in spring.

Source: Agencies, BERK, 2010.

c) Project Selection

Current Agency Roles and Practices

Project selection varies both by agency and by program. Some funding programs operate according to a formula-driven allocation, including CRAB's County Arterial Preservation Program and the federal pass-through dollars administered by H&LP. Allocations for other programs are determined by analytic assessments, including awards for the TIB's Small City Preservation Program, which targets according to the greatest need, and the City Hardship Assistance Program, which directs funds to cities that have encountered a net gain in cost responsibility due to jurisdictional transfers. Three programs administered by H&LP – the Federal Highway Bridge Program, the Federal Safety Improvement Program, and the Pedestrian and Bicycle Safety Program – combine competitive awards with condition-based assessments and invite jurisdictions to compete.

The following programs rely on a competitive selection process:

- CRAB's Rural Arterial Program and the County Ferry Capital Improvement Program (only Pierce, Skagit, Wahkiakum, and Whatcom Counties are eligible)
- FMSIB's Freight Mobility Strategic Investment Program
- TIB's Urban Arterial, Urban Corridor, Small City Arterial, and Sidewalk Programs
- H&LP's Safe Routes to School

Competitive programs. CRAB and TIB manage direct allocations of the motor vehicle fuel tax and use the size of their call for projects to align future cash commitments with projected revenues. The agencies' boards determine the amount of funds, if any, available for award each year. The goal is to maximize the funds available to local jurisdictions while prudently managing agency finances and ensuring the ability to meet commitments to previously awarded projects. As discussed elsewhere in this report, both agencies have opted not to issue a call for projects in times of constrained resources to ensure existing commitments are met and establish reserves to accommodate pending cash shortages.

In addition to the total size of their call for projects, CRAB and TIB communicate the amount of funding that will be available per region.

Competitive programs rely on evaluation criteria determined by the boards and published in advance. Potential applicants review program criteria and the amount of funding available in their region, assess how competitive their projects might be, and determine whether or not they will submit a proposal.

> The data collected in **Appendix B: Project Requests versus Projects Awarded** show that for competitive programs, often less than 20% of project proposals result in awards.

The CRAB, FMSIB, and TIB boards adjust program criteria on a regular basis to respond to changes in the environment, targeting program awards at areas of particular need, or to new direction from the Legislature as discussed below. Selection criteria for each program are shown as part of **Section A** of the Agency Profiles in **Appendix A**.

CRAB and TIB staff review project proposals and score and rank them according to program criteria. This process may involve site visits and interviews with proposing jurisdictions. The FMSIB Board plays a very active role in project selection, drawing on board member time and expertise to evaluate project proposals and determine the final project list. FMSIB employs a technical scoring team and staff site visits to develop their own scoring which is then used in conjunction with the board scoring

during the final evaluation. In the case of CRAB and TIB, the boards review staff recommendations and generally approve the project list proposed by staff.

Projects funded by FMSIB and H&LP's Pedestrian and Bicycle Safety and Safe Routes to School programs must be approved by the Legislature before funds can be awarded to local jurisdictions. The TIB and CRAB boards have the authority to make funding awards without legislative approval.

Legislative approval for FMSIB and H&LP's Pedestrian and Bicycle Safety and Safe Routes to School programs extends the time needed to distribute funds to jurisdictions with selected projects as shown in **Exhibit 11**. This can mean that a full construction cycle may pass between the time project awards are determined by the agency and recipient jurisdictions actually begin construction. Eliminating this requirement for FMSIB and H&LP's programs would streamline the funding process and enable jurisdictions to access the funds nearly a year earlier than is now the case, leading to more immediate benefits in construction improvements, safety enhancements, and economic stimulus as well as a reduction in capital reappropriations associated with these programs. Earlier implementation could also lead to more efficient delivery of projects when construction costs are rising over time, as is typically the case.

Recommendations

9. **FMSIB and H&LP (for the Safe Routes to School and Pedestrian and Bicycle Safety programs) should be given the ability to finalize their project lists without legislative approval.** This would release the funds earlier than currently occurs, speeding project implementation by as much as a construction season and in down cycles could produce lower construction costs.

Coordination among programs. Coordination among the four agencies is frequent and largely informal through the interaction and collaboration of agency directors and staff. Directors and staff frequently share information about agency or program level topics, as well as individual projects. There is also considerable overlap in board composition among the four as shown in **Exhibit 19** (page 69), which leads to additional opportunities for coordination and alignment among the agencies.

This coordination is positive as it supports sharing of best practices and agency challenges and can also lead to more comprehensive and integrated funding for a given project, perhaps integrating road, freight, and pedestrian elements, for example.

The current approach to coordination through informal, as-needed communication among directors and staff and the more formal overlap in board composition appears both beneficial and appropriate. A more fully and structured coordinated project selection process would represent a substantial change to how the agencies currently work and would require a coordinated application and award cycle, which would bring its own challenges and disadvantages as discussed in **Section 4.3**.

We support the current practice of having agency representatives as board members of peer agencies, as this provides opportunities for information sharing and coordination.

Eligibility requirements and evaluation criteria added through legislative or judicial processes. In addition to board-directed modifications to program selection criteria, legislative or judicial directives may add or prioritize different criteria. Examples include consideration of greenhouse gas generation (requiring agencies to ensure that recipient jurisdictions have policies in place to address emissions),

or removal of barriers to fish passage. These directives seek to align program direction with broader state policy direction such as the intent to "limit and reduce the emissions of greenhouse gas" (RCW 70.235).

Discussion with customers and stakeholders about the impact of such provisions was largely inconclusive. Some stated that such requirements confuse applicants and create inefficiencies in the process. Others suggested that the requirements are not significantly disruptive to the functioning of the programs, either in terms of the process or the types of projects that are constructed. Often the conversation shifted to the effect of environmental and other regulations in general, emphasizing the need to implement appropriate regulations in ways that cause minimal unnecessary delay or cost (see **Section 1.2**) while still achieving regulatory goals.

In terms of the impact on the four studied agencies, the most important consideration is that such requirements are clearly communicated and explained to potential applicants. This is important to maintain transparency of the process and alignment among criteria, project selection, and program outcomes. In most cases, the agencies are doing a good job of this; in some instances customers felt that program criteria could be more clearly communicated, describing exactly how such criteria will be used in the process of determining project awards.

d) Reporting Requirements

Current Agency Roles and Practices

Each agency has requirements and methods for obtaining regular project updates from grant recipients. These updates are critical to the agencies as it allows them to monitor project progress, make necessary adjustments in portfolio management, and issue their own progress reports to the Legislature, the federal government, and other audiences.

All four agencies require quarterly project updates. CRAB, TIB, and H&LP currently use online portals to capture information from grant recipients. As discussed in **Section 4.5**, TIB and FMSIB make much of this information available via their website.

Findings

State requirements. Reporting requirements for projects were identified by cities and county engineers as a potential challenge, particularly for smaller jurisdictions. All agreed that making such requirements as efficient as possible is an important goal.

Federal requirements. Federal reporting requirements were identified by customers as particularly onerous. In particular, cities and counties identified the costs of federal compliance as a significant impediment to seeking funds under the various federal programs. For some jurisdictions, the cost of compliance has led them to elect not to compete for these funds for smaller projects. While they are frustrated by these requirements, customers recognized that they were imposed by federal law or rules and were not imposed by H&LP in their role as the primary administrative agent for federal programs.

There is a long standing interest in finding ways to use federal monies for state projects and fund local projects with state dollars, which in theory would lessen the reporting burden and "strings attached" for local jurisdictions. While this is sounds like a good idea, in practice, this is very hard or impossible given the requirements that accompany this funding. Federal contributions to the Safe Routes to School program, for example, simply cannot be absorbed by the State and used for transportation projects.

Recommendations

10. **Opportunities to create a combined quarterly project update should be explored so a jurisdiction with a project funded by multiple funding sources could complete a single update.** Agencies should continue to streamline and potentially consolidate reporting requirements to the greatest possible degree for recipient jurisdictions.

11. **Washington should collaborate with other states to advocate for less onerous project reporting requirements for federally funded projects.**

4.4 Agency Management

This section focuses on agencies' internal management practices, highlighting three areas of importance for effective grants management:

- Portfolio Management
- Financial Management
- Performance Measures

Portfolio management and financial management are highly connected, and successes and challenges in one area can have substantial implications on the agency's ability to manage performance in another. Performance measures, when taken in the proper context and tracked consistently over time, can serve as a diagnostic tool that allows agencies to engage in informed decision making around funding policies and financial management.

a) Portfolio Management

Portfolio management refers to the agency's practices around understanding, influencing, and managing to the on-time and on-budget status of its current array of projects. One of the challenges inherent in the agency role is that they have little direct control over individual projects once they are underway. In the aggregate, however, these projects determine the quality of an agency's overall portfolio and affect its ability to efficiently manage its finances.

There are four key objectives associated with portfolio management:

1. **Stronger financial management**. Because it understands the changing, aggregate cash flow needs of its existing projects, the agency is in a better position to make financial decisions about new project awards and the efficient use of state funds.
2. **Informed policy decisions**. Decision-makers can adjust program policies and project selection criteria to help the agency and its customers achieve their objectives.
3. **Quick identification of problems**. The agency and its customers are quickly able to identify potential project challenges that can be mitigated before they worsen.
4. **Positioning for future success**. On aggregate and over time, project-based portfolio management allows the agency and its customers to better evaluate financial sustainability and the impact of policy decisions and economic trends, supporting better decision-making into the future.

Although the funding agency does not have direct control over project timelines and actual costs, it has tools at its disposal to gather information about these variables and affect them, at least in aggregate:

- **Regular reporting requirements**. Agencies require local jurisdictions to report on project status regularly (see **Section 4.3 d)**).
- **Process for timeline monitoring**. Agencies require local jurisdictions to define timelines and key project milestones prior to award. In instances where the jurisdiction is not formally required to report on milestones, agencies can institute processes for following up with grantees and receiving status updates.
- **Communication and transparency**. By providing up-to-date information about project and portfolio status to stakeholders, agencies can describe the impacts of delayed portfolios (i.e. effects on future call sizes and magnitude of funds that might otherwise have been spent in local communities). This helps to develop a common understanding about why timeliness is important, and the public nature of the communication creates incentives for recipients to focus on completing their projects on time.
- **Standard processes for addressing project delays**. Agencies have documented processes to address projects that fall behind schedule and incur cost overruns, and these processes could be reviewed and tightened, if necessary.

Current Agency Practices

CRAB

As a first-in funder, CRAB inherently has a portfolio with more uncertainty than the portfolio of a last-in funder like TIB. Projects funded by CRAB have a greater likelihood of not achieving fully funded status and are more susceptible to delays because less is known about the project at the time of the funding decision.

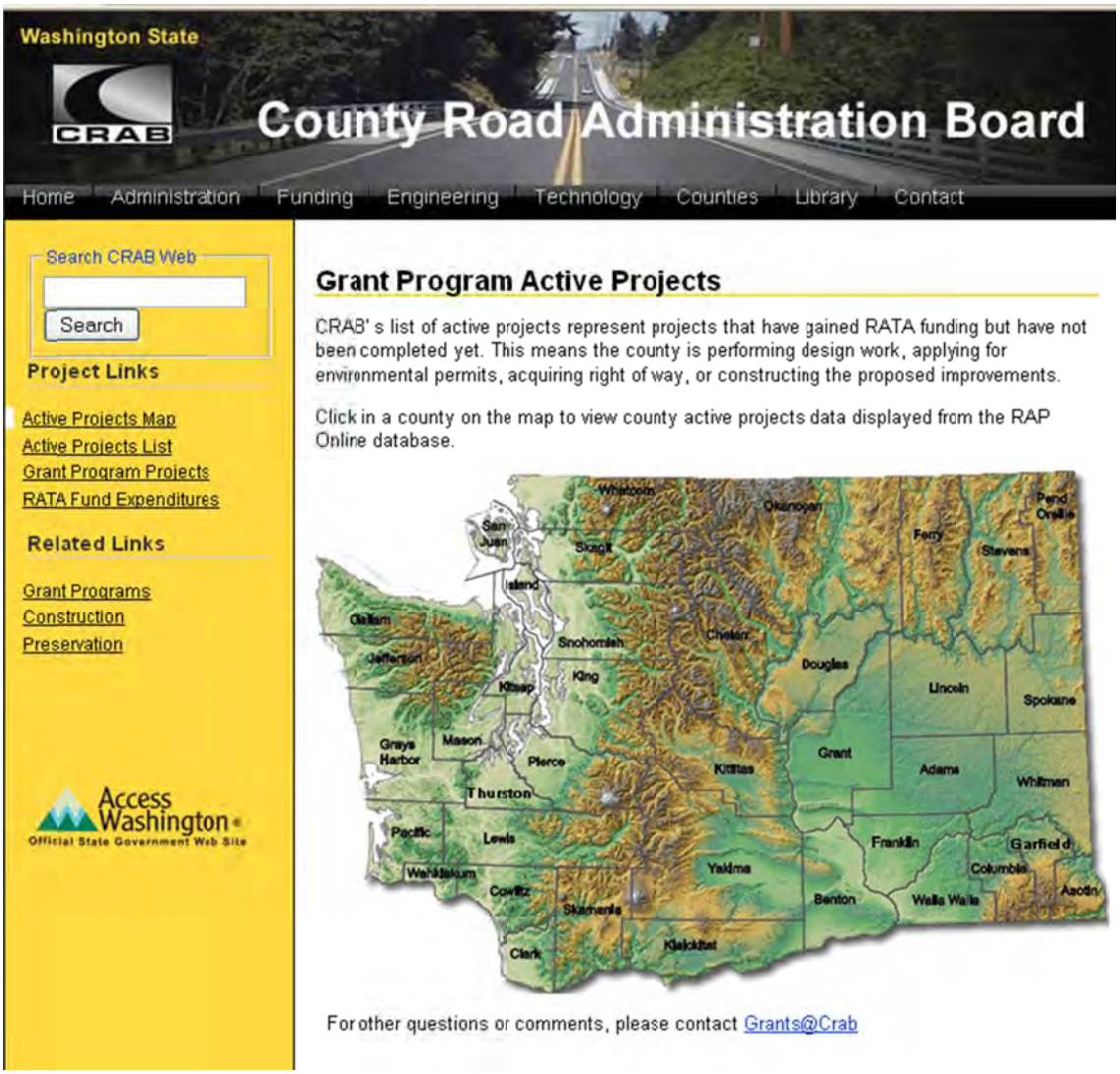
CRAB is proposing changes this year to the WAC that are expected to help portfolio timeliness and predictability in two ways. First, CRAB is tightening its lapsing rules. These rules dictate when CRAB can withdraw funds from projects that are unlikely to come to fruition. Currently, projects must start preliminary engineering within two years of project selection and the bid process for construction within six years, or risk loss of funding (though an additional one year extension can be requested). The proposed changes require projects to begin preliminary engineering within one year of award instead of two.

The second notable WAC change revises provisions around what type of projects are eligible for RAP funds in all five of CRAB's regions to include 2R (resurfacing and restoration) and 3R (resurfacing, restoration and rehabilitation) projects in all regions. Previously, only two regions could propose 2R and 3R projects. This serves the dual purpose of making more funds available for preservation and improving portfolio predictability because preservation projects, which deal with existing infrastructure, have fewer unknown variables associated with their design and execution.

In addition to actively influencing portfolio timeliness with policy changes, in April 2010 CRAB launched "RAP Online," a web-based portal that provides current project information to agency and recipient jurisdiction staff. Recipient jurisdictions are required to update project spending plans quarterly. This will provide CRAB with better information to predict and plan for pending cash requirements.

RAP Online also has a public portal, shown in **Exhibit 12**. By clicking on a county, a user can currently see the number of active projects. RAP Online also presents project details, including funding amount, date approved, general project status, and geographic location (mileposts and legislative district). More should be done to provide up-to-date project status information, as well as the overall health of CRAB's aggregate portfolio.

Exhibit 12
RAP Online: Public Portal



Source: CRAB website, 2010.

TIB

Over the past five years, TIB has acted proactively to manage its existing portfolio and establish program policies that would lead to a set of projects with a more certain timeline and cash flow demands on the program.

TIB's biggest portfolio management innovation is its Performance Management Dashboard. The Dashboard includes key portfolio and project metrics that the agency tracks across all of its current

projects as well as financial measures the agency uses for internal management. The Dashboard is available to the public through TIB's website providing all stakeholders with access to the same information about TIB's projects and portfolio. The Dashboard has proved to be an invaluable management and communication tool that has received numerous accolades.

The agency also made a number of important policy changes. The first was the agency's choice to be a "last-in" funder. With a couple of notable exceptions (SCPP and CHAP), TIB now requires funding commitments from other sources be verified (with letter of commitment) before TIB will approve its portion of the funding. Scoring criteria for some programs have been modified to place a higher importance on funding partnerships as well. This shift produces a portfolio with projects that are more likely to go out for bid on a predictable timeline.

The second policy change was codifying a process for delayed projects. TIB updated its WAC to include a three stage process for delayed projects (delays defined relative to the proposed construction bid date) through which the local jurisdiction has the opportunity to revise project schedules to meet it needs, and the Board has the ability to withdraw funding if delays persist after stage 3. Prior to this change, projects could be delayed indefinitely without firm recourse.

In early 2009, TIB recognized and responded to a cash flow crisis. The agency's revenues were decreasing at the same time that payments to service past awards were increasing, resulting in a cash flow problem. The agency proactively examined each project in its portfolio and identified those that were stalled and not making adequate progress. They were either cut completely or put on a "contingency list." Projects on this list would not need to apply again, but had to meet two conditions to receive funding; first, TIB needed to be in a position to be able to afford their project again; and second, the project needed to be ready to go out for bid. As the agency's account balances improved, all projects that were on the contingency list have had their funding restored. This short-term measure helped the agency reduce its potential billings and maintain its account balances and promised payments.

The development of the contingency list was a short-term action the agency took to address portfolio issues. Over the past decade, the agency has made significant policy changes and reporting enhancements with the goal of improving portfolio performance.

The combination of the Dashboard and more active project timeline management has led to a noticeable decrease in project delays. The number of delayed projects has gone down from 197 in 2002 to just 24 currently.

FMSIB

FMSIB's approach to portfolio management focuses on cost containment. FMSIB contributions are locked in both as a dollar amount cap and as a percentage of the total project. If project costs increase, the state contribution is capped; if costs decrease, the contribution is reduced. Thus the State's risks are well-managed with FMSIB investments.

FMSIB reviews project progress at least twice a year and advances or removes projects that have not progressed sufficiently to meet schedules. There is also a One-Year Rule whereby if a project has not entered the construction phase within one year of the funds being authorized by the Legislature, the project can be removed from the list and the funds reassigned to a project that can advance. There are currently five projects on the deferred list, meaning that they have been removed from the list until the projects are able to move forward.

FMSIB maintains an Active Projects List on its website. For projects that are already receiving state funds, a link to the project's most recent Quarterly Project Report is provided. This report contains background information about the project and a list of project milestones that provides both scheduled and actual dates of accomplishment.

Exhibit 13
Sample Quarterly Report Available on FMSIB Website

FMSIB Quarterly Project Report for 12/10

FMSIB PROJECT # 10

Freight Mobility Strategic Investment Board

Agency Name and Project Title
Port of Tacoma
Lincoln Avenue Grade Separation

Contractor
Contract 4 contractor is Scarsella Brothers, Inc. Authorized FMSIB amount per agreement fully expended in billing period ending 1/31/2010.

Project Description
This project reduces barriers and increases freight mobility by removing the grade crossings at Lincoln Avenue. The overpass construction allows long train assembly without blocking arterial traffic. The project also relieves major congestion since Lincoln Avenue has become a primary arterial with the closure of East 11th Street.

Recent Progress: approaching 75% construction completion milestone.
- Contract 4 awarded July 17, 2009 to Scarcella Brothers, Inc.
- Contract 4 Notice to Proceed issued July 31, 2009
- Contract 4 construction underway
- Contract 4 groundbreaking September 18, 2009 at 1:00pm.
- Construction underway and on schedule (anticipated 5/12/2010 completion date).

Schedule and Scope changes
Project construction for Phase 1 (completion of a 3-lane Lincoln Ave arterial) is planned to be completed in four construction contracts as below. Information can be found at: http://www.portoftacoma.com/Page.aspx?nid=366
Contract 1 – Relocate overhead power lines.
Contract 2 – Relocate "private" utilities associated with relocation of overhead power lines.
Contract 3 - Construct roadways off of Lincoln Avenue in 3 separate sub construction contracts (Contract 3.1/3.2, 3.3 and 3.4) to be in accord with R/W acquisitions.
Contract 4 – Construct roadways and bridge on Lincoln Avenue.

Environmental Impacts / Compliance
A NEPA DCE (ECS form) signed 2/26/07

Federal Fund Impacts
FMSIB Federal funds are planned to be used for Contract 4.

Project Milestones	Scheduled	Attained	Milestone Outlook
Environmental Documents Approved	2/07	2/07	
RW Complete	05/08	6/08	ROW Certification achieved March 2009 No additional ROW needs are projected for Contract 4.
Contracts Advertised	11/06	11/06	For Contract 1 and Contract 2. Contracts 3.1/3.2, 3.3, 3.4 and 4 have been advertised.
Contract Awarded	12/06	12/06	Contract 1, 2, 3.1/3.2/3.3 and 3.4 have been awarded and completed. **Contract 4 awarded July 17, 2009**
Groundbreaking	06/07	06/07	Contracts 3.1/3.2/3.3 groundbreaking conducted on site.. **Groundbreaking for Contract 4 held September 18, 2009.**
Open to Traffic	5/11		Contracts 1 and 2, 3.1/3.2, 3.3, and 3.4 are complete. **Contract 4 construction Notice to Proceed issued July 31, 2009.**

Project Cost Summary:	Dollars in millions	Percent of total
Preliminary Engineering	$ 5.8 m	10 %
Right-Of-Way	$ 5.1 m	10 %
Construction	$ 42.3 m	80 %
Total Project Cost	$ 53.2 m	100 % (rounded)

2009-11 Cash Flow (FMSIB expenditures billed to WSDOT):

Date	Planned	Revised	Actual
9/09	$ 130.00		$ 127.11
11/09	$ 2,000.00		$ 1,069.85
2/10	$ 2,000.00	$4803.04	$ 4803.04
5/10	$ 1,999.87	$0	
8/10	$ 0.84	$0	
11/10	$ 0.84	$0	
2/11	$ 0.84	$0	
5/11	$ 0.83	$0	
6/11	$ 0.00		
Total 09-11	**$ 6,000.0**		**$ 6,000.0**
Carryover of 9/09			
Total 09-11	**$ 6,000.00**		
GRAND TOTAL	**$ 6,000.00**		

Agency Contact Information: Brian Mannelly, Planning Director, bmannelly@portoftacoma.com; (253) 428-8671

Source: FMSIB website, 2010.

H&LP

As most of H&LP's programs are federally funded, the portfolio benefits from strict reporting and lapsing rules associated with the federal dollars. Local jurisdictions know that if they do not use the federal funds in a timely manner, they will lose them. This provides a strong incentive for well-monitored and timely projects.

H&LP's state-funded programs (Safe Routes to School and the Bicycle Pedestrian Safety Program) were created more recently and fund projects that are relatively small in scope.

WSDOT is currently developing online dashboard-like tools to track project status. The complexities are considerable given the need to interface with both federal and local systems. The State Transportation Improvement Plan will be the first module completed.

Findings

While agencies do not have direct control over project timelines and costs, they are taking steps to better track and manage their portfolios of projects. These steps differ significantly in their scope and ability to actually affect portfolio performance.

Customers noted that TIB, and more recently CRAB, have been reviewing project awards with the intent of reducing the backlog of aging projects.

Potential Opportunities for Improvement

With the exception of TIB, information on aggregated agency portfolio status is not publicly available in an easily-accessible fashion. The agencies are already tracking much of this information and could benefit from making it more widely available and accessible to interested parties outside the organization.

Recommendations

12. **Agencies should actively manage their portfolio of projects.** While individual projects may be subject to unforeseeable timeline and budget variances, it is critical that agencies manage predictable aggregate portfolios. To accomplish this, agencies must invest in the staff and tools required for data tracking and reporting (including a website with up-to-date status reports on their portfolio and individual projects per Recommendation #22). They should establish appropriate portfolio management targets (Recommendation #19) and have the ability to modify program parameters through changes to related WACs to achieve those targets.

b) Financial Management

Sound financial management ensures that agencies are financially healthy, pay customers in a timely fashion, and spend appropriations efficiently.

CRAB and TIB use a budgeting process that is fundamentally different from FMSIB and H&LP. CRAB and TIB each manage to their dedicated revenue stream from motor vehicle fuel taxes, adjusting award amounts each year as appropriate. As projections for this revenue stream change, the agencies must be able to quickly understand cash flow implications for current projects and the sizing of future calls for projects.

For CRAB and TIB, financial management is directly affected by their ability to manage their portfolio of projects, ensuring that their cash flows are adequate to cover their commitments as projects go to construction.

FMSIB and H&LP develop line-item capital budgets by project. This means that the agencies do not manage funds on a cash-flow basis. The structure of a biennial budgeting process through which the full amount of a long-term project is appropriated in one biennium and reappropriated in subsequent biennia produces different types of financial management challenges.

In addition to its budgeting process, an agency's statutory and programmatic requirements (i.e. ability to transfer funds between accounts or regions and capacity to respond to emergency needs) affect how it approaches financial management.

Current Agency Practices

Agency practices and policies are described below under the following categories: capital appropriations versus expenditures, fund balances, and operating and administrative costs.

Capital Appropriations Versus Expenditures

As shown in the exhibits on the following pages, with the exception of TIB, the agencies all have capital appropriations that have significantly exceeded their expenditures during the biennia analyzed. There are a number of reasons why an agency might not spend its appropriation, most commonly:

- The appropriation is for capital projects that overlap fiscal periods (over time, with predictable appropriations, this can be managed)
- Capital projects for which the appropriation was intended have been delayed

CRAB and TIB

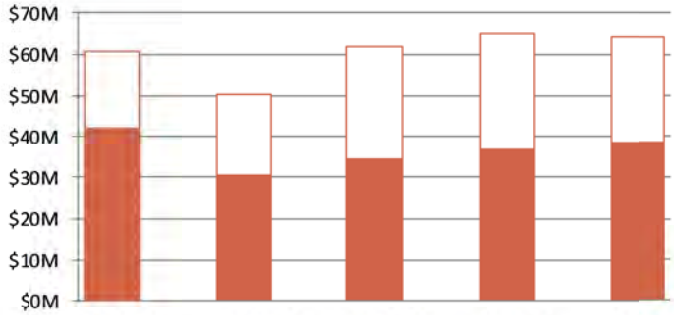
Among state decision-makers, there has been a concern expressed that CRAB is not distributing funds to local agencies as quickly as is desirable, often with a comparison made to TIB. This concern was not voiced by customers.

In this instance, the result of a financial metric like budget versus expenditure is a direct reflection of portfolio quality. CRAB's portfolio suffers from project delays due to the type of projects it funds as a "first-in" funder. **Exhibit 14** shows that CRAB distributes approximately 56%-69% of its RAP capital budget to local jurisdictions in a biennium. Whereas

Exhibit 15 shows that TIB distributes approximately 79%-100% of its total capital budget to local jurisdictions a biennium.

In addition to the portfolio timeliness issues that drive this metric, CRAB maintains a higher fund balance ($10-$12 million held in reserve). This allows the agency to maintain its obligation to not shift any funds between its five regions and to ensure RATA funds are available for funding emergency projects if necessary. This is discussed in greater detail in the following section.

Exhibit 14
CRAB (RAP) Capital Budget Versus Expenditures

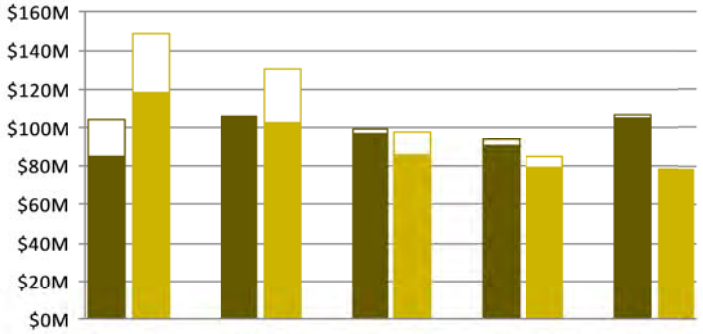


	1999-01	2001-03	2003-05	2005-07	2007-09
Total RAP Budget	$ 60.6 M	$ 50.2 M	$ 61.7 M	$ 64.9 M	$ 64.0 M
RAP Expenditure	$ 42.0 M	$ 30.5 M	$ 34.5 M	$ 36.7 M	$ 38.4 M
RAP % Budget Expended	69%	61%	56%	57%	60%

Source: CRAB, BERK, 2010.

Note: CRAB's County Arterial Preservation Program (CAPP) is allocated based on a formula and is not included here.

Exhibit 15
TIB Capital Budget Versus Expenditure



	1999-01	2001-03	2003-05	2005-07	2007-09
UATA Budget	$ 104.4 M	$ 105.6 M	$ 99.2 M	$ 93.4 M	$ 106.6 M
UATA Expenditure	$ 84.9 M	$ 105.4 M	$ 96.7 M	$ 90.6 M	$ 105.1 M
UATA % Expended	81%	100%	97%	97%	99%
TIA Budget	$ 148.8 M	$ 130.5 M	$ 98.2 M	$ 84.6 M	$ 77.5 M
TIA Expenditure	$ 118.1 M	$ 103.0 M	$ 85.3 M	$ 79.1 M	$ 77.4 M
TIA % Expended	79%	79%	87%	93%	100%

Source: CRAB, BERK, 2010.

Note: Small City Preservation and City Hardship Assistance programs are not competitive and so not included.

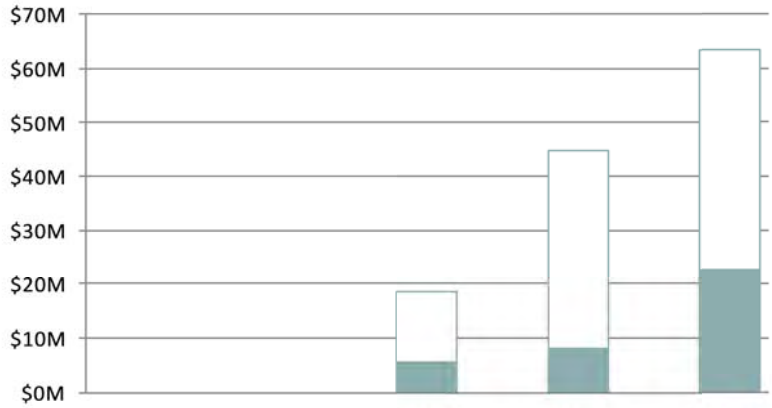
FMSIB and H&LP

FMSIB and H&LP develop line-item capital budgets by project. The Legislature appropriates the full amount the agency will contribute to a project in the biennium approval is given. This means that the agencies cannot manage funds on a cash-flow basis. As legislative approval and appropriation may occur as much as a year after high-scoring projects are recommended by the agencies, and as full project amounts are appropriated at once, this process naturally leads to a large gap between budgeted and expended dollars and results in large reappropriations.

Again, project portfolio factors like where the project is in its lifecycle make a big difference to this financial metric. Like CRAB and TIB, FMSIB and H&LP differ in the types of projects they fund and the point in time at which they commit funding.

Exhibit 16 and **Exhibit 17** show capital budget versus expenditures for FSMIB and H&LP respectively.

Exhibit 16
FMSIB Capital Budget Versus Expenditure



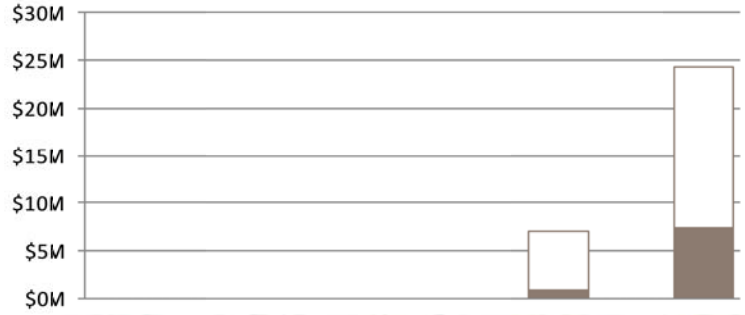
	1999-01	2001-03	2003-05	2005-07	2007-09
Total FMSIB Budget			$18.7 M	$44.8 M	$63.5 M
FMSIB Expenditure			$5.7 M	$8.1 M	$22.6 M
% Expended			31%	18%	36%

Source: FMSIB, BERK, 2010.

The following factors contribute to FMSIB's numbers:

- FMSIB is a flexible funder and works to best meet individual project cash-flow needs, including sometimes being a "first-in" funder. Projects often have private sector funding participation which can be difficult to secure; FMSIB doesn't commit funds until all partner funding is secure for the project or a stand-alone phase.
- FMSIB projects are often quite complex, involving multiple partners and management of cash-flow over a relatively long period of time.
- FMSIB occasionally holds back its contribution if projects need to spend down federal money within a certain timeframe.

Exhibit 17
H&LP Capital Budget Versus Expenditure
Pedestrian & Bicycle Safety and Safe Routes to School Programs



	1999-01	2001-03	2003-05	2005-07	2007-09
Total Ped Bike/Safe Routes Budget				$ 7.0 M	$ 24.3 M
Ped Bike/Safe Routes Expenditure				$ 0.8 M	$ 7.4 M
% Expended				11%	30%

Source: WSDOT, BERK, 2010.

Exhibit 17 shows only H&LP results for state-funded programs. Federal dollars are typically distributed relatively efficiently to local jurisdictions as strict lapsing rules require this money to be spent within a certain timeframe. The budget versus expenditure results for the state programs reflect the following:

- The Safe Routes to School program is relatively new (established in 2005), and it takes time to get projects into the pipeline.
- While Safe Routes to School Projects are often smaller and simpler in scale, they involve partnering with school districts, which can cause funding delays as they are not as familiar with transportation projects.

Findings

The agencies are all managing to a unique set of project funding requirements and budgeting constraints. Policy changes could improve metrics like appropriations versus expenditures, but this would affect the type of project and jurisdiction that ultimately receives funding.

For example, CRAB could be directed to be a "last-in" funder similar to TIB in order to increase the pace at which its funds are used by recipient jurisdictions. This would have significant impacts on the types of projects and jurisdictions that would benefit from the program. As discussed on page 36, CRAB's first-in funding is critical to smaller, rural counties. If CRAB dollars were required to be "last in," some counties might not be able to assemble funding from other sources prior to requesting CRAB funding for the final amount needed. A shift to "last in" funding would likely reduce CRAB's reappropriations, but should be seen as a significant policy shift with potentially negative implications. Given these impacts, we do not recommend that CRAB shift to last-in funding, but rather use enhanced portfolio management tools and techniques to manage its finances.

Potential Opportunities for Improvement

In lieu of policy shifts, CRAB could use what it learns about average project timeliness through portfolio management to make financial decisions that improve budget versus expenditures results. If

CRAB's portfolio typically runs a year or more behind schedule on aggregate, CRAB could explore ways to distribute the excess fund balance to immediate maintenance and preservation needs (perhaps through a one-time allocation, like CAP) and recalibrate future calls to tighten the gap between budgeted and expended revenues.

Recommendations

13. **CRAB should use enhanced portfolio management tactics (as with its proposed WAC changes) to improve project timeliness and manage financial performance based on real time information about project timeliness.** If portfolio challenges continue to hinder CRAB's financial management abilities, CRAB should review the status of active projects and encouraging stalled projects to withdraw their request for funding.

Fund Balances

Another key financial management question is related to how agencies manage their day-to-day fund balances and cash flow. This issue is unique to CRAB and TIB, as they manage a revenue stream which is relatively predictable in the short term but can fluctuate and be difficult to predict in the longer term.

For CRAB and TIB, actual revenues can differ from appropriations. As the Transportation Revenue Forecast Council (TRFC) produces quarterly projections, the agencies have an opportunity to recalibrate periodically, (typically by adjusting the amounts available for annual award cycles and by tightening policies around when funding increases will be awarded).

Minimum fund balances. CRAB and TIB have minimum fund balance requirements to maintain efficient payment cycles and manage any unforeseen events. If the minimum balances are significantly depleted via 1) diminished motor vehicle fuel tax revenues; 2) accelerated award process; or 3) potential sweep of cash balance, the agency is in a position where real time gas tax revenues need to cover real time invoices. Payment turnaround times greatly increase as the agency tries to manage a precarious cash position without bouncing checks, and the agency is unable to offer new calls for projects until it begins to rebuild that balance.

TIB and CRAB do not have targets around 'not to exceed' maximum fund balances, though they acknowledge the importance of not carrying excessively large balances.

CRAB has stated an intention to maintain a $10-$12 million minimum balance in RATA in order to maintain its obligation to not shift any funds between its five regions and to respond to emergency requests, which have averaged $3-$4 million per biennia in the past two biennia. CRAB's regional restrictions effectively mean that the agency is managing five subaccounts within RATA.

CRAB started the 2009-11 biennium with a $39 million balance and has been spending it down. The large balance was the result of projects running behind schedule that had not billed CRAB, and seeing the balance, the Governor's 2010 Supplemental budget proposed to take some of the balance away from CRAB. This was not ultimately acted upon in the adopted budget, as it would have had negative implications for counties with funded projects.

TIB maintains a $5 million minimum balance in each of its two major capital accounts. TIB staff have commented that if the agency could manage a single account's minimum balance, rather than

two, this would lead to tighter financial management. Legislative action would be required to combine the accounts.

Several TIB projects have recently benefitted from cost savings due to lower than expected construction costs. This leads to larger fund balances as those cost savings are rolled back into the accounts. In the current environment of decreasing motor vehicle fuel tax revenues, these savings could provide the agency with some cushion.

Findings

Customers had questions about the transparency of funds management and commented that they do not understand how available funds for projects were determined.

CRAB and TIB's minimum fund balance requirements are reasonable targets, given the objectives they are currently set to achieve.

CRAB's higher actual fund balances are a result of portfolio issues with project timeliness.

Potential Opportunities for Improvement

CRAB's fund balances could be managed closer to its minimum target via portfolio and financial management options noted in previous sections.

All agencies could report on key financial metrics (like fund balances and remaining obligations) in a manner that is easily accessible to stakeholders and the public (see subsequent section on performance metrics).

Recommendations

14. **Take legislative action to merge TIB's two accounts (UATA and TIA) to allow for simpler cash management.**

15. **Shift responsibility for cash advances of federal emergency funds from CRAB to WSDOT and target freed-up funds to immediate county preservation needs.** In doing so, this could allow counties more flexibility in the types of roads that are eligible during emergencies (i.e. not just RAP-eligible roads). WSDOT has larger cash balances and greater ability to float funds to counties while they wait for federal reimbursement. It would also allow CRAB to lower its minimum balance requirement by $3-$4 million. This change will require CRAB to look ahead and actively manage its portfolio to avoid any problems related to multiple requests for reimbursements with a lower cash balance.

16. **The State should continue to track and monitor the agencies' program administration costs relative to their capital budgets to ensure continued efficiency.**

c) Performance Measures

All four agencies reviewed report a number of performance measures. Given policy trends at the federal and state level, it is expected that performance measurement will become increasingly important—agencies will have to document the results of their programs and how they operate. While each agency has existing measures in place, more robust and consistent measurement of their programs and internal processes could better position the agencies in an increasingly challenging budget climate.

Objectives of Performance Measurement

Performance measurement is intended to fulfill one or more of the following objectives:

1. Identify and communicate program outputs and outcomes to participants and funders (may be legislatively mandated)
2. Improve customer service and project delivery
3. Learn from feedback and improve internal processes

Framework for Performance Measurement

For our purposes, performance measures are divided into:

- *Program outcome measures* that report on a program's outputs, outcomes, or impacts. These measures are designed to show if agencies and their programs are achieving results. In some cases, these measures count what the agency does (for example, number of training hours) and in other cases measure results that may not be directly attributed to a program (for example reductions in traffic fatalities).
- *Internal agency measures* that report on how the agency is functioning and delivering its services. These measures can include financial management measures (see **Section 4.4 b)**) and measures of the customer experience. In addition, we recommend some portfolio management measures as a tool for agencies to track the health of their program portfolios.

Program Outcome Measures

Findings. All four agencies are measuring a number of outcome measures for several reports and audiences, including OFM's Performance Measures, WSDOT's Gray Notebook, federal reporting, and others. For an overview of outcome-oriented measures reported by the agencies, see **Appendix C**.

Although agencies report on several outcome measures, measurements, tracking, and reporting could be improved.

Recommendations

17. **Agencies should link program outcome measures to program objectives and project selection criteria.** During the application process, local jurisdictions are asked to demonstrate how their projects support program goals. Currently, however, there is no consistent reporting feedback loop that tracks completed projects. Closer alignment of project selection criteria and performance measurements could help the agencies tell a more compelling story of the program results achieved. In cases where results fall short, identification and examination of these cases could identify lessons learned.

18. **The same outcome measures should be tracked consistently over time.** Consistent tracking of measures over time enables agencies and other stakeholders to see trends, which can inform decision-making. In some cases, measures reported change from year to year or budget cycle, limiting their effectiveness.

Internal Agency Measures

Findings. The four agencies differ considerably in their tracking of internal agency measures, and there are no consistent performance measures to enable comparison across agencies.

More than other agencies, TIB, through its Dashboard, reports on a whole host of internal measures, which helps agency managers monitor the programs and make decisions and provide a high degree of transparency. The TIB Dashboard is uniformly admired for the information it provides and the sophistication of the interface. Legislative staff report being able to retrieve information to respond to member questions directly from the Dashboard. They stressed that while the other agencies are also responsive and transparent, the information is not as easily accessible as it is with the TIB Dashboard. It is important to note, however, that the Dashboard is not easily portable to other agencies given the underlying technology.

With regard to other agencies' internal measures, H&LP measures aspects of contract administration as a part of FHWA reporting and measures the program's allotments versus expenditures for WSDOT's Monthly Financial Report (under Program Z). No other internal agency measures were identified during the review.

Recommendations.

19. **Institute a manageable set of internal performance measures consistent across the four agencies related to financial management, portfolio management, and customer service.**

The objectives of these measures are to:

- Provide useful data over time for the agencies to enhance program delivery, customer service, and improve internal processes
- Act as a diagnostic tool for agencies and other stakeholders to identify other factors and potential problems that affect project delivery
- Enhance transparency of the agencies to their customers, the Legislature, the Executive Branch, and other stakeholders

Financial Management. Reporting on the financial management of the agencies ensures greater transparency and the efficient use of federal and state funds. Financial measures for the four agencies may include:

- Agency budget versus expenditure
- Agency administrative expenses as a percent of total dollars awarded
- Remaining agency project obligation

In cases where agencies manage a revenue stream (TIB and CRAB), additional measures

may include:

- Cash balance
- Payment request versus revenue

Portfolio Management. Measures related to portfolio management are of value to the agencies as grant managers. While an agency has little control over individual projects once they are selected and underway, the project portfolio as a whole affects the agency's ability to efficiently manage its finances. Measures could include:

- Percentage of current projects delayed, according to defined program milestones, and number of contract extensions for identified delayed projects
- Percentage of projects requesting additional funding increases
- Project inventory by phase or time to construction

Customer Service. A core part of the agencies' function and mission is the provision of services to local government entities, including cities, counties, special districts, and others. Measures of customer service would help track an agency's responsiveness to customer needs and could include:

- Transaction processing or average payment cycle
- Percentage of awards to applications

To be effective, these measures should be tracked consistently over time and communicated to stakeholders in the executive and legislative branches of government.

4.5 Communication with Stakeholders

Agencies have many audiences, including their customers, their boards, and decision-makers in the executive and legislative branches of state government. Communication with these audiences is important for several reasons. First, agencies that receive and distribute state dollars need to be accountable to the Legislature, providing assurance that the dollars are targeted towards worthy projects and efficiently spent, making the case for continued support. Second, as described earlier strong portfolio and financial management combined with consistent performance measures provide the tools to tell the story of the agencies and identify when change may be needed. Agencies benefit when customers, legislators, and staff have ready access to the story, backed up with performance measures.

Findings

Telling the full story. Our conversations with customers and stakeholders within state government highlighted the importance of communicating a comprehensive picture of individual and collective performance by the studied agencies. The full story includes:

- A reminder of the distinctive roles and responsibilities of each of the agencies
- Explanation of how these roles are linked directly to related challenges and performance measures
- A compelling summary of the benefits provided by the agencies, focusing on the benefits received by customers

- A discussion of current challenges, taking the time to communicate *why* performance measures may be describing a situation that is not optimal

As an example, it is important for CRAB to fully communicate its role as a first-in funder. This includes sharing the benefits this provides to counties that would otherwise not have the ability to invest in projects, as well as the portfolio and financial management challenges that funding this phase of projects creates for CRAB. Only with this context can the too-simple figure of the agency's reappropriation level be properly understood.

Ongoing communications with customers and decision makers in state government. Local jurisdictions and ports were generally satisfied with the level of communication from the four agencies. As noted earlier, they are familiar with the program and eligibility requirements and noted that the agencies are responsive and willing to provide assistance throughout the funding process.

In terms of their relationship with decision makers within state government, the agencies would clearly benefit from more proactive and ongoing communication with the executive and legislative branches. The need for this study and the number of misconceptions held by stakeholders clearly attest to this. The challenges of maintaining a clear and common understanding of the agencies roles, current status, and contributions are significant given the number of other issues of concern on decision makers' minds. This challenge is compounded by the regular turnover of both policy makers and their staff.

Given the amount of written reporting that is required in state government, it was recommended that regular briefings with decision makers or their staff might be more effective as a way to maintain a fresh and ongoing understanding of programs' focus, and the benefits they provide to local jurisdictions and the State. Augmenting these briefings with a communication of a compelling package of performance measures is recommended. Particular efforts should be made to connect with new legislators or their staff when turnover occurs.

While customers were generally satisfied with the level of communication with the four agencies, some concerns regarding communications with H&LP were raised.

Some stakeholders felt that changes in program policies, regulations, or procedures are not always clearly or timely communicated to customers, meaning that customers are not aware and/or do not have an opportunity for input before programs are changed. Customers acknowledged that at least some of the changes may be – or clearly are – dictated at the federal level and suggested that better communication, particularly from Olympia, might be helpful.

Several customers indicated they do not receive timely responses on questions about their projects and funding status. Other customers, however, indicated that they were satisfied with the responsiveness of H&LP staff. This concern appeared to be situational regarding specific projects and/or regional offices and staff rather than an agency-wide concern. As discussed earlier, additional efforts could be made to strengthen agencies' customer service orientation, enabling agencies and customers to improve communication, and project delivery.

Tools for communication. Each agency uses its website as well as printed and presentation materials to communicate with customers and stakeholders within state government. In terms of online communication tools, the TIB Performance Management Dashboard is seen as a model across the country. The Dashboard has enabled the agency to 1) greatly improve its *internal* financial management and the delivery of timely, fully-funded projects; and 2) improve its *external* relationship

with policy makers. The Dashboard is a tool that makes information transparent and easily accessible not only to external audiences, but also to internal staff and managers.

As also discussed related to portfolio management in **Section 4.4 a)**, other agencies need to invest in the ability to convey timely information about project and portfolio status via their website. The TIB Dashboard uses technology that cannot be easily transferred to another agency or inexpensively replicated. One legislative staff member stated, "I can get the same information from CRAB, FMSIB, or H&LP, but I have to ask for it. It's not that they don't have it, but that they don't currently make it readily available." The objective now should not be to mimic the Dashboard, but to convey similar information in an easily accessible interface.

As with the TIB Dashboard, multiple desired outcomes should guide the development of websites with up-to-date information for agency, showing the health of the overall portfolio and the status of individual projects:

- Enhanced internal awareness and management of project and portfolio status
- Greater transparency about the status of individual project progress which will encourage timely project advancement by recipient jurisdictions
- Easier access to information by stakeholders, including customers and state decisionmakers and staff

Recommendations

20. **Agencies should ensure that their reports and briefings tell the full story, reminding decision makers of their distinctive roles, how these roles create specific benefits and challenges, and an annotated description of current contributions and challenges.**

21. **Briefings with decision makers and staff should augment written reports, and particular effort should be taken to develop relationships with new policy makers and their staff as turnover occurs.**

$ 22. **CRAB, FMSIB, and H&LP should identify ways to use their website to communicate more timely information about project and portfolio status to support transparency and encourage timely project advancement.** Agencies should adopt a "Dashboard-lite" approach rather than seeking to recreate the full extent of the TIB Performance Management Dashboard: the use of simple, low-cost approaches should be encouraged, with an emphasis on making timely information available in an accessible manner. Agencies should collaborate on this approach, and consider models and partnerships with other agencies that manage grant and loan portfolios. In addition to timely project status updates, agencies should use their website to convey general information about the programs, including available funding amounts, changes to eligibility requirements, etc.

4.6 Governance and Organizational Structure

a) Boards

Current Agency Roles and Practices

CRAB, FMSIB, and TIB each has a governing board as described in the Agency Profiles and summarized below. The composition of each board is also summarized in **Exhibit 19**, which highlights the representation of agency staff on others agencies' boards.

CRAB. The CRAB Board is comprised of six county commissioners or council members and three county engineers. County representation reflects the diversity of Washington's counties by population, and no county can be represented more than once. The Board is appointed by the Board of Directors of the Washington State Association of Counties. The Board appoints an Executive Director who serves as the Chief Administration Officer of the Board and is responsible for carrying out the policies adopted by the board. Other responsibilities of the Board are to:

- Establish and maintain Standards of Good Practice to guide and ensure consistency and professional management of county road departments
- Approve: (1) Criteria for RAP and CFCIP grants, (2) Project list for RAP awards, and (3) CFCIP project list for submittal to the Legislature for funding

FMSIB. FMSIB's Board has 12 members representing the modes and jurisdiction types involved in freight movement, including ports and private sector representatives of the trucking, rail, and shipping industries. The Board is very active in freight advocacy, forming public-private partnerships and leveraging private sector contributions to construction projects, and reviewing, selecting, and monitoring funded projects.

TIB. The TIB Board has 21 members and is composed of six city members, six county members, two WSDOT officials, two transit representatives, a private sector representative, a member representing the ports, a Governor appointee, a member representing non-motorized transportation, and a member representing special needs transportation. Board members are appointed by the Secretary of Transportation to four-year staggered terms with the exception of the CRAB representative and the Governor's appointee.

The Board meets bi-monthly and has final approval authority over projects selected for funding. The Board also reviews and approves project evaluation and scoring criteria as well as major project scope or cost changes.

Findings

Board contributions. Each agency's board provides expertise, capacity, and a body responsible for oversight and accountability of the agency's performance. Customers and state government stakeholders also noted that the CRAB and TIB boards provide credibility and support the agencies' ability to fund projects without legislative approval. This independence has protected the focus and mission of the organizations, as well as their funding streams.

Customers described the cross representation of agency staff on other boards as a strength to the system. Some of the benefits of this cross representation are discussed in **Section 4.3 c)**.

The contributions of the FMSIB Board deserve special mention. The Board composition brings private sector expertise and interests to the table, leveraging more private sector participation than could

otherwise be expected, and adding credibility to the agency. The active engagement of the Board in the project selection process applies this expertise directly, and allows the agency to accomplish more than it otherwise could with its 2.0 FTE.

Board costs. CRAB, FMSIB, and TIB board members serve on a volunteer basis and do not receive any fees. The agencies pay travel costs for board members and incur additional costs for meeting space rental. Total board costs are shown in **Exhibit 18**. Staff time and energy addressing board member questions and preparing for board meetings is another cost related to board support, though more difficult to quantify.

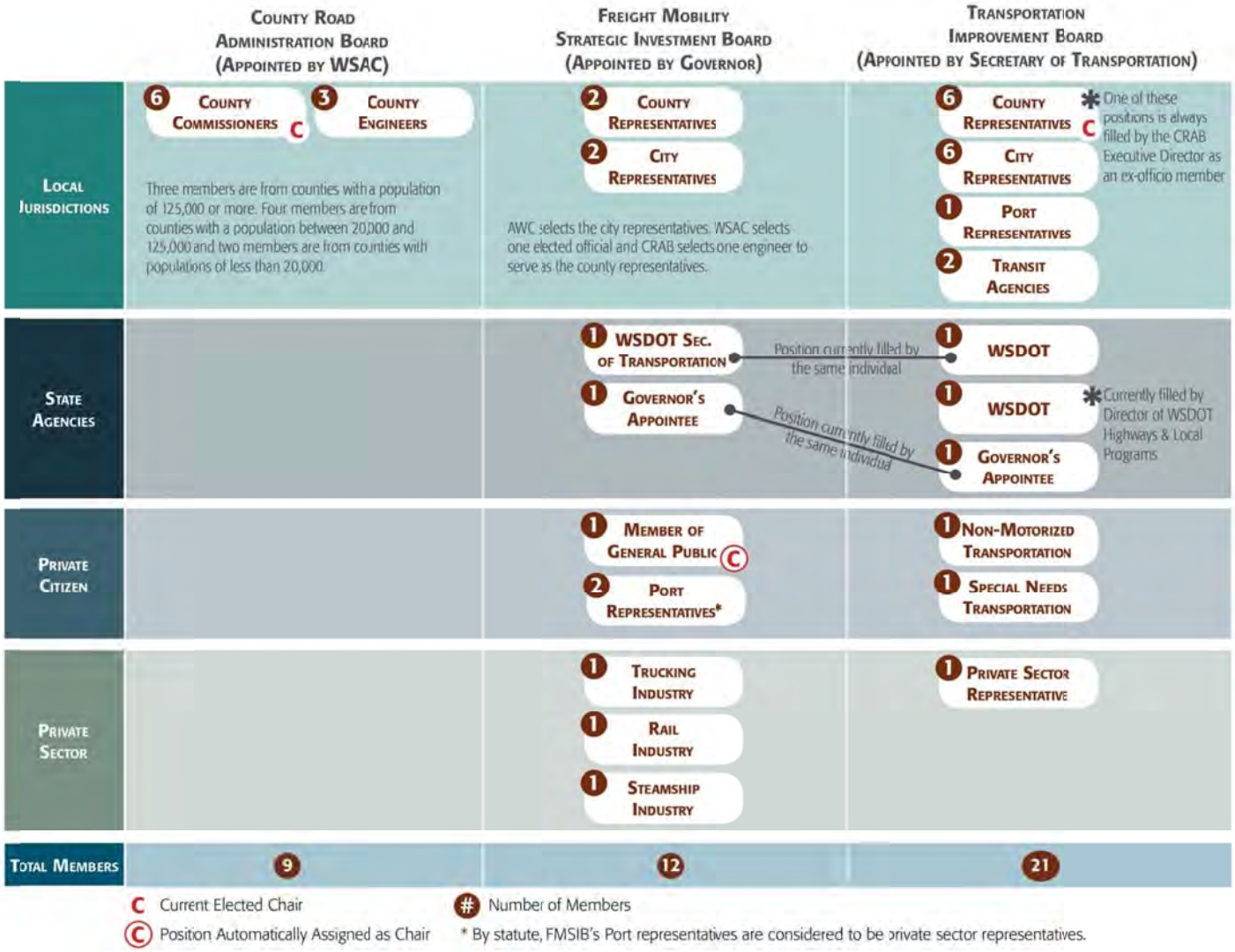
Exhibit 18
Board Costs (FY2010)

	Total Annual Board Costs (Travel and Meeting Expenses)	Number of Board Members	Average Cost Per Board Member
FMSIB	$21,351	12	$1,779
CRAB	$18,582	9	$2,065
TIB	$30,000	21	$1,429

Relative to the value the boards provide, the costs of supporting members' travel and providing meeting space are relatively minimal. Meeting location has an impact on cost, with Olympia and the vicinity generally costing less than other areas. However, there is value in meeting around the state as it provides the boards with an opportunity to visit past and current projects. The CRAB Board always meets in Olympia, while FMSIB and TIB boards meet around the state.

Exhibit 19

Board Composition



Source: Agencies, BERK, 2010.

b) Agency Staffing and Administration

Current Agency Roles and Practices

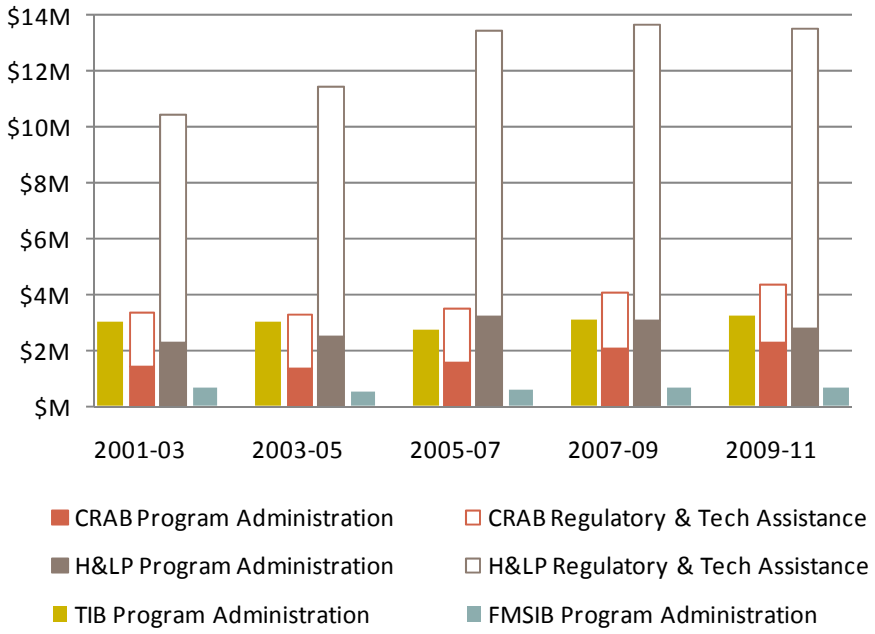
Agency administration. Each agency currently provides its own staffing, with the exception of FMSIB, which pays for financial support services from H&LP and website development and maintenance services from CRAB. This model allows FMSIB to maintain minimal staff levels in-house.

Operating and Administrative Costs

Agency operating and administrative costs are a measure of efficiency and a critical component of financial management strategies geared toward cost containment.

Operating budgets for the four agencies fund significantly different types of activities. All agencies manage grant programs (these costs are shown as "Program Administration in **Exhibit 20** below). In addition, CRAB and H&LP have oversight and technical assistance responsibilities that go well beyond grant management. These costs are reflected in their operating budgets.

Exhibit 20
Agency Biennial Operating Expenditures



Source: Agencies, BERK, 2010.

The operating expenditures and program administration cost data in the exhibit above has been provided by agencies (2009-11 is budgeted and may overstate actual expenditures due to cost saving initiatives). "Program Administration" reflects costs to manage funding programs as follows:

- **FMSIB**: all operating costs as FMSIB's functions are all focused on its funding objectives (this understates true FMSIB operating costs because it does not account for administrative support received from H&LP)
- **TIB**: all operating costs as TIB's technical assistance functions are all directly related to its grant programs

- **CRAB**: operating costs funded by RATA and CAP accounts (this is likely overstated for program administration CAP expenses include oversight responsibilities as well)
- **H&LP**: Program Administration includes the sections primarily dedicated to supporting H&LP generally or supporting the capital program's project approval and funding activities. These sections are the headquarters Director and the Executive Assistant, Finance and Administration, and the Program Management, as shown on organizational chart in **Section D** of the Agency Profile in **Appendix A**.

Exhibit 21
2009-11 Agency Operating Budgets

Agency	Program Administration Costs	Program FTEs	Technical Assistance & Oversight Costs	Other FTEs (for technical assistance, oversight)	Total Operating Budget	Total FTEs
CRAB	$2.3 M	8.75	$2.1 M	6.85	$4.4 M	15.6
FMSIB	$0.7 M	2	-	-	$0.7 M	2.0
TIB	$3.2 M	11	-	-	$3.2 M	11.0
H&LP	$2.8 M	12	$10.7 M	43.5	$13.5 M	55.5
TOTAL	**$9.0 M**	**33.75**	**$12.8 M**	**50.4**	**$21.8 M**	**84.1**

Source: Agencies, BERK, 2010.

As shown in **Exhibit 21**, in total, the State has budgeted to spend approximately $9 million in the 2009-11 biennium on funding program management and administration (actual expenditures may be lower due to cost saving initiatives).

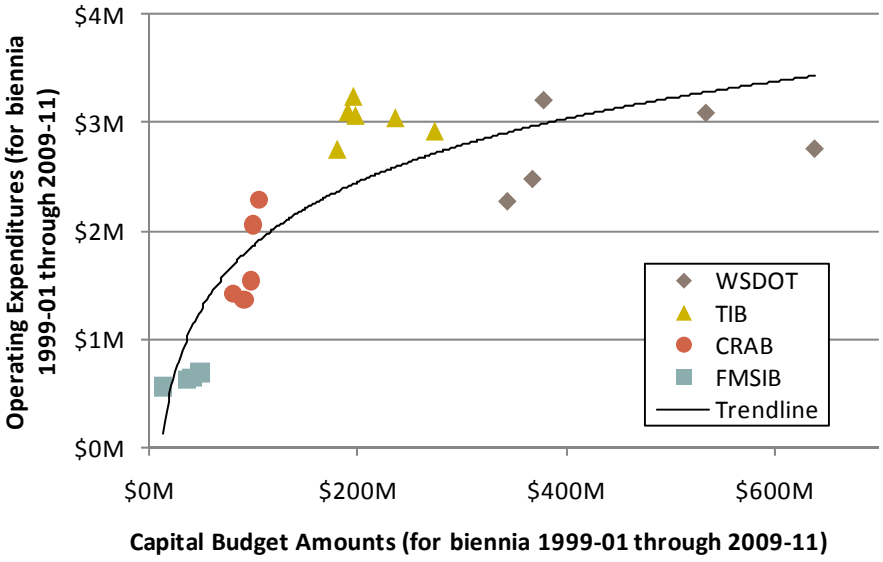
For the same biennium, capital funds that have been appropriated by the state and federal dollars that have been allotted to these four agencies total $988 million.

Collectively, the four agencies have program administration expenses that average 1% of their total capital budgets. In other words, one cent on the dollar is spent on program administration, and the rest is distributed to local jurisdictions. This is noteworthy because a common misconception encountered during this study is that the State spends twenty-five cents for every dollar of funding on program overhead that could otherwise be passed on to local jurisdictions.

It is important to note that this number varies by agency, ranging from 0.4% to 4.3% over the past four biennia, and the 1% system average is driven by H&LP, whose large federal budget can skew the system average downward. However, even at the high end of the range (4%) the agencies are very efficient in their management of the funding programs, and assertions that the State keeps 25-30% of the funds for administration are unfounded.

When comparing the agencies to one another and taking into account the vast differences in the size of the capital budgets they manage, the agencies have similar program administration costs.

Exhibit 22
Operating Expenditures Relative to Capital Budgets



Source: Agencies, BERK, 2010.

Exhibit 22 above shows each of the agencies biennial operating expenditures on program administration compared to capital budgets for the same biennium.

- The trend line shows that program administration costs increase as the program budgets increase, and the curve shows that there are some efficiencies of scale gained as agencies manage larger budgets
- Points above the trend line show program administration costs that are higher relative to the budgets they administer than points below the line.
- On average, the agencies track very closely with the trend line, indicating that after adjusting for the size of the budgets they manage, agencies spend a similar proportion of funds on program administration costs
- FMSIB's operating costs are understated as they do not include the administrative support FMSIB receives from WSDOT H&LP

Summary of Findings

Agencies have program administration costs that average 1-4% of the capital budgets they manage. This indicates that these programs are efficient vehicles for the State to direct funding to local jurisdictions in a manner that helps achieve program goals.

Agency management and capacity. Customers recognized, and in some cases expressed concerns, that the four agencies are driven by strong personalities. How these agencies will transition beyond the current leadership is a matter of some interest, if not concern, to the customers and stakeholders. TIB is currently undergoing such a transition and cities expressed a wish to move expeditiously to fill the recently vacated Executive Director position.

As is the case with any small organization founded and/or run by a strong leader, institutional stability needs to be developed to prepare for the eventual transition to new leadership. Succession planning

for each of these agencies is important, as is the general need to develop strong organizational capacity and institutional knowledge in multiple staff members.

These issues pose particular challenges for FMSIB, which is currently staffed by an Executive Director and two part-time confidential secretaries. Additional staffing would create a more stable organization less reliant on the memory, expertise, and energy of a single individual and the contributions of the Board. Additional staffing would strengthen the organization's ability to bring partners to the table and implement more successful projects.

Potential Opportunities for Improvement

A shared services model was considered for providing administrative support functions for CRAB, FMSIB, and TIB. Given the current efficiencies obtained by agency staff and the minimal overhead required for funding program administration, we do not recommend such a change at this time given the potential for disruptions and challenges. While the shared services model in general promises efficiencies and standardization around best practices, it would also mean disrupting current relationships and increasing the distance between current agency management and support staff.

Given the current administrative efficiencies of the agencies, moving administrative staff to a shared services organization would not result in cost savings, but would shift staff costs around the system. Moreover, any change will cause disruption and require short-term investments before any promised savings can be recovered over the longer-term cost savings. As discussed in **Section 3.4 b)**, significant changes are anticipated in the greater funding environment, likely requiring significant changes to the local transportation funding model at some point in the future. For these multiple reasons organizational shifts are likely not recommended at this time.

Recommendations

23. **CRAB, FMSIB, and TIB should develop formal plans for leadership development and succession.** Each of the agencies already has a start on these important considerations. Additional staff resources should be considered for FMSIB when resources allow.

4.7 Summary of Evaluation of Current Management Systems, Programs, and Processes

The four studied agencies are generally functioning well and receive positive reviews from their customers. There are areas for improvements to the current system, most importantly related to portfolio management, financial management, performance measures, and communication with stakeholders.

Our recommendations for improvements to agency performance are summarized in the preceding sections. These adjustments will enable the current system to operate more effectively, efficiently, and transparently, benefiting current customers, strengthening the relationship of the agencies with stakeholders within state government, and positioning them well for pending shifts towards a more outcome-based funding transportation policy environment.

JTC EFFICIENCIES IN THE DELIVERY OF TRANSPORTATION FUNDING & SERVICES TO LOCAL GOVERNMENT

Appendix A: AGENCY PROFILES

County Road Administration Board

A. GENERAL AGENCY INFORMATION

Mission Statement To preserve and enhance the transportation infrastructure of Washington Counties by providing standards of good practice, fair administration of funding programs, visionary leadership, and integrated, progressive, and professional technical services.

Summary of Services and Functions

Oversight

Standards and Certificates of Good Practice. Sets Standards of Good Practice, establishes county reporting requirements, and issues annual Certificates of Good Practice to counties in compliance with its Standards and other federal regulations. Counties are required to have a Certificate to receive gas tax disbursements from the State.

Legislative Reporting. Makes annual reports to WSDOT and the Legislature on the status of each county's road administration and recommendations for improvement.

Technical Assistance

Software Systems and Training. To support county compliance with the Standards of Good Practice, CRAB has developed and provides counties with a road management software system (*Mobility*), an engineering design software system (*Design Systems)*, and training and support in the use of this tool.

Public Works and Engineering Training. CRAB also provides training for Public Works and County engineers regarding key roles, responsibilities and legal requirements.

Funding Programs

County Arterial Preservation Program (CAPP). Helps counties preserve existing paved arterial road networks and is a distribution of the Motor Vehicle Fuel Tax.

Rural Arterial Program (RAP). Funds road and bridge reconstruction.

County Ferry Capital Improvement Program (CFCIP). Offers financial assistance for major capital improvements to county-operated ferry systems.

Who does it serve?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

FTEs 16.0

2009-11 Budget

Capital	$105.4 M
State	*$105.4 M*
Federal	*$0.0 M*
Operating	$4.5 M

B. AGENCY HISTORY AND INTENT

Established 1965	**Authorizing Legislation** RCW 36.78
Agency Evolution	**Additional Context**
1965 CRAB created by Legislature to provide statutory oversight of Washington's 39 county road departments **1983** Rural Arterial Program (RAP) founded and given 0.33 cents of the Motor Vehicle Fuel Tax (MVFT) **1985** CRAB given responsibility to distribute the counties' portion of the MVFT	CRAB was formed primarily to conduct oversight and regulation of the administration of county roads. CRAB's oversight and distribution of the motor fuel tax ensures the protection of the State's 18th Amendment at the county level. CRAB is a major resource for the Washington State County Engineers and County Public Works staff for transportation-related issues.

CRAB also became custodian of County Road Log Database used in the computation of gas tax allocations

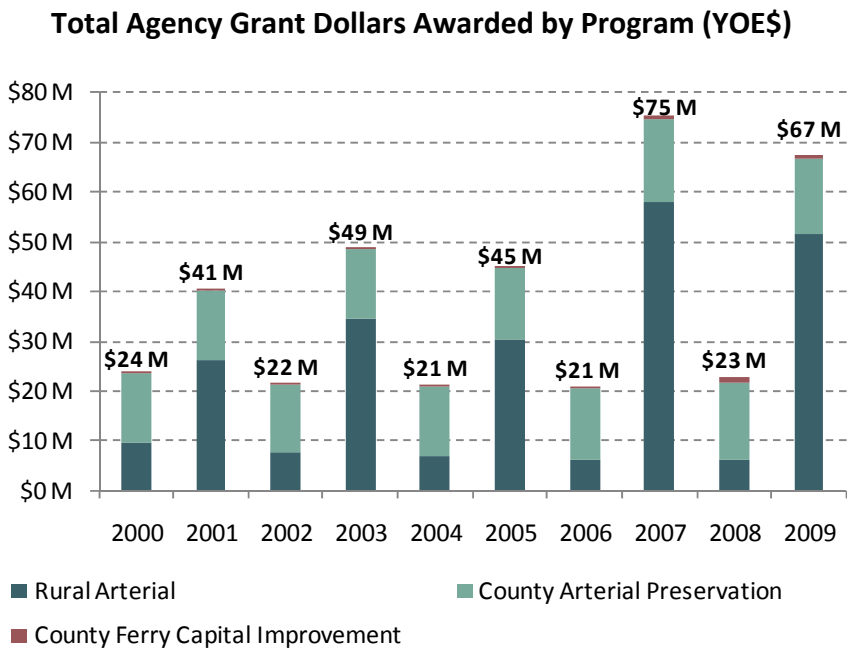
1990 RAP's portion of the MVFT increased to 0.58 cents and CAPP was established at 0.45 cents of MVFT

1991 The County Ferry Capital Improvement Program was created to assist the four counties operating car ferries

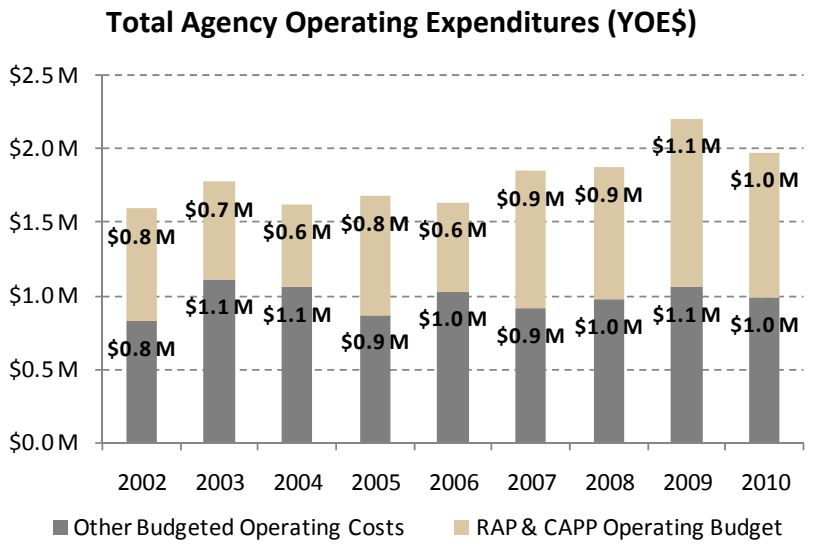
2006 CAPP allotted an additional $1.5 million annually from the Transportation Partnership Account

C. AGENCY FUNDING

Funding History and Sources



- State funding source: dedicated portion of the Motor Vehicle Fuel Tax.
- State accounts: Motor Vehicle Account, Rural Arterial Trust Account, County Arterial Preservation Account, Transportation Partnership Account.



- The CAPP & RAP operating budgets come from the CAPP and RAP accounts.
- Other operating costs are funded by the Motor Vehicle Account.
- Staffing expenses include administration, grant management, oversight, and technical assistance for all three accounts.

Current Snapshot of Projects (as of July 2010)

County Arterial Preservation Program	2009: Number of center lane miles of preservation completed = 915	Counties = 39
Rural Arterial Program	2009-11: Number of active projects = 122	Counties = 39
County Ferry Capital Improvement Program	2009: Number of active projects = 3	Counties = 2

Projects Completed (as of July 2010)

Number of CAPP and RAP Projects Completed by County 2000-2009: **283 total projects completed**

- Adams: 10 projects
- Asotin: 4 projects
- Benton: 4 projects
- Chelan: 7 projects
- Clallam: 7 projects
- Clark: 8 projects
- Columbia: 8 projects
- Cowlitz: 5 projects
- Douglas: 6 projects
- Ferry: 9 projects
- Franklin: 4 projects
- Garfield: 3 projects
- Grant: 12 projects
- Gray's Harbor: 8 projects
- Island: 6 projects
- Jefferson: 4 projects
- King: 14 projects
- Kitsap: 6 projects
- Kittitas: 8 projects
- Klickitat: 5 projects
- Lewis: 6 projects
- Lincoln: 14 projects
- Mason: 2 projects
- Okanogan: 9 projects
- Pacific: 8 projects
- Pend Oreille: 5 projects
- Pierce: 5 projects
- San Juan: 1 project
- Skagit: 9 projects
- Skamania: 4 projects
- Snohomish: 7 projects
- Spokane: 8 projects
- Stevens: 10 projects
- Thurston: 2 projects
- Wahkiakum: 6 projects
- Walla Walla: 11 projects
- Whatcom: 5 projects
- Whitman: 30 projects
- Yakima: 8 projects

D. AGENCY ORGANIZATION AND GOVERNANCE

Governing Board and Composition

CRAB is comprised of 9 members from counties and meets quarterly. Six members are county commissioners or council members and three are county engineers. County representation reflects the diversity of Washington's counties by population size, and no county can be represented more than once. Three members are from counties with a population of 125,000 or more. Four members are from counties with a population between 20,000 and 125,000. Two members are from counties with a population of less than 20,000.

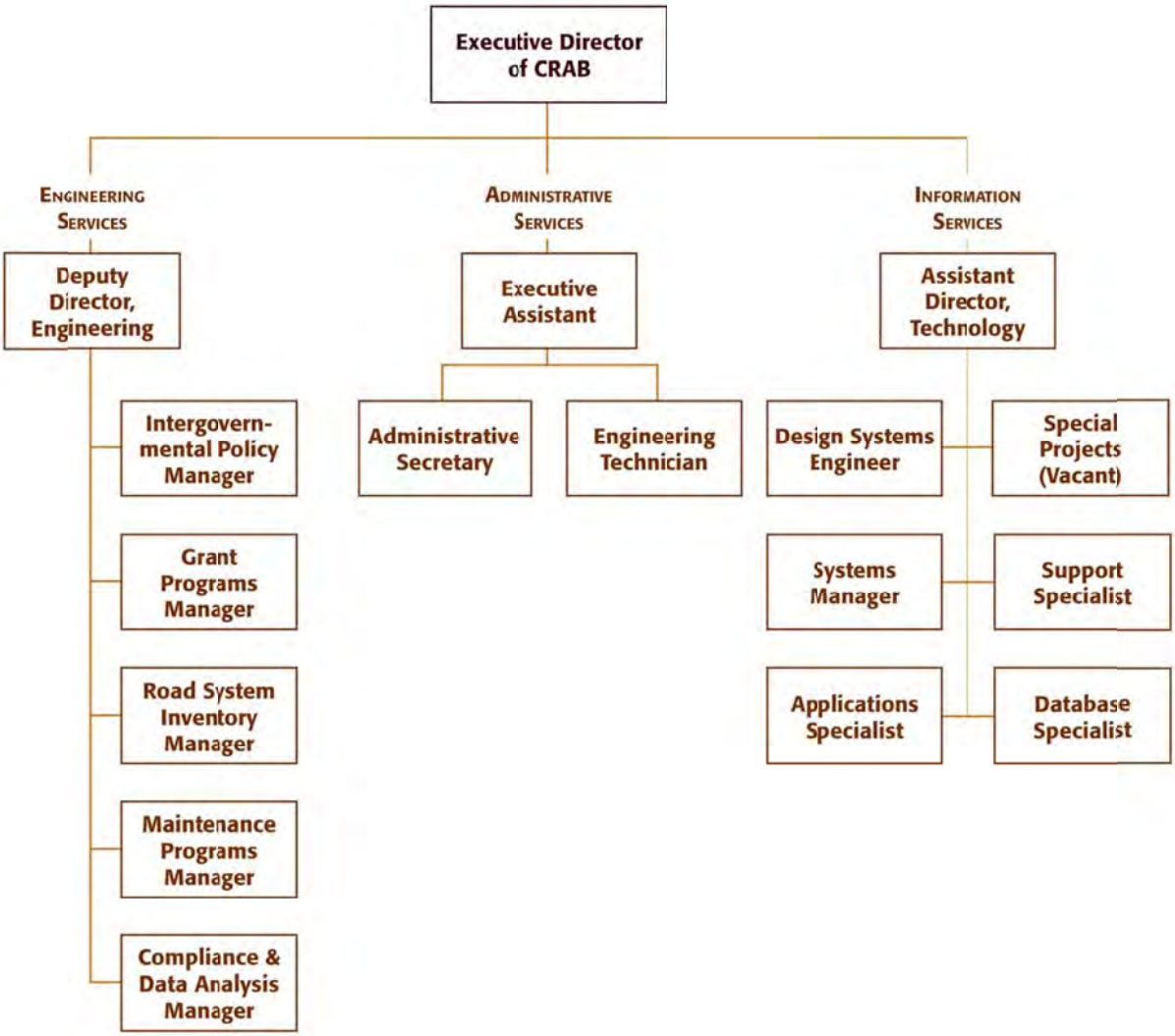
The Board is appointed by the Board of Directors of the Washington State Association of Counties. Each member serves a three-year term. The Board appoints an Executive Director who serves as the Chief Administration Officer of the Board and is responsible for carrying out the policies adopted by the Board.

Role and Authority of Board **RCW 36.78.030—36.78.080**

- Establishes and maintains Standards of Good Practice to guide and ensure consistency and professional management of county road departments
- Approves: (1) Criteria for RAP and CFCIP grants, (2) Project list for RAP awards, and (3) CFCIP project list for submittal to the Legislature for funding

Staffing and Organization

- 16.0 FTE
- CRAB staff provides some services to FMSIB including: website development and maintenance and engineering assistance during the early stages of FMSIB projects



E. AGENCY PERFORMANCE MANAGEMENT TOOLS

CRAB tracks and reports on the following measures:

Administration

1. Number of counties earning Certificates of Good Practice based on review of compliance with the CRAB Standards of Good Practice
2. Number of Counties in Compliance with the CRAB Standard of Good Practice on Maintenance Management
3. Number of traffic fatalities that occur on county roads per year
4. Number of traffic related injuries that occur on county roads per year
5. Number of person-days of training/consulting provided to county personnel by CRAB staff

RAP and CAPP

6. Percent of county road arterials in fair or better condition
7. Percentage of county owned bridges that are in fair or better condition

F. DETAIL OF SERVICES

Oversight Functions

Standards of Good Practice. RCW 36.78 requires CRAB to establish, by rule in the WAC, Standards of Good Practice for the "administration of county roads and the efficient movement of people and goods over county roads." As defined in Chapter 136 of the WAC, the Standards of Good Practice developed and adopted by CRAB are as follows:

- **Certificate of Good Practice:** Requires an annual review of each county's operations practices and results, assuring that standards are being met. Failure to meet standards can result in the withholding of the county portion of the fuel tax.
- **Maintenance management:** Requires counties to adopt a documented and managed approach to maintenance of all county roads by December 31, 2007. CRAB engineering staff drafted approach plans on behalf of every county, which the county could review and modify or adopt without changes. This program saw 100% compliance in its first year.
- **County engineer vacancy:** Assures that the statutory and practical requirements of maintaining an engineering organization under the direction of a licensed Professional Engineer who has the prerequisite knowledge and skills is carried out in and efficient timely manner.
- **Priority programming:** Requires counties to use a documented prioritization scheme, with specified parameters, to set its road construction programs, assuring that the dedicated fuel tax funds are expended in accordance with their constitutional and statutory purposes, and in an efficient, explainable and supportable manner.
- **Six-year programs:** Assures the development of a statutorily required six-year program forecast, appropriately considering both priorities and fiscal capabilities. Assures that citizens can affect and see the county needs and priorities over a period of time, providing a sound foundation for effective annual programming decisions.
- **Annual road program:** Requires full disclosure of actual practice in annual construction activities, assuring both compliance with applicable laws and clear accountability to the citizens.
- **County forces construction:** Requires clearly defined and documented actions and records to implement projects accomplished with county forces, assuring compliance with legislative direction and clear accountability.
- **Inspections of bridges:** Requires that all counties are in compliance with federal bridge inspection standards. WSDOT verifies inspection schedules and accomplishment and, by letter, notifies CRAB of compliance. Failure to comply is a violation of CRAB Standards of Good Practice. Bridge Inspection certification allows continued flow of both federal and state highway dollars to the counties, and assures safety for highway users of critical transportation links.
- **County accident reports:** Requires not only that such reports be filed in compliance with state law, but with the information added by the county, assures that reports are reviewed. This oversight allows for the collection and comparison of accident trends and summaries to determine what and where focus needs to be directed to help prevent injuries and fatalities among road users.
- **Accommodation of utilities:** Requires consistency, practicability and accountability in permitting for utilities, secondary users of county road rights of way. Helps assure appropriate installations in accordance with good design and safety practices.

- **County engineer relationship:** Clarifies respective roles and accountability of both the lead professional and their respective councils or boards. Requires several policies that provide clarity between those respective roles as well as for citizens doing business with the county.
- **County roadlog:** Requires counties to maintain a complete inventory of all county roads, assuring the capability to evaluate and compare the transportation needs and capabilities across the state, thus providing a high level of accountability both by an individual county and statewide.
- **Pavement management:** Requires counties to implement a pavement management system in order to be eligible for the County Arterial Preservation Program (CAPP), assuring that paved county arterial roads data is available to evaluate regional or statewide arterial preservation and rehabilitation needs.

CRAB has also established reporting requirements for counties in the compliance with the Standards of Good Practice.

Certification Process. Annually, each county engineer and either (a) the chair of the board of county commissioners or (b) the county executive must certify that the county has operated in compliance with the Standards of Good Practice. CRAB issues a Certificate of Good Practice on behalf of a county to the State Treasurer based on: (a) the county certification of compliance, (b) the annual Bridge Inspection Report, and (c) biennial performance audits. The Certificate of Good Practice is required before disbursement of gas tax revenues to the county in the following year.

Legislative Reporting. CRAB must make annual reports to WSDOT and the Legislature on the status of county road administration in each county. This report also contains recommendations for improving administration of the county road programs.

Technical Assistance

To support county compliance with the Standards of Good Practice, CRAB provides technical assistance to counties through software system development, deployment, hosting, and training.

Software Systems.

- **Mobility Software System:** CRAB has developed and provides counties with a comprehensive road management software named *Mobility* which, at present, contains three management systems: Infrastructure Asset Management, Pavement Management, and Maintenance Management. Mobility enhances a county's ability to make quality decisions through consistent, equitable, and defensible management plans and operations. Counties use Mobility software to update and maintain county Roadlog data. The Roadlog contains control fields used for computation of gas tax allocations. CRAB released the latest version of Mobility (2.1) on July 15, 2009, with new improvements and enhancements.
- **Design Systems:** CRAB provides counties with engineering design software, support, and training through *Design Systems* software program, which has enabled county design professionals to collect, develop, and manipulate geometric data needed for site design and construction planning. Emphasis is placed on containing costs and improving quality throughout the life of road projects.

Training and Support. CRAB trains county staff to effectively use their software systems and tools. Training and support activities include: in-person classes held at the CRAB training facilities in Olympia and at regional trainings in Eastern Washington; a yearly Road Design Conference; and ongoing support. CRAB also offers training workshops to county engineers and road department staff that overview the role, responsibilities, and legal requirements of a county engineer.

Funding Programs

County Arterial Preservation Program

WAC 136.300

Description. The County Arterial Preservation Program is designed to help counties preserve their existing paved arterial road networks. CAPP is funded with 0.45 cents of the Motor Vehicle Fuel Tax (MVFT) and by an annual transfer of $1.5 million from the Transportation Partnership Account. CRAB monitors each county's overall arterial preservation program and accomplishments year by year. This is not a competitive program: funds are distributed based on each county's miles of paved arterial roads in unincorporated areas.

Year Founded 1990

Award Type Non-competitive, formula allocation

Required Match No

Approval Authority Funds distributed by State Treasurer

Cycle Frequency

Monthly distribution

Eligibility Details. All counties are eligible for CAPP grants. Projects are restricted to paved arterial roads in the unincorporated area of each county. All arterial preservation work and related activities, and maintenance management done by each county, shall be eligible if:

- The county is in compliance with the pavement management system requirements;
- The county has prepared and submitted its annual county arterial preservation program; and
- The work is allowable according to WAC 136-300-070, which includes (1) implementation of computerized systems; (2) paved surface preservation, rehabilitation, and maintenance management activities; and (3) resurfacing work

Evaluation Criteria. The State Treasurer distributes funds to counties based on miles of paved arterial roads in unincorporated areas.

Selection Process. N/A

Which statewide transportation goals are supported?

Economic Vitality
Preservation
Safety
Mobility
Environment
Stewardship

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

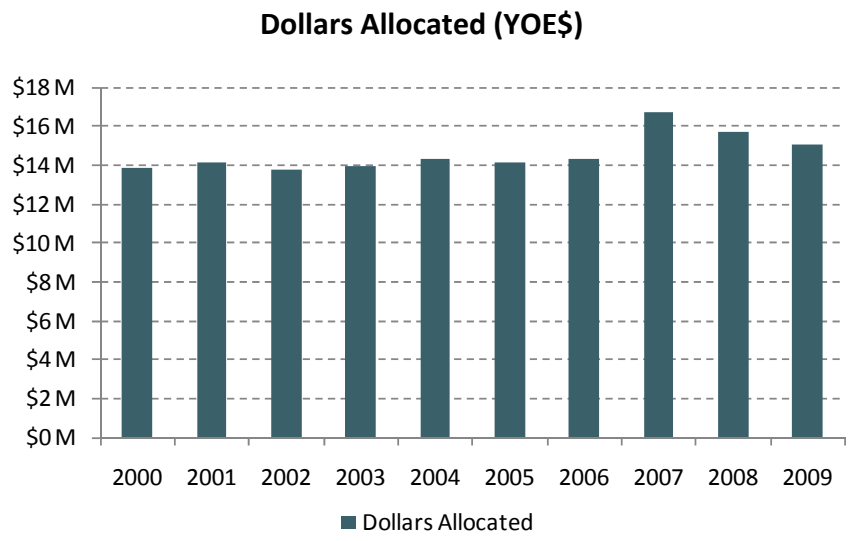
What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

What costs are eligible?

Design (includes pavement management and direct administration of pavement resurfacing/construction work)
Right of Way
Construction

Funding and Recipients



- Dedicated funding from MVFT [Motor Vehicle Account].

Rural Arterial Program

WAC 136.100-210

Description. The Rural Arterial Program (RAP) is a road and bridge reconstruction program that counties compete for every two years within their respective regions. RAP was created by the Legislature in 1983 to help finance the reconstruction of rural arterial roads facing severe deterioration in the wake of railroad abandonments. Initially, RAP received 0.33 cents of the Motor Vehicle Fuel Tax, which was increased to 0.58 cents in 1990.

Year Founded 1983

Cycle Frequency Biennial

Award Type Competitive Grant

Required Match Yes, 10%

Approval Authority CRAB

Eligibility Details

- All counties with current Certificates of Good Practice are eligible.

Evaluation Criteria. The competitive process considers:

- Structural ability to support loaded trucks
- Ability to move traffic at reasonable speeds
- Adequacy of alignment and related geometry
- Accident and fatal accident experience
- Local significance

Selection Process. RAP is focused on correcting adverse geometry (alignment problems such as a dangerous curve or a poorly aligned intersection), narrow widths, safety hazards, and major structural failures. Counties submit RAP projects based on safety, geometry, capacity, and structural deficiencies. Projects compete within their regions, which include: Northeast, Northwest, Puget Sound, Southeast, and Southwest.

CRAB staff review each proposed project site and scope to assist the county in the grant application and to rank the project submittals. The highest ranked project submittals are those in worst condition in each region. This ranked list is approved by the Board.

Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

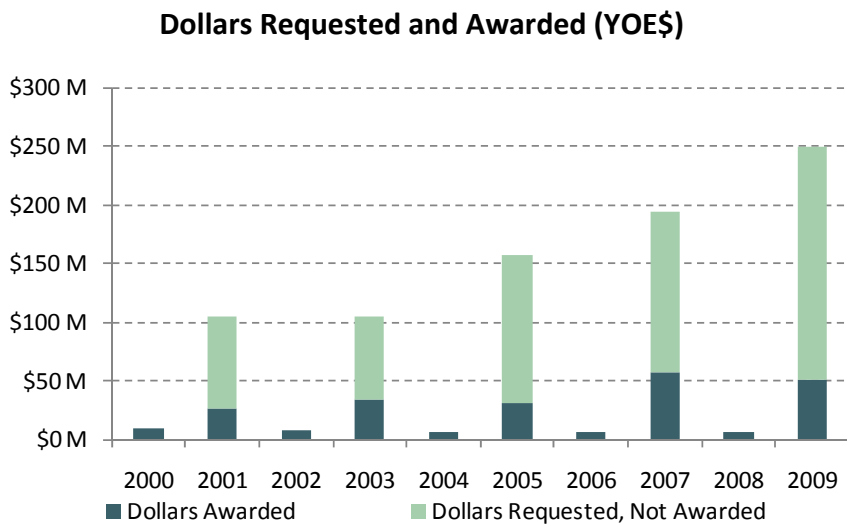
What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

What costs are eligible?

Design
Right of Way
Construction

Funding and Recipients



- Dedicated funding from MVFT [Rural Arterial Trust Account].
- CRAB awards 90% of the ensuing biennial revenue estimates in the odd year, followed by 10% in the even year.

County Ferry Capital Improvement Program

WAC 136.400

Description. Due to lack of other viable funding support, the County Ferry Capital Improvement Program (CFCIP) was created in 1991 specifically to assist the four counties operating car ferries. CFCIP offers financial assistance for major capital improvements to the four county-operated car ferry systems in Pierce, Skagit, Wahkiakum, and Whatcom Counties.

Year Founded 1991

Cycle Frequency Every 4 years

Award Type Competitive Grant

Required Match Yes. Counties up to 65%; ferry districts up to 30%, subject to the financial role of the ferry districts.

Approval Authority

CRAB recommends approved list to the Legislature for funding

Eligibility Details. Only Pierce, Skagit, Wahkiakum, and Whatcom Counties are eligible for CFCIP funding. The project must be included in both the County's six-year transportation program and its ferry system fourteen-year long-range capital improvement plan. The county is required to first seek funding from alternate sources including, but not limited to the Public Works Trust Fund. Eligible projects include:

- Purchase of new vessels
- Major vessel refurbishments that substantially extends the life of the vessel
- Facility refurbishment or replacement that substantially extends the life of the facility
- Installation of items that substantially improve ferry facilities or operations
- Construction of infrastructure that provides new or additional access or increases the capacity of terminal facilities

Evaluation Criteria. The competitive process considers:

- Engineering process evaluation
- Cost effectiveness
- Potential other criteria as determined by the Board

Selection Process. The Board determines the amount of funding available, if any. Awards are given if a county demonstrates it is prepared to proceed and the project is shown to be reasonable and necessary.

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Ferries)

What costs are eligible?

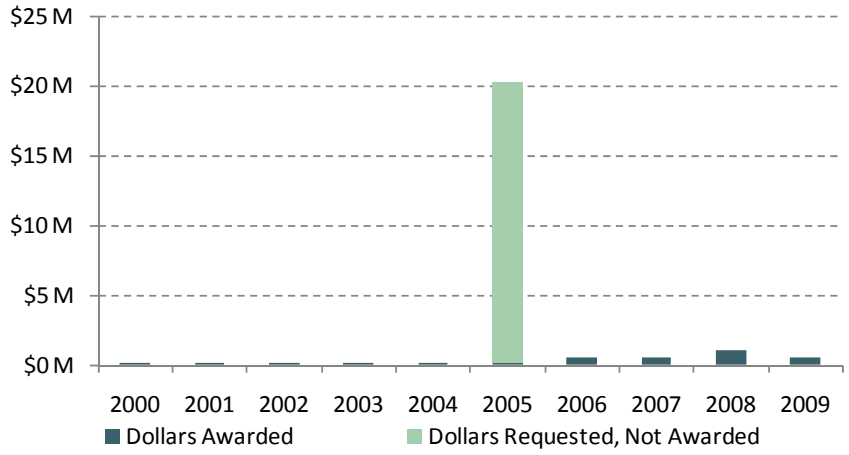
Design
Right of Way
Construction

Which statewide transportation goals are supported?

Economic Vitality	**Preservation**
Safety	**Mobility**
Environment	**Stewardship**

Funding and Recipients

Dollars Requested and Awarded (YOE$)



- Funding is appropriated by the Legislature.
- The chart shows requests for funding made 2005, with disbursements from this award cycle occurring from 2006-09.

Freight Mobility Strategic Investment Board

A. GENERAL AGENCY INFORMATION

Mission Statement The Washington Freight Mobility Strategic Investment Board (FMSIB) was created by the Legislature to identify and recommend investments that improve and mitigate freight movement on strategic state corridors, grow jobs and the economy, and bolster Washington as a leader in international trade.

The role of the Board is to:

- Advocate for strategic freight transportation projects that bring economic development and a return to the state
- Focus on timely construction and operation of projects that support jobs
- Leverage funding from public and private stakeholders
- Cross modal and jurisdictional lines to create funding partnerships
- Serve as the de facto freight project screening agency for state and federal policy makers

Who does it serve?

Cities/Towns

Counties

Port Districts

Transportation Benefit Districts

Tribes

State Agencies: WSDOT and the Department of Archaeology and Historic Preservation

Transit

Other (freight movers)

Summary of Services and Functions

Advocacy and Convening

FMSIB advocates for freight projects at the federal and state level. FMSIB facilitates individual and group conversations to help develop partnerships and broker agreements and leverage additional money to fund projects.

Funding Programs

Freight Mobility Strategic Investment Program. Recommends freight mobility projects to the Legislature for funding based on agency-developed project priority selection criteria.

FTEs 2.0

2009-11 Budget

Capital	$55.0 M
State	*$38.0 M*
Federal	*$17.0 M*
Operating	$0.7 M

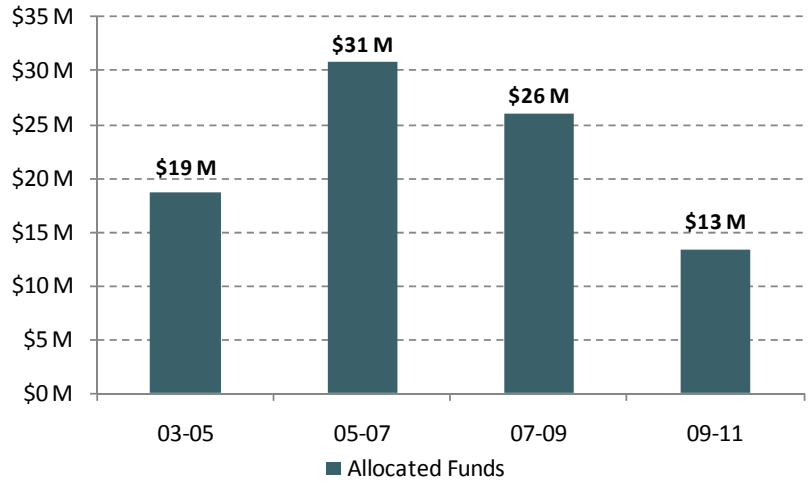
B. AGENCY HISTORY AND INTENT

Established 1998	**Authorizing Legislation** RCW 47.06A
Agency Evolution **1998** FMSIB established and funded at $100M per biennium **1999** Funding was eliminated with the passage of I-695, and the Legislature began funding projects on a case-by-case basis **2005** Legislature approved a 16-year funding package that includes $109 million for FMSIB projects (approximately $12M per biennium)	**Additional Context** Limited public transportation funding and competition for the same fund sources between freight and general mobility improvements require strategic, prioritized freight investments that reduce barriers to freight movement, maximize cost-effectiveness, yield a return on the state's investment, require complementary investments by public and private interests, and solve regional freight mobility problems. State financial assistance for freight mobility projects must leverage other funds from all potential partners and sources, including federal, county, city, port district, and private capital. *Source:* RCW 47.06A.001

C. AGENCY FUNDING

Funding History and Sources

Total State Agency Grant Dollars Allocated for Projects (YOE$)

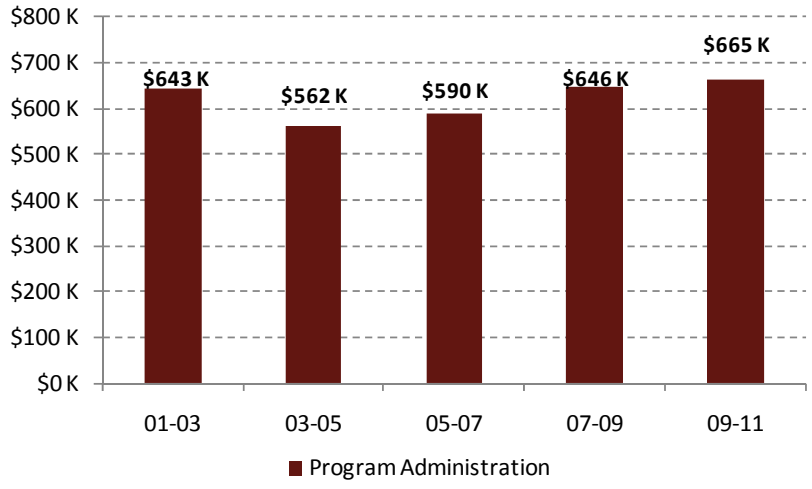


Notes:

- Figures shown do not include funds leveraged from other sources or reappropriated dollars.
- In addition to the $12 million per biennium in dedicated funding, FMSIB may request additional funding for specific projects from the Legislature. Thus, the total amounts shown above are greater than $12 million per biennium.
- The term "allocated" is used because the Legislature makes the final decision about project funding.

- In the 03-05 biennium, funds were allocated to projects ready for construction.
- For the 05-07, 07-09, and 09-11 biennia, dollars allocated includes $12M per biennium in dedicated State funds from the Freight Mobility Multimodal Account (FMMA) and the Freight Mobility Investment Account (FMIA). Funding also includes Multimodal and Motor Vehicle State funds and Union Pacific/interest (as of 07-09) totaling $18.9 M in 05-07, $14.0 M in 07-09, and $1.4 M in 09-11.
- The 09-11 biennium is estimated.

Total Agency Operating Expenditures (YOE$)



- Operations are funded by a state appropriation from the Motor Vehicle Account.
- The 09-11 biennium is estimated.

Current Snapshot of Projects

Number of Active Projects	2010 Projects by Region	
19 Developing Projects	Western Washington = 4	Eastern Washington = 2
7 Unfunded Projects	Puget Sound = 16	Puget Sound Freight Action Strategy for the Everett-Seattle-Tacoma Corridor (FAST Corridor*) = 4

* The FAST Corridor is a partnership of 26 local cities, counties, ports, federal, state and regional transportation agencies, railroads and trucking interests, intent on solving freight mobility problems with coordinated solutions. The Puget Sound Regional Council administers the FAST Corridor.

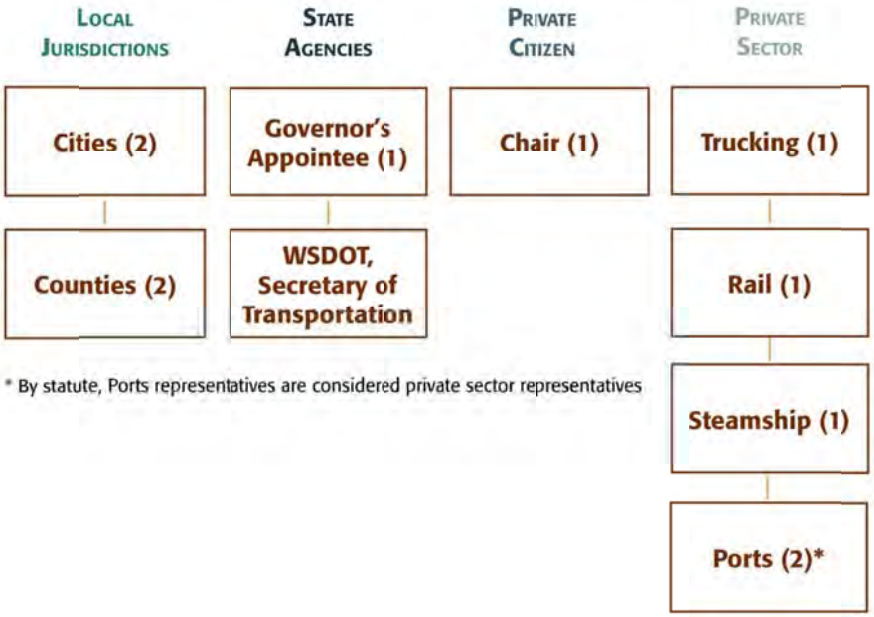
Projects Completed

- 39 since 1999

D. AGENCY ORGANIZATION AND GOVERNANCE

Governing Board and Composition

FMSIB is comprised of 12 members representing the modes and jurisdiction types involved in freight movement. The Association of Washington Cities recommends the cities representatives. CRAB recommends a county engineer to serve as one of the county representatives and the Washington State Association of Counties recommends an elected official as the other county representative. Members are appointed by the Governor for a four-year term.



Role and Authority of Board **RCW 47.06A.020**

- Adopt rules and procedures necessary to implement the Freight Mobility Strategic Investment Program
- Solicit proposed projects from public entities that meet eligibility criteria
- Review and evaluate project applications based on criteria
- Adopt and update Strategic Freight Corridors every two years

Staffing and Organization

- 2.0 FTE
- FMSIB has an interagency agreement with WSDOT to provide technical assistance, graphic support, cartography, administrative accounting, and IT support services; these services are paid for on an hourly basis.
- The FMSIB capital budget is administered by WSDOT's Highways and Local Programs
- CRAB provides website and engineering assistance as needed at no charge
- FMSIB hires private consultants as needed for specific tasks, such as annual report development

E. AGENCY PERFORMANCE MANAGEMENT TOOLS

Outcome Measures

OFM Performance Measures

- Number of barriers of freight movement mitigated by closure or separation of "at grade" crossings
- Number of barriers to freight movement mitigated by removal of chokepoints
- Number of public outreach contacts

Other Measures

Engineers estimate the expected public benefit of a project based on changes in velocity; reductions in truck, train, or rail car delays at rail and road chokepoints; or increased capacity for peak time movement. These expected benefits are measured in advance of project initiation and are not reviewed again following project completion to verify whether the benefits were actually realized.

Agency Performance Measures

For every program $1 awarded the Board reports that it raises another $5 from partners, including federal and local governments and private businesses.

F. DETAIL OF SERVICES

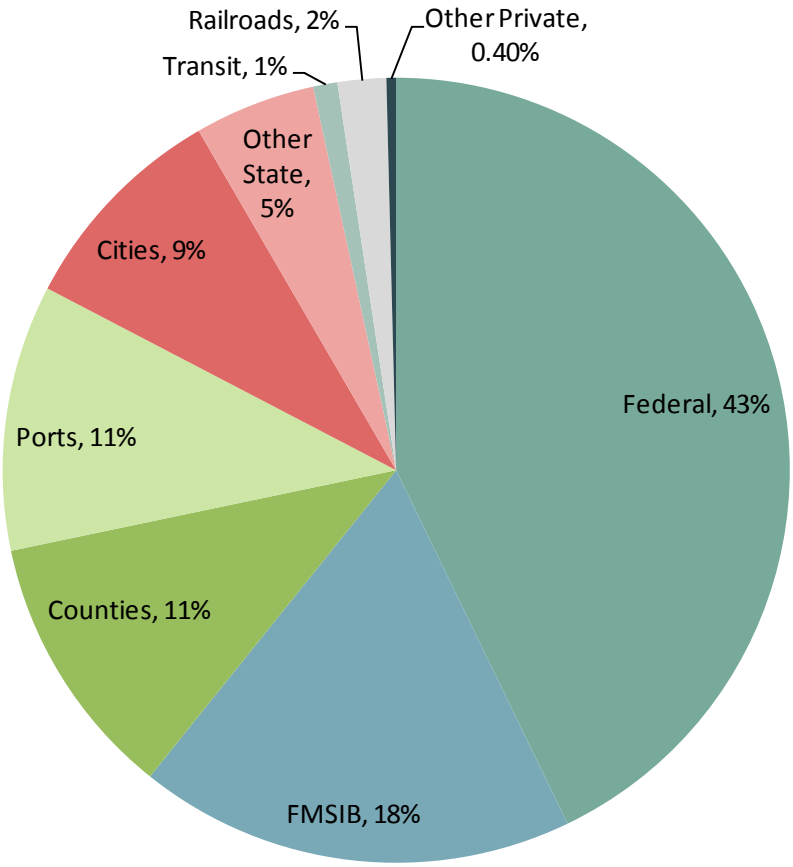
Advocacy and Convening

As the advocate for the freight community, FMSIB works to generate local interest in projects. It can be difficult to persuade local jurisdictions to sponsor necessary corridor improvements when they either see no direct benefit or are unable to provide the necessary matching funds. While needs typically exceed the available resources of any single jurisdiction, state seed money can attract additional partnership agreements and participation from other jurisdictions, federal and private partners. FMSIB advocates for project funds at the federal and state level and from private partners.

Freight projects are different than many road construction projects in that they often involve more than one jurisdiction and multiple users. For example, with the area known as the Tacoma Tideflats, FMSIB convened adjoining jurisdictions and businesses to develop a comprehensive plan that prioritizes improvements and schedules a logical build-out.

The Executive Director has substantial interaction with the projects, in particular helping form multi-party partnerships. This includes extensive individual and group conversations to pull together partners and agreements.

Funding partners involved in the 19 projects under construction in the period from November 2009 to February 2010 period contributed the following shares:



Funding Programs

Freight Mobility Strategic Investment Program

Description FMSIB issues a call for projects every two years to maintain a six-year list of active projects. FMSIB works with the State and local communities to identify and develop freight corridor projects, utilizes agency-developed criteria to select and prioritize projects, and recommends selected freight mobility projects to the Legislature for funding.

Year Founded 1998

Cycle Frequency Biennial

Award Type Competitive Grant (FMSIB is also authorized to provide loans, but the Legislature has only provided funding for grants at this time)

Required Minimum Match 35%

Approval Authority Legislature

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- Project must be on a strategic freight corridor* and be listed as part of a state or local transportation plan
- Project must directly improve freight movement and/or mitigate freight movement on communities
- Statements indicating project benefits for rail, truck, or port operations need to be supported by endorsement letters from the beneficiary freight mode
- A 35% minimum match is required by statute and higher matches will improve evaluation scores

*Strategic freight corridor means a transportation corridor of great economic importance within an integrated freight system that:

- Serves international and domestic interstate and intrastate trade
- Enhances the state's competitive position through regional and global gateways
- Carries defined freight tonnages
- Has been designated a strategic corridor by the Board under RCW 47.06A.020(3)

Source: RCW 47.06A.010 Definitions

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Ferries)

What costs are eligible?

Design
Right of Way
Construction

NOTE: Projects are eligible for all three, but the Legislature only funds construction

Evaluation Criteria All projects funded through FMSIB are evaluated according to the following criteria:

- Freight Mobility for the Project Area (35 points)
- Freight Mobility for the Region, State, and Nation (35 points)
- General Mobility (25 points)
- Safety (20 points)
- Freight and Economic Value (15 points)
- Environment (20 points)
- Partnership (25 points)
- Consistency with Regional and State Plans (5 points)
- Cost (10 points)
- Special Issues (8 points)

Total possible points (198 points)

Selection Process

The Board selects projects using its Project Priority Criteria and submits the list to the Legislature for approval.

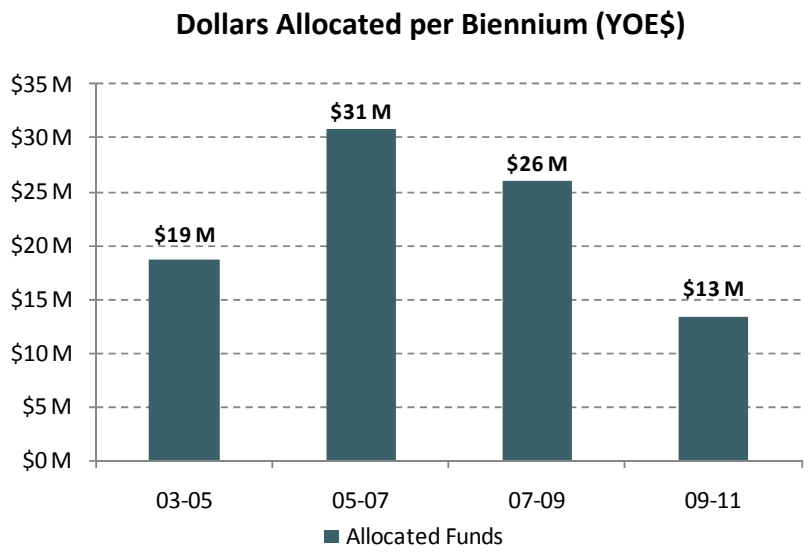
2010 Timeline

April 26	Call for Projects
May 28	Submittals Due
July 21	Preliminary Selection
August 10	Project Interviews
September 17	Final List Adopted

Which statewide transportation goals are supported?

Economic Vitality	**Preservation**
Safety	**Mobility**
Environment	**Stewardship**

Funding



- In the 03-05 biennium, funds were allocated to projects ready for construction.
- For the 05-07, 07-09, and 09-11 biennia, dollars allocated includes $12M per biennium in dedicated state funds from the Freight Mobility Multimodal Account (FMMA) and the Freight Mobility Investment Account (FMIA). Funding also includes Multimodal and motor Vehicle State funds and Union Pacific/interest (as of 07-09) totaling $18.9 M in 05-07, $14.0 M in 07-09, and $1.4 M in 09-11.
- The 09-11 biennium is estimated.
- Eliminating WSDOT-funded projects, completed projects totaled $390.2M, with the FMSIB share at $93.5M (24%).

Transportation Improvement Board

A. GENERAL AGENCY INFORMATION

Role The Washington State Transportation Improvement Board funds high priority transportation projects in communities throughout the state to enhance the movement of people, goods and services.

Summary of Services and Functions

Technical Assistance

TIB Funding Workshops. TIB conducts annual workshops throughout the state to provide information on its grant programs, application process, and scoring criteria.

TIB Academy Training. TIB provides semi-annual training workshops on project reporting requirements and TIB project management practices.

Ongoing Assistance to Agencies. TIB works with its fund applicants and recipients on an ongoing basis to help agencies put together strong applications and ensure successful delivery of projects. This includes agency visits and consultations

Small City Street Inventory. TIB maintains an inventory of pavement conditions by street segment in small cities

Value Engineering Study Participation. For projects that require value engineering studies, TIB engineers participate in the value engineering process.

Who does it serve?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

FTEs 11.0

2009-11 Budget

Capital	$209.5 M
State	*$209.5 M*
Federal	*$0.0 M*
Operating	$3.0 M

Funding Programs

Urban Corridor Program (UCP). Funds road construction projects to address congestion caused by economic development or rapid growth. Program projects are typically large and often cross jurisdictional boundaries, requiring a great deal of cooperation and coordination.

Urban Arterial Program (UAP). Funds road construction projects for preservation and modernization of the street system with an emphasis on safety (correcting hazards), pavement condition (rebuilding aged infrastructure), and congestion relief.

Small City Arterial Program (SCAP). Provides funds for projects in small cities and towns that expand or improve the arterial road network by addressing the structural condition of the roadway, roadway geometry deficiencies (alignment problems such as a dangerous curve or a poorly aligned intersection), and safety issues. The program was created to keep small cities from having to compete with larger ones for arterial improvement funds.

Small City Preservation Program (SCPP). Provides funding for rehabilitation and maintenance of the roadway system (chip seal and pavement overlay) in incorporated cities or towns with populations of less than 5,000.

City Hardship Assistance Program (CHAP). Provides state funding to offset extraordinary road maintenance costs associated with the transfer of responsibility of state highways to cities.

Sidewalk Program (SP). Funds the construction, retrofitting, or replacement of sidewalks to promote pedestrian safety and mobility as a viable transportation choice.

B. AGENCY HISTORY AND INTENT

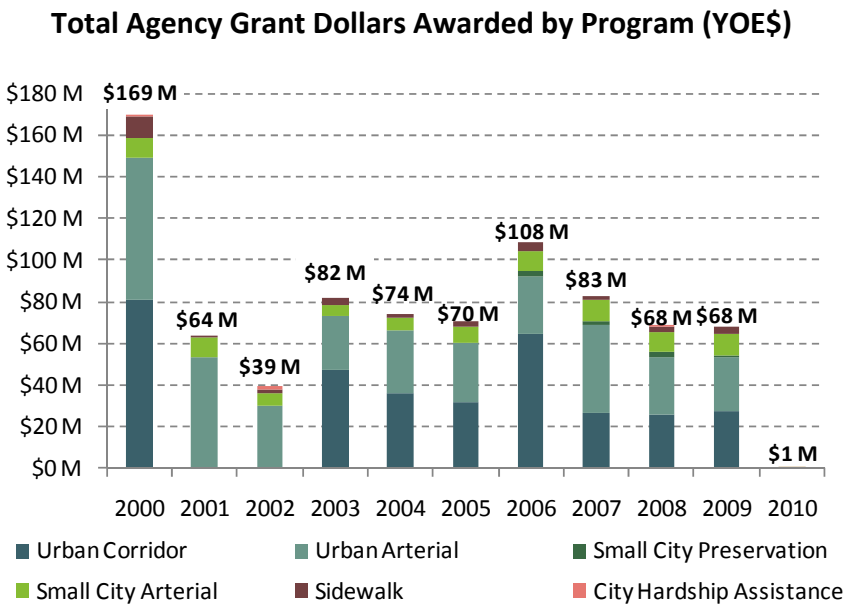
Established 1988	**Authorizing Legislation** RCW 47.26
Agency Evolution **1988** TIB created by legislature to fund high priority transportation projects, replacing the Urban Arterial Board **1991** Legislature established the City Hardship Assistance Program **1995** Legislature consolidated the Urban Arterial Trust Account with the Small City Account and City Hardship Assistance Account, establishing the Small City Arterial Program, the Urban Sidewalk Program, and Small City Sidewalk Program. **2005** Legislature established the Small City Preservation Program	**Additional Context** TIB was created by the legislature with the goal of bringing an objective method to project selection and funding of transportation needs that had previously been funded through earmarks. TIB replaced the Urban Arterial Board which had been administering the Urban Arterial Program since 1967. TIB is currently looking fill its Executive Director position to replace Stevan Gorcester, its Executive Director since 2001. Gorcester was pivotal in improving the agency's performance and establishing the dashboard. While his process improvements have left the agency "rigged for running," his successor will need to continue the strong performance management Gorcester brought to the agency in order to maintain the agency's financial position.

2008 TIB received recognition for its innovation from the Council of State Governments and the Government Finance Officers Association of the US and Canada.

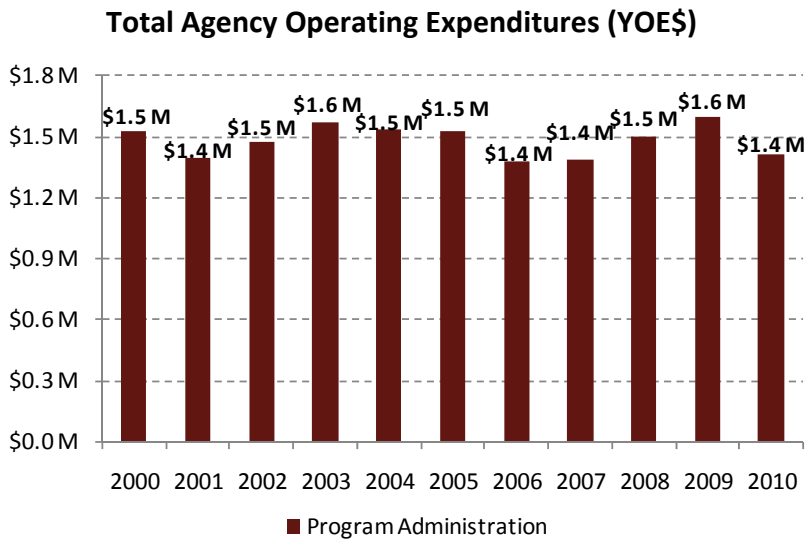
2009 At TIB's request, Legislature moves administration of the Route Jurisdiction Transfer Program (a program through which entities can request the transfer of a route into a different jurisdiction, but no funding) from TIB to the Washington State Transportation Commission

C. AGENCY FUNDING

Funding History and Sources



- Grant dollars awarded are funded through established motor vehicle fuel tax revenues (i.e. dedicated funding)
- Urban Corridor Funds not awarded in 2001 and 2002 (committed to debt service payment on bonds)
- Very minimal awards in 2010 reflect revenue forecasts that were decreasing. To ensure revenues could pay obligations on existing projects, new projects were not selected (with the exception of SCAP and CHAP)



- Operating expenditures are 1.3% of TIB's total budget, and on an inflation-adjusted basis, they have decreased over time.

Current Snapshot of Projects (As of July 2010)

Number of Active Projects by Program: 185

Urban Corridor Program: 44

Urban Arterial Program: 64

Sidewalk Program: 28

Small City Preservation Program: 13

Small City Arterial Program: 35

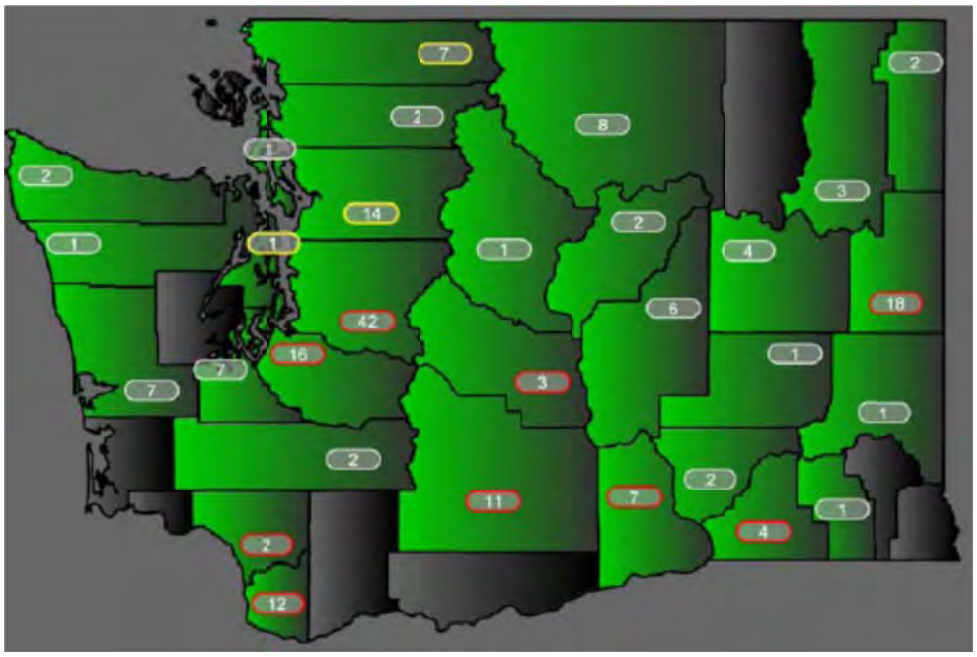
City Hardship Assistance Program: 1

Number of Active Projects by Jurisdiction

Cities = 166

Counties = 19

Active Projects by Region



Projects Completed (as of July 2010)

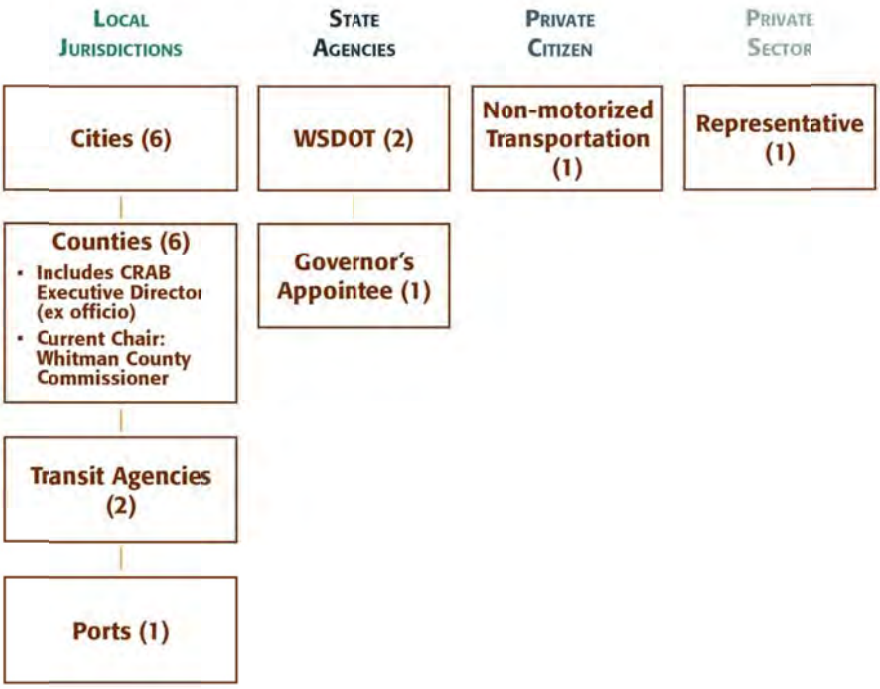
Since 2004, TIB has funded 625 projects with a total of $558 million as follows:

Program	Projects Funded	Total Program Size
Urban Corridor Program	86	$259.5 M
Urban Arterial Program	113	$207.7 M
Sidewalk Program	175	$ 21.8 M
Small City Preservation Program	131	$ 8.4 M
Small City Arterial Program	116	$ 58.3 M
City Hardship Assistance Program	4	$ 2.3 M

D. AGENCY ORGANIZATION AND GOVERNANCE

Governing Board and Composition

The Board is composed of six city members, six county members (County Road Administration Board [CRAB] member is ex officio), two Washington State Department of Transportation (WSDOT) officials, two transit representatives, a private sector representative, a member representing the ports, a Governor appointee, a member representing non-motorized transportation, and a member representing special needs transportation. Board members are appointed by the Secretary of Transportation to four-year staggered terms with the exception of the CRAB representative and the Governor's appointee.



Note: Graphic represents current Board configuration and is missing the private citizen representing special needs transportation as that position was vacant at the time this profile was developed.

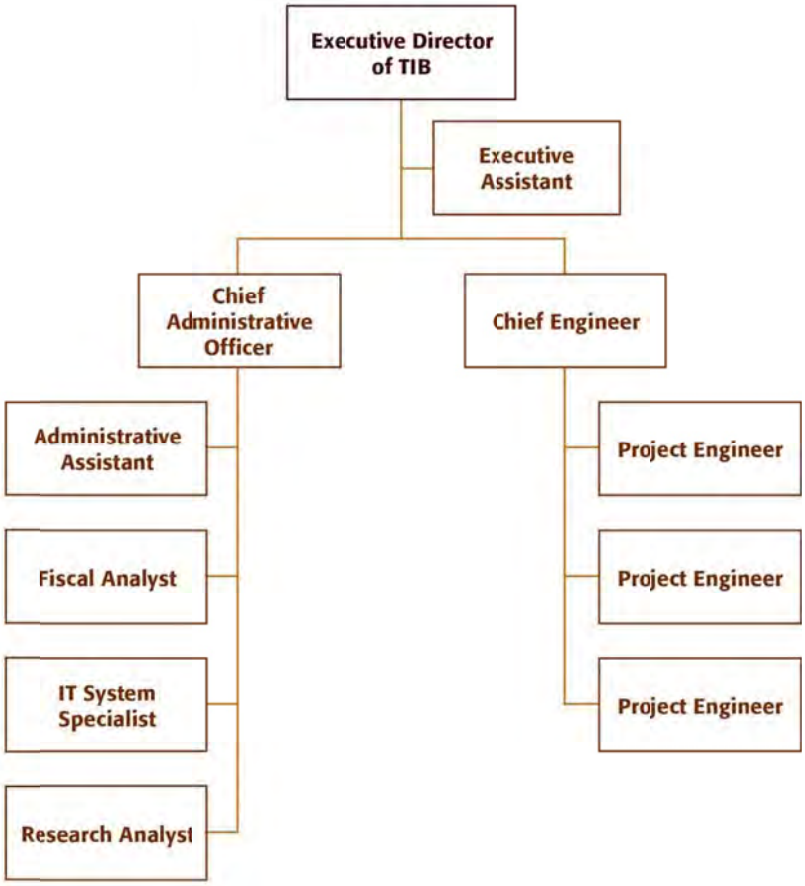
Role and Authority of Board

The Board meets bi-monthly and has final approval authority over projects selected for funding. The Board also reviews and approves project evaluation and scoring criteria as well as major project scope or cost changes.

Staffing and Organization

The following organizational chart shows TIB's current staffing and organization.

- TIB currently has 11.0 FTEs
- Project Engineers are organized regionally and manage all projects in their respective regions.



E. AGENCY PERFORMANCE MANAGEMENT TOOLS

TIB uses a performance management dashboard to track its business processes and projects and to establish an accurate overview of the agency's performance. The dashboard was built in 2003 as a new management team was taking over a situation where the agency had awarded more projects than it could afford. It has consistently improved business processes and grant performance since implementation.

TIB's "Balanced Scorecard" approach is supported by the following principles:

- Informed Investors (legislators and tax-payers) and Customers
- Sustainable Financial Management
- Exemplary Business Practices
- Strong Project Control

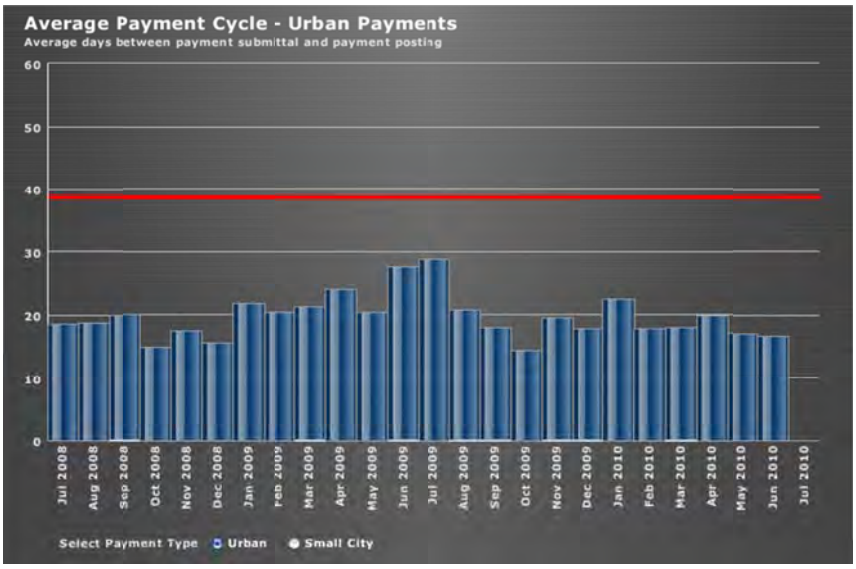
The TIB Dashboard data is available to members of the public as well as TIB staff. TIB Project Engineers were involved in developing the output and efficiency measures that they are expected to achieve (e.g. transaction processing times), and it is their responsibility to actively follow up with client agencies when projects get delayed or when documentation is required to move to the next phase.

To track performance against these principles, TIB monitors the types of data shown on the following pages.

Output Measures

- Agency Contacts
- TIB Customers
- Phase Approvals
- Project Inventory
- Time to Construction
- Time Since Last Payment
- Remaining TIB Obligation
- Local Matching Funds
- Completed Projects
- Avg. Payment Cycle
- Transaction Processing

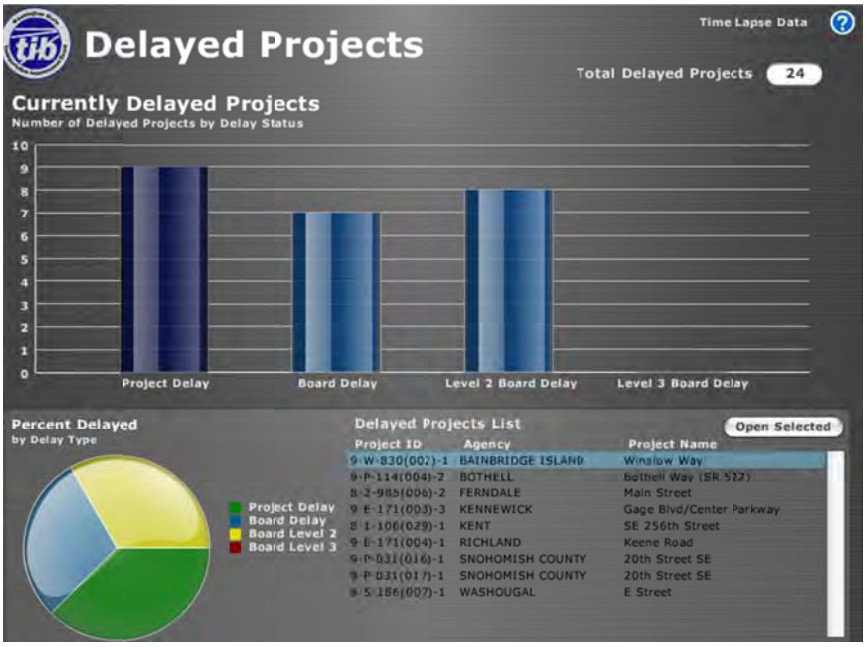
Example Output Measure:
Average Payment Cycle (Target: less than 39 days)



Outcome Measures

- Executive Director's Watch List
- Delayed Projects
- Reasons for Project Delay
- Historical Cutoff
- Unfunded Applications
- Grant Per Project
- TIB Customer Satisfaction

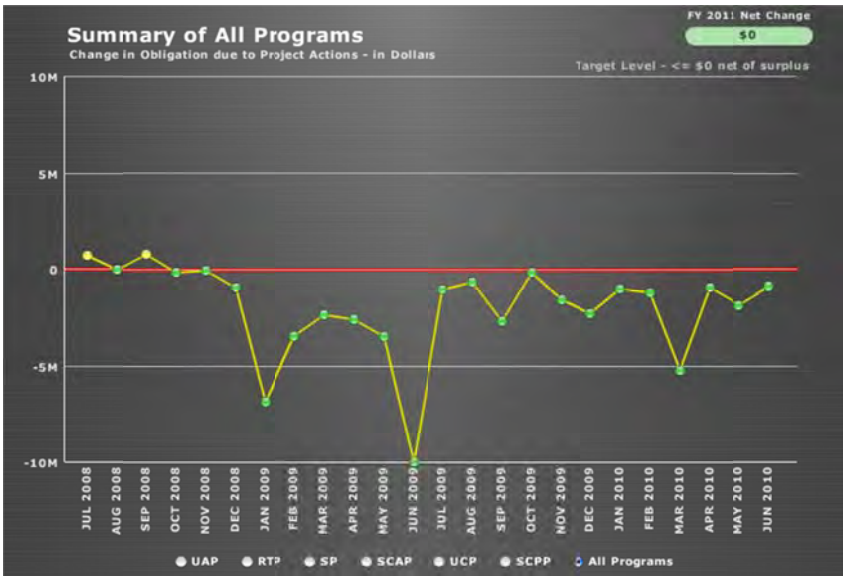
Example Outcome Measure: Delayed Projects



Efficiency Measures

- Average Months in Bid Award
- Change in Future Obligation
- Delinquent Obligation
- Increase in Project Cost
- Status of Initiatives

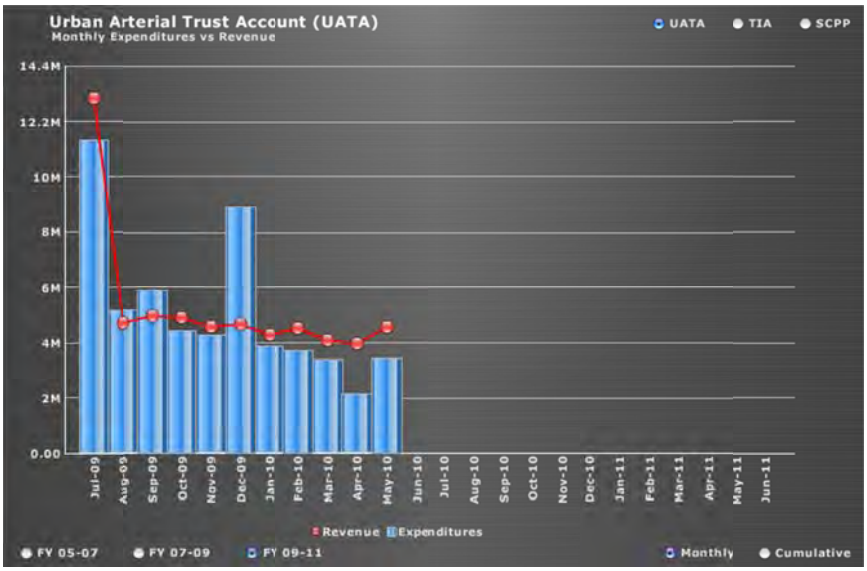
Example Efficiency Measure: Change in Future Obligation (Target: less than or equal to $0)



Financial Measures

- Account Balances
- Admin Expenses vs. Allotments
- Bond Debt Reduction
- Demand for Funds
- Expenditures vs. Revenue
- Accounts Payable
- Project Payments vs. Allotments
- Revenue vs. Forecast
- Revenue Forecast Comparison
- Payment Requests vs. Revenue
- Demand vs. Revenue
- Projected Fund Balances

Example Financial Measure: Total Expenditures vs. Revenue



F. DETAIL OF SERVICES

Technical Assistance

TIB provides technical assistance to customers regarding the grant application process and management of TIB-supported projects.

TIB Funding Workshops. TIB conducts annual workshops throughout the state in June to provide information on its grant programs, application process, and scoring criteria. They are intended to help client agencies identify successful projects and assemble competitive funding applications.

TIB Academy Training. TIB provides semi-annual training workshops on project reporting requirements and TIB project management practices. These workshops are open to local agency staff and consultants who work on TIB funded projects and are intended to inform participants on how TIB projects develop, steps required throughout the project's life cycle, and documentation required at different project stages.

Ongoing Assistance to Agencies. TIB works with its fund applicants and recipients on an ongoing basis to help agencies put together strong applications and ensure successful delivery of projects. The type of assistance varies depending upon the requesting agency's familiarity with TIB programs and their staff capacity. It typically involves agency visits and consultations

Small City Street Inventory. TIB maintains an inventory of pavement conditions by street segment in small cities. TIB engineers conduct condition assessments, and the agency records and maps the condition ratings, maintaining a schedule of when ratings should be updated. The ratings are then used for project selection under SCPP.

Value Engineering Study Participation. For projects that require value engineering studies (generally those over $2.5 million), TIB engineers participate in the value engineering process.

Funding Programs

Urban Corridor Program

Description The Urban Corridor Program funds road construction projects to address congestion caused by economic development or rapid growth. Projects may be located in cities with a population of 5,000 or greater, in urban areas within counties, and in Transportation Benefit Districts. Program projects are typically large and often cross jurisdictional boundaries, requiring a great deal of cooperation and coordination. Program funds often leverage other funds.

Year Established 1988

Cycle Frequency Annual

Award Type Competitive Grant

Matching Funds Minimum 10-20%

Approval Authority TIB

Eligibility Details

- Must be a county or city with a population of over 5,000
- The route must be classified as a principal, minor, or collector arterial
- Projects must be consistent with any adopted highway high capacity transportation plan,
- Projects must be partially funded by local government and/or private contributions; minimum local match of 10-20% (determined by the city's valuation or county's road levy valuation)

Evaluation Criteria By rule, the state is divided into three regions, and the Board distributes the total funds across the three regions based on arterial lane miles and population. With regard to individual applications, the evaluation of applications is a scoring process based on points given to factors within the following categories:

- 30 pts Mobility
- 30 pts Local Support (Funding Partners)
- 15 pts Growth and Development
- 10 pts Safety
- 15 pts Sustainability

Who is eligible?

Cities
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Planning & Management)

Selection Process

Projects are scored by TIB engineers against the above criteria. The three regions receive funding allotments based on population and functionally classified lane miles. The top scoring projects within each region are selected, allowing for a cumulative total amount funded in the region approximately equal to that region's funding allotment.

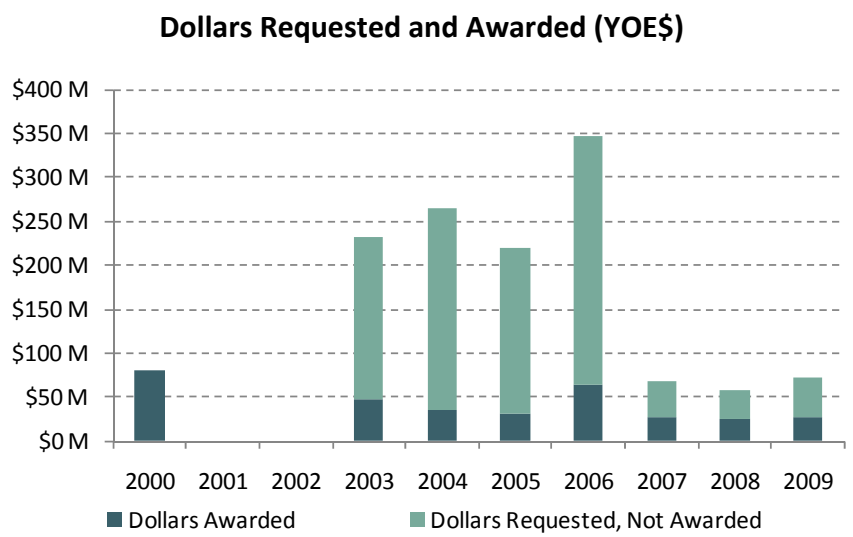
Which statewide transportation goals are supported?

Economic Vitality
Preservation
Safety
Mobility
Environment
Stewardship

What costs are eligible?

Design
Right of Way
Construction

Funding and Recipients



- The Urban Corridor Program receives 1.3 cents from the state's motor vehicle fuel tax (dedicated funding)
- Approximately 20% of the funds are used to pay debt service on bonds
- Urban Corridor Funds not awarded in 2001 and 2002 as funds were fully committed to debt service payment on bonds

Urban Arterial Program

Description The Urban Arterial Program funds road construction projects for preservation and modernization of the street system with an emphasis on safety (correcting hazards), pavement condition (rebuilding aged infrastructure), and congestion relief. The program was originally administered by TIB's predecessor agency, the Urban Arterial Board.

Year Founded 1967

Cycle Frequency Annual

Award Type Competitive Grant

Matching Funds Minimum 10-20%

Approval Authority TIB

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- Must be a county or city with a population of over 5,000
- Projects must be consistent with any adopted highway high capacity transportation plan,
- Projects must be partially funded by local government and/or private contributions; minimum local match of 10-20% (determined by the city's valuation or county's road levy valuation).

Evaluation Criteria By rule, the state is divided into five regions, and the Board distributes the total funds across the regions based on arterial land miles and population. With regard to individual applications, the evaluation of applications is a scoring process based on points given to factors within the following categories:

- 45 pts Safety
- 20 pts Mobility
- 15 pts Pavement Condition
- 15 pts Sustainability
- 5 pts Local Support (Funding Partners)

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Transit, Park & Rides)

Selection Process

Projects are scored by TIB engineers against the above criteria. The three regions receive funding allotments based on population and functionally classified lane miles. The top scoring projects within each region are selected, allowing for a cumulative total amount funded in the region approximately equal to that region's funding allotment

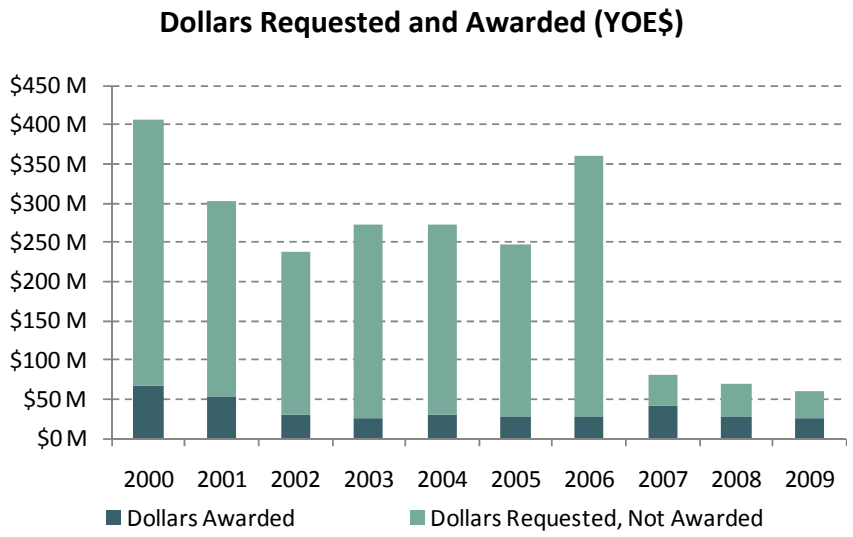
What costs are eligible?

Design
Right of Way
Construction

Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

Funding and Recipients



- The Urban Arterial Program receives a portion of the 1.7 cents from the state's motor vehicle fuel tax distributed into the Urban Arterial Trust Account

Small City Arterial Program

Description The Small City Arterial Program provides funds for projects in small cities and towns that expand or improve the arterial road network by addressing the structural condition of the roadway, roadway geometry deficiencies, and safety issues. Prior to 1995, these projects were funded through the Urban Arterial and Urban Corridor Programs

Year Founded 1995

Cycle Frequency Annual

Award Type Competitive Grant

Matching Funds 0-5%

Approval Authority TIB

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- Incorporated city or town must have a population less than 5,000.
- The arterial must either serve as the logical extension of a county arterial or state highway; serve as a route connecting local traffic generators within the boundary; or act as a bypass or truck route.
- There is no matching funds requirement for cities with a population less than 500. Population 500-5,000 requires 5% match.

Evaluation Criteria By rule, the Board has grouped the counties into three regions, and the Board distributes the total funds across the three regions based on population ratios. With regard to individual applications, the evaluation of applications is a scoring process based on points given to factors within the following categories:

- 40 pts Safety
- 30 pts Pavement Condition
- 30 pts Local Support

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Drainage)

Selection Process

Projects are scored by TIB engineers against the above criteria. The three regions receive funding allotments based on population. The top scoring projects within each region are selected, allowing for a cumulative total amount funded in the region approximately equal to that region's funding allotment

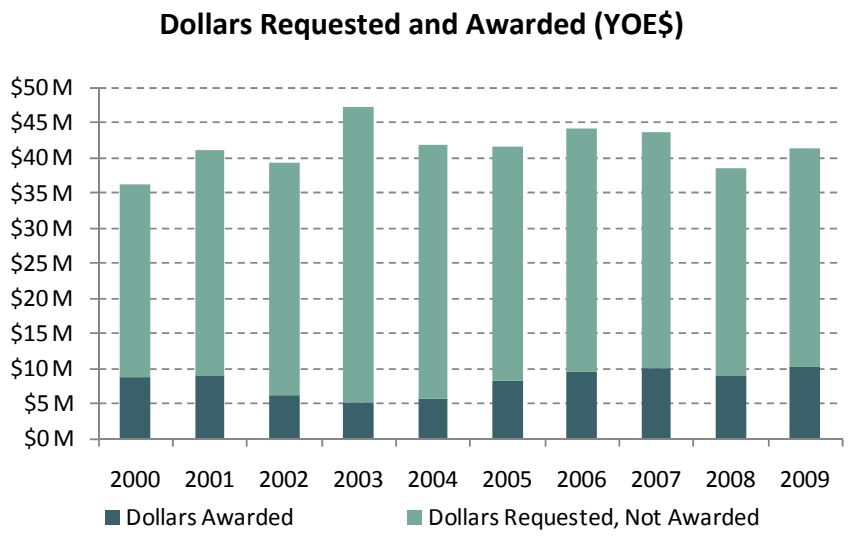
What costs are eligible?

Design
Right of Way
Construction
Other (Mitigation)

Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

Funding and Recipients



- The Small City Arterial Program receives a portion of the 1.7 cents from the state's motor vehicle fuel tax distributed into the Urban Arterial Trust Account

Small City Preservation Program

Description The Small City Preservation Program provides funding for rehabilitation and maintenance of the roadway system (chip seal and pavement overlay) in incorporated cities or towns with populations of less than 5,000. The program focuses on timing projects in concert with other nearby road projects in order to reduce the price premium usually paid on small projects and rural projects.

Year Founded 2005

Cycle Frequency Annual

Award Type Non-competitive Grant

Matching Funds Criterion but not required in all instances

Approval Authority TIB

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- City or town must have a population less than 5,000.
- City or town must meet one or more of the following criteria:
  - Has identified a street in a six-year transportation improvement plan or through use of pavement management system
  - Has provided rating information on the proposed street improvement or street network improvement
  - Has provided sidewalk information on the proposed sidewalk system
  - Has provided information on traffic conditions for truck and bus routes and traffic volumes
  - Has the ability to provide a local match that is (1) based upon the city's assessed valuation, if over $100 million, (2) includes community involvement and volunteer hours, or (3) shows partnership efforts with other state or federal programs, including mainstreet economic development programs

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

Evaluation Criteria

- Pavement Condition Rating (Need)
- Economy of scale opportunities

Selection Process

Funding is targeted for road maintenance opportunities as determined by greatest need across the state (no regional distributions)

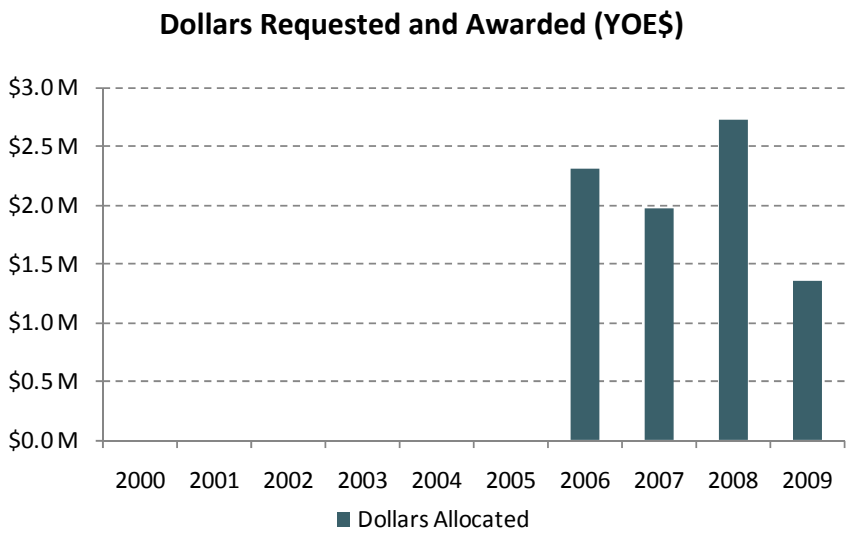
Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

What costs are eligible?

Design
Right of Way
Construction

Funding and Recipients



- Funded through the Small City Pavement and Sidewalk Account

City Hardship Assistance Program

Description Formerly the Road Transfer Program, The City Hardship Assistance Program provides state funding to offset extraordinary road maintenance costs associated with the transfer of responsibility of state highways to cities.

Year Founded 1991

Cycle Frequency Annual, as needed

Award Type Non-competitive Grant

Matching Funds Not required

Approval Authority TIB

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- Pursuant to RCW 47.26.164, eligible cities and towns have a population less than 20,000 and have a net gain in cost responsibility due to jurisdictional transfers
- Eligible routes are identified in WAC 479-10-220

Evaluation Criteria

- Eligible cities, routes and costs funded up to program funds limit

Selection Process

- City submits a letter of application, including a treatment plan and cost estimate for the project by August 31 of the year prior to treatment

What projects are eligible?

Local Roads (formerly State Highways)
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

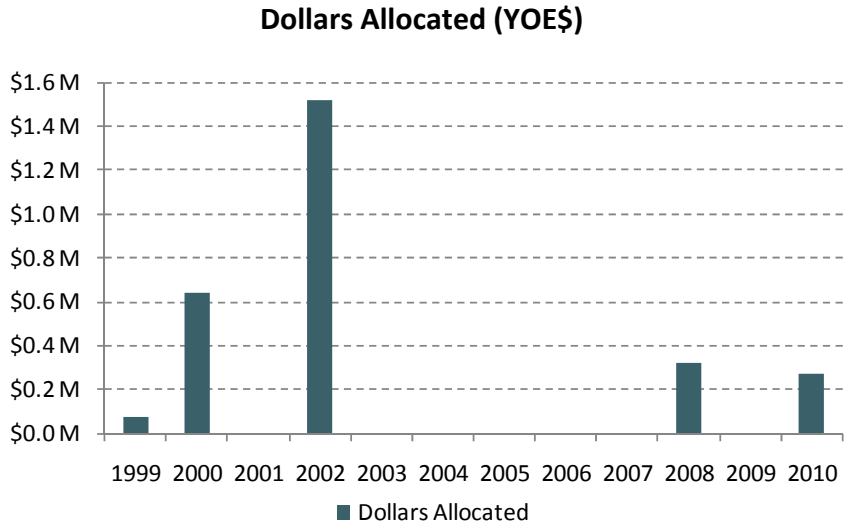
Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

What costs are eligible?

Design
Right of Way
Construction
Other (Maintenance)

Funding and Recipients



- Funded through Small City Pavement and Sidewalk Account.
- Any residual CHAP funds remaining at the end of the biennium are spent on small city preservation program projects

Sidewalk Program

Description The Sidewalk Program funds the construction, retrofitting, or replacement of sidewalks to promote pedestrian safety and mobility as a viable transportation choice. There are separate applications and requirements for urban areas and small cities (less than 5,000 population).

Year Founded 1995

Cycle Frequency Annual

Award Type Competitive Grant

Matching Funds Not required for small cities

Approval Authority TIB

Eligibility Details Incorporated cities and towns, and urban counties are eligible to apply. There are differences in the criteria and matching requirements for urban areas vs. smaller cities (less than 5,000 population). Minimum project requirements are:

- An urban project must be on a pedestrian route with linkages to a functionally classified route. Small city projects must be on or related to a street on the Board-approved arterial system
- The primary purpose of the project must be transportation
- The cost of right-of-way acquisition is not eligible
- Projects should be scheduled to be completed in 2.5 years or less

Evaluation Criteria By rule, the Board has grouped the counties into three regions. For urban projects, the apportionment of funds to a region is based on population and functionally classified lane miles. Of the funds for small city projects, the apportionment to each region is based on population. With regard to individual applications, the evaluation of applications is a scoring process based on points given to factors within the following categories:

- 45 pts Pedestrian Safety
- 35 pts Pedestrian Access
- 10 pts Local Support
- 10 pts Sustainability

Selection Process

Selection process and total funding allotment is separate for small cities and urban projects. TIB engineers score projects against the above criteria. The top scoring projects within each region are selected, allowing for a cumulative total amount funded in the region (and for urban vs. small city programs) approximately equal to that region's and program's funding allotment

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

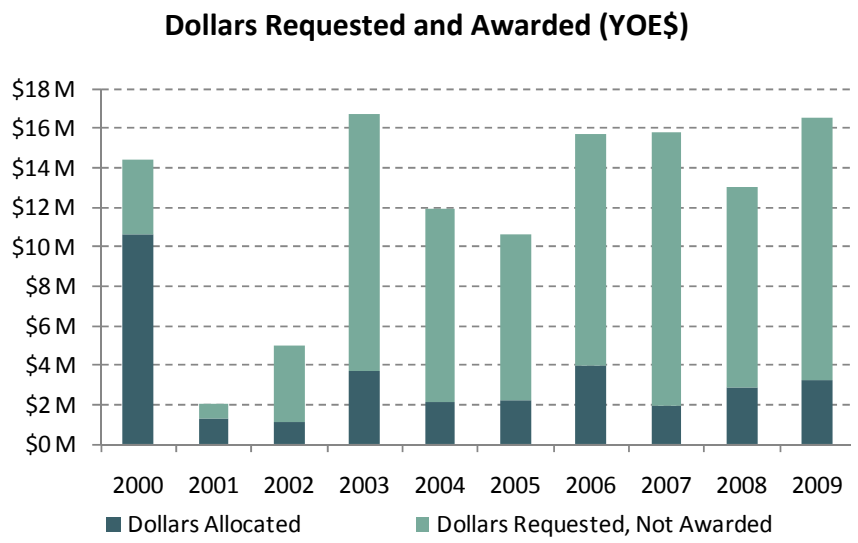
What costs are eligible?

Design
Right of Way
Construction

Which statewide transportation goals are supported?

Economic Vitality	Preservation
Safety	**Mobility**
Environment	Stewardship

Funding and Recipients



- The Sidewalk Program receives a portion of the 1.7 cents from the state's motor vehicle fuel tax distributed into the Urban Arterial Trust Account

WSDOT Highways & Local Programs

A. GENERAL AGENCY INFORMATION

Purpose WSDOT's mission is to keep people and business moving by operating and improving the state's transportation systems vital to our taxpayers and communities. As a division within WSDOT, Highways and Local Programs (H&LP) assists in the successful delivery of transportation projects by providing educational, technical, and financial support to cities, counties, and other transportation partners such as tribal governments, ports, and transit agencies.

Under the Federal Highway Administration's (FHWA) Federal-Aid Stewardship Agreement with WSDOT, H&LP serves as the steward of the FHWA funding that goes to public agencies throughout the state by administering and managing federal funds from project development through construction administration.

Summary of Services and Functions

Oversight

Highways and Local Programs serves several regulatory and oversight roles, submitting the Statewide Transportation Improvement Program to the Federal Highway Administration and Federal Transit Administration, functioning as Certified Agency (CA) and monitoring local agency CA status, supporting an asset management program, management of the freight mobility capital program, and ensuring local compliance per federal regulations. Statutory requirements identify H&LP the oversight role for the design standards for city and county roads. Additional details are provided in Section 6.0.

Technical Assistance

WSDOT's Highways and Local Programs provides substantial technical assistance to local governments, ranging from planning and design assistance to supporting local compliance with the regulations and requirements associated with federal funds. H&LP also has a Local Technical Assistance Program (LTAP) that provides a coordinated technology transfer program that is responsible to local agencies in partnership with WSDOT and FHWA. LTAP's goal is to enhance the technical and management skills of local agencies so that they can use resources more efficiently and effectively. Additional details are provided in Section 6.0.

Who does it serve?

- **Cities/Towns**
- **Counties**
- **Port Districts**
- **Transportation Benefit Districts**
- **Tribes**
- **State Agencies**
  - **Departments of Commerce and Archaeology and Historic Preservation**
- **Transit**
- **Other (Schools, US Forest Service, National Park Service)**

FTEs 55.5

2009-11 Budget

Capital	$695.9 M
State	*$54.6 M*
Federal	*$641.3 M*
Operating	$13.5 M

Capital budget includes ARRA and earmarks.

Funding Programs

WSDOT performs four distinct business functions based on the types of funding associated with each program.

1. Federal Pass-Through Funding

H&LP allocates **Surface Transportation Program** (STP); **STP Transportation Enhancement** (TE); and **Congestion Mitigation/Air Quality** (CMAQ) federal funds to Transportation Management Areas, Metropolitan Planning Organizations (MPO), Regional Transportation Planning Organizations (RTPO), and county lead agencies that select projects based upon regional priorities.

This category also includes various discretionary earmarks selected by congressional delegates, including Scenic Byways, Public Lands Highways, and the Transportation Community, System and Preservation Program and others. For all of these projects, H&LP has the responsibility to provide project oversight to individual recipient agencies.

2. Program Management Federal Funding

H&LP has responsibility for selection authority and management of federal bridge and safety programs. These programs fund projects based solely upon data, with WSDOT inviting eligible agencies to participate in the solicitation for the funding available. Submitted projects are field reviewed to verify the information provided and to ensure the appropriate solution is implemented. After projects are selected, H&LP provides project oversight to recipient agencies.

Bridge Program. The primary objective of this program is to preserve and improve the condition of bridges that are physically deteriorated or structurally deficient through replacement, rehabilitation, and systematic preventive maintenance.

Highway Safety Improvement Program. The goal of this program is to reduce fatalities and disabling injuries including reducing collisions using low-cost/near-term solutions that are consistent with the statewide strategic safety plan.

3. State Grant Management

H&LP provides the program and project oversight of legislatively-selected projects funded primarily with state funds and periodically supplemented with federal funds. Pedestrian and Bicycle Safety and Safe Routes to School project submittals are field reviewed to ensure the appropriate solution are implemented. Prioritized lists of projects for each program are submitted to the legislature for final selection. After projects are selected, H&LP provides project oversight to recipient agencies.

Pedestrian and Bicycle Safety Program*. These state-funded grants improve the transportation system by enhancing safety and mobility for people who choose to walk or bike.

Safe Routes to School Program*. This state program (supplemented by federal funds) finances projects that improve safety and mobility for children by enabling and encouraging them to walk and bicycle to school. Funded projects involve engineering solutions, education, and enforcement programs within two miles of primary and middle schools.

* While the Pedestrian and Bicycle Safety Program and the Safe Routes to School Program are identified as one program in the state budget, they function as separate programs.

County Ferry Operations This program provides state subsidies for four county ferry operations. First, per RCW 47.56.720, H&LP provides a subsidy for the operating expenses of the Puget Island Ferry that is operated by Wahkiakum County. The amount of this subsidy is 80% of the county's monthly operating deficit, subject to an appropriated limit of $1,000,000 per biennium. Second, in accordance with RCW 47.56.725, H&LP works with the County Road Administration Board (CRAB) to manage the distribution of $1,000,000 per biennium for the county ferry operations. The appropriation is distributed evenly on a pro rata basis to Pierce, Skagit, and Whatcom counties based on their relative shares of their annual ferry system operating losses.

4. One-Time State and Federal Projects and Programs

In addition to the ongoing programs described above, H&LP may be charged with managing projects established through federal or state earmarks, as well as one-time or occasional programs. Such responsibilities are established in budget provisos and are not entitlements enacted in long-term statute. Examples include:

American Recovery and Reinvestment Act (ARRA). The Act was signed into law in 2009, with nearly $50 billion in funding for transportation infrastructure nationwide. Of the $492 million received by Washington State for highway purposes, $152 million was distributed by H&LP to local governments through the Metropolitan Planning Organizations and a Local Oversight Accountability Panel.

Passenger-Only Ferry Grant Program. The purpose of this program was to provide operating or capital grants for passenger-only ferry services operated by county ferry districts or public transportation benefit areas. The program was funded for the 2007/09 biennium only with the specific goals of the continuation of passenger-only ferry service on the Seattle-Vashon Island route and the restart of the Seattle-Kingston routes.

B. AGENCY HISTORY AND INTENT

Established 1937

Authorizing Legislation Secondary Highway Law (passed in 1933)

Federal Highway Code (passed in 1937)

Agency Evolution

1905 The State Highway Department was created by legislative action

1933 WSDOT State Aid Division – counties

1937 WSDOT State Aid Division – counties and cities

1937 Established the Director of Highways

1979 WSDOT State Aid was the first in the nation to implement Local agency Certification Acceptance (CA) program, delegating major project approval authority to qualified cities and counties

1995 WSDOT TransAid Division (name changed to align with department direction)

2000 WSDOT Highways & Local Programs Division (name changed to align with department direction: the Division is responsible for the statewide bike and pedestrian network, of which the State highway is a part, and otherwise has a purely local focus)

2005 The Federal Highway Administration's Safe Routes to School Program was established

2005 The State's Pedestrian and Bicycle Safety and Safe Routes to School Program was established

Additional Context

The federal Secondary Highway Law specified that counties could use their share of the gasoline tax for maintenance and construction of county roads but only under the supervision of the state. Chapter 187 relates to the administration of county roads and covers the matter of state aid to counties and cities.

The Federal Highway Act, passed in 1956, increased funding to counties by 40%.

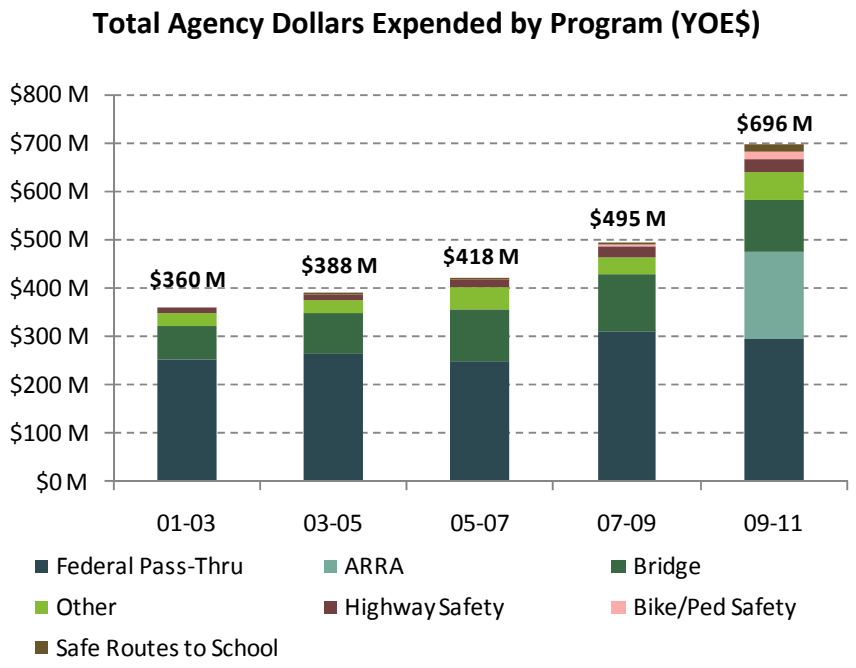
Successive Federal Transportation Acts provide guidance and funding allocations relevant to H&LP efforts. Reauthorization of the 2004-09 SAFETEA-LU Act has been extended to December 2010.

- The 1992-1997 Intermodal Surface Transportation Efficiency Act (ISTEA) (passed in 1991)
- 1998-2003 Transportation Equity Act for the 21st Century (TEA-21) (passed in 1998)
- 2004-09 Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) (passed in 2005)

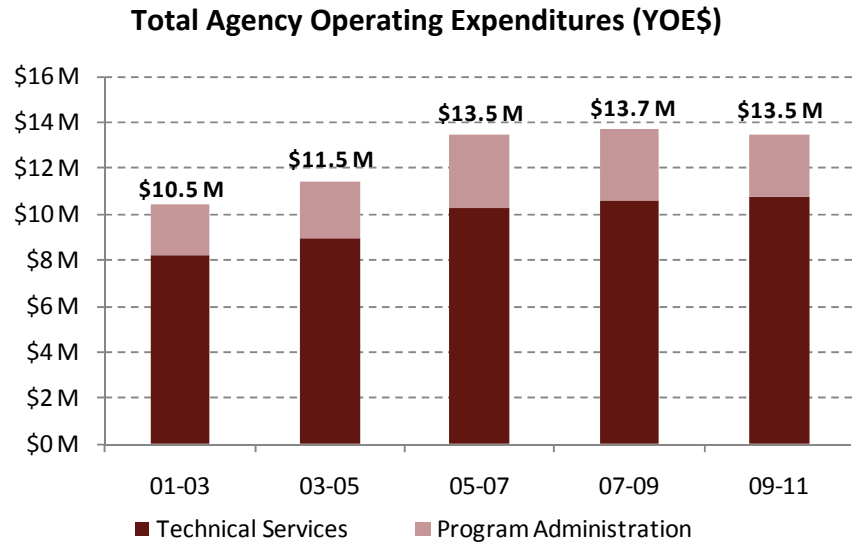
The American Recovery and Reinvestment Act (ARRA) was signed into law in 2009, with nearly $50 billion in funding for transportation infrastructure nationwide. Of the $492 million received by Washington State for highway purposes, $152 million was distributed by H&LP to local governments through the Metropolitan Planning Organizations and a Local Oversight Accountability Panel.

C. AGENCY FUNDING

Funding History and Sources



- Most funding dollars flowing through H&LP are federal, ranging from approximately 84% in the 01-03 biennium to 93% in the 07-09 biennium
- Of H&LP's standing programs, only the Pedestrian and Bicycle Safety Program and Safe Routes to School are state-funded, with other programs constituting federal pass-throughs
- "Other" includes appropriated federal and state earmarks and one-time or expired programs
- H&LP's total appropriated 09-11 budget is $750 million, of which $55 million is dedicated to FMSIB and is not included in this chart.



- H&LP operating costs are covered through budgeted appropriations and unappropriated funds

Current snapshot of projects

- 1,239 active projects by program, including:
  - 295 STP Regional
  - 168 ARRA projects
  - 114 Enhancement projects
  - 94 CMAQ projects
  - 86 Emergency Relief projects
  - 70 Bridge projects
  - 64 SAFETEA-LU high priority projects
  - 47 Bike/Ped projects
  - 43 Safe Routes to School projects
  - 42 Highway Safety Improvement Programs
- In February 2009, President Barack Obama signed into law the American Recovery and Reinvestment Act (ARRA). Transportation projects began in 2009 and will continue for several years as this stimulus funding is expended. Washington received about $492 million of ARRA money for highway purposes. Of that, $340 million was set aside for state transportation projects, with an emphasis on repaving and preservation. The remaining $152 million was distributed by H&LP to local governments through the Metropolitan Planning Organizations and a Local Oversight Accountability Panel. In addition, a local agency received $30 million through the National ARRA Transportation Investments Generating Economic Recovery (TIGER) discretionary grant program.

Projects Completed by Program

Number of Projects Completed by Biennium (2001-2011)

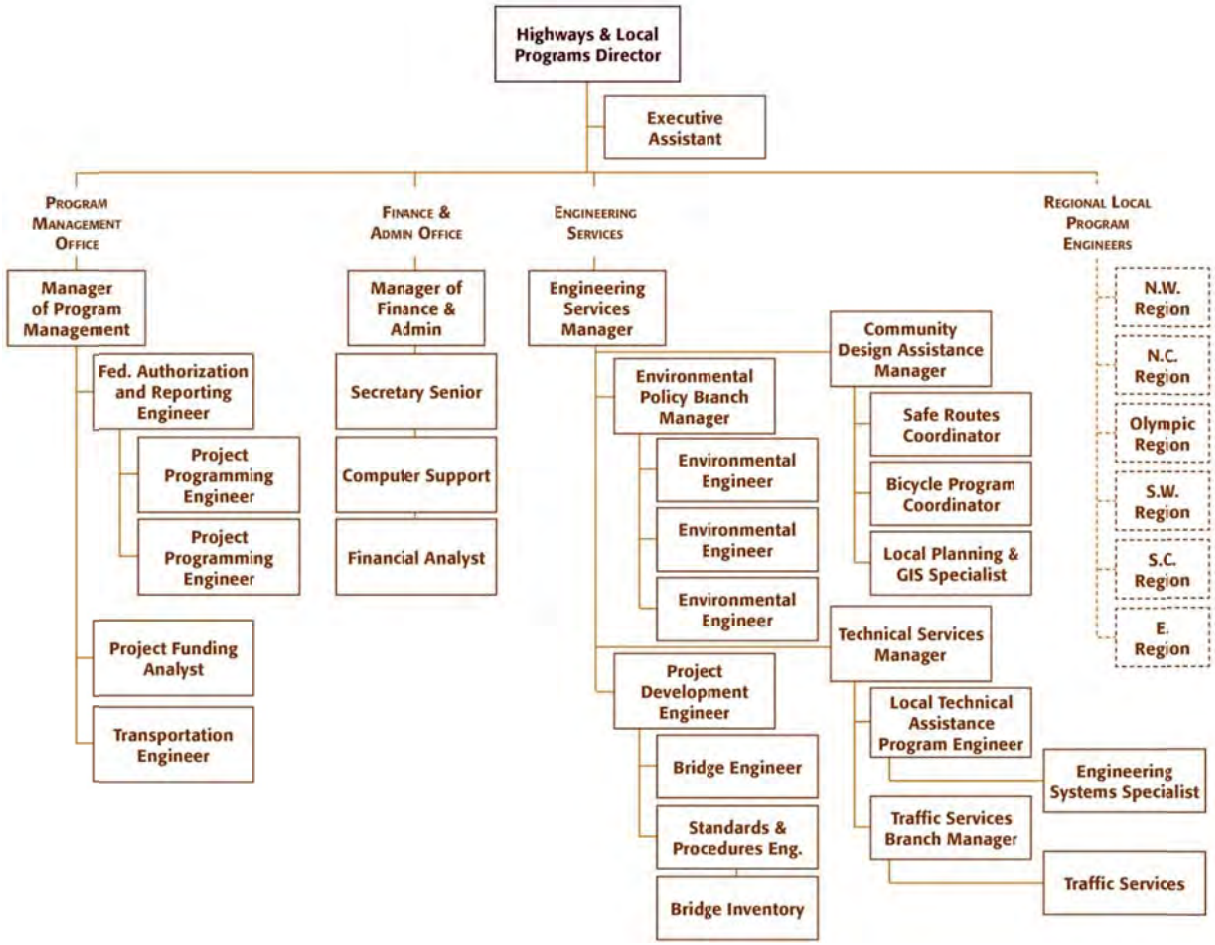
	01-03	03-05	05-07	07-09	09-11	Total
1. Federal Pass-through Funding	297	385	304	286	193	1,465
2. Program Management Federal Funding						
Bridge	75	57	99	60	23	314
Safety	65	118	108	75	31	397
3. State Grant Management						
Bike & Pedestrian Safety	-	-	3	1	10	14
Safe Routes to School	-	1	6	15	4	26
4. One-time State and Federal Projects and Programs						
ARRA	-	-	-	-	26	26
Total	**437**	**561**	**520**	**437**	**287**	**2,242**

D. AGENCY ORGANIZATION AND GOVERNANCE

Staffing and Organization

- 55.5 FTE
- WSDOT's 6 regions each have a Highways and Local Programs Engineer and staff who act as direct liaisons to local jurisdictions. While this organization reports to the local Regional Administrator, the majority of their responsibilities are directed by the Highways and Local Program.

Staff Organization Chart



E. AGENCY PERFORMANCE MANAGEMENT TOOLS

Agency wide performance reporting is a high priority at WSDOT. Although The Gray Notebook is the agency's main performance assessment, reporting, and communication tool, there are many other related accountability and performance products available. H&LP is responsible for certain objectives in the Strategic Plan, Gray Notebook and the Governor's Attainment Report.

Gray Notebook. WSDOT's primary performance report for the department's program and project activities, is published quarterly and serves to crosswalk performance with six legislative policy goals. H&LP provides the local details for reporting in WSDOT's Gray Notebook.

***Business Directions: WSDOT's 2009-2015 Strategic Plan*.** The Department's Strategic Plan is based on the pursuit of six statutory transportation goals: safety, preservation, mobility, environment, stewardship, and economic vitality. Within this departmental plan, H&LP supports a specific set of initiatives. For example, the H&LP strategy as it relates to the safety goal and the related objective of Highway Safety is to work with partners, including the Federal Highway Administration, Washington State Traffic Safety Commission, Washington State Patrol, and local agencies, to identify and address high priority highway safety needs. Two examples of specific tasks assigned to H&LP that are associated with these strategies are to develop a linear referencing system for city streets and to provide mitigation actions to reduce scour impacts on bridges. In a similar manner, H&LP has been assigned actions or tasks that are dependent on an associated strategy for each of the other agency goals.

Transportation Policy Goals & Attainment
RCW 47.01.012 requires the establishment and measurement of transportation policy goals related to preservation, safety, mobility, and the environment. The Transportation Progress Report (or Attainment Report) was established in 2007 as a way for WSDOT, other state transportation agencies, and the Office of Financial Management to report on their progress to the Legislature.

FHWA Performance Reports. Local agencies receive approximately 40% of the FHWA funds provided to Washington State. H&LP has a critical role to ensure the federal requirements are met and local agency successes are reflected as part of the annual FHWA performance report for Washington that is provided to WSDOT's Secretary of Transportation. These short reports are posted online and reflect that WSDOT has "complied with federal laws and regulations in expending the federal-aid highway funds allocated to the State of Washington on state and local agency projects."

F. DETAIL OF SERVICES

Oversight Functions

Certified Agency Status. Federal funding must be administered by a Certified Agency (CA). In the case of non-CA agencies, WSDOT will help connect with another agency (sometimes the county) that is willing to serve as a CA, or WSDOT Region Local Programs engineers themselves will fill the role. When WSDOT serves as CA for the recipient, a memorandum of understanding is developed between the agency and WSDOT. Local Programs Engineers do document reviews for all federal aid projects as part of the stewardship role for ensuring federal compliance.

WSDOT staff monitors programs and reviews each agency every three years to ensure reasonable federal compliance, providing a summary of findings to the federal government. H&LP has the authority to revoke CA designation from a local jurisdiction that is not in compliance with minimum requirements.

Compliance. As the distributor of federal funding, H&LP plays a significant compliance role because the federal government holds the agency accountable. For example, H&LP is responsible to ensure local projects comply with design standards, the National Environmental Protection Act (NEPA), right of way, bridge inspections, contract compliance, construction documentation, Davis-Bacon wage rates, Disadvantaged Business Enterprises (DBE) requirements, and the Americans with Disabilities Act.

Bridge Inspections. H&LP is responsible for ensuring local agencies are in compliance with federal mandates for bridge inspection. This assures statewide ability to receive local federal bridge funds, as well as the safety for the users of these transportation links. H&LP provides reports to the **County Road Administration Board (CRAB)** on the status of the local bridge system. H&LP is also responsible for the certification of local agency bridge inspectors.

FHWA Reporting. H&LP is required to provide annual reports to FHWA regarding Certified Agency documentation, bridge condition, DBE, etc. as described in the Stewardship Agreement.

Statewide Transportation Improvement Program (STIP). Prepares and submits the Statewide TIP to the Federal Highway Administration and Federal Transit Administration for approval.

Legislative Reporting. As required by the state legislature, local agencies funded by the Pedestrian Bicycle Safety and Safe Routes to School programs report through H&LPs quarterly project reporting (QPR) database available online at *http://www.wsdot.wa.gov/localprograms/ProgramMgmt/QPR.htm*. This reporting is utilized in budget development and to ensure project delivery of the programs.

WSDOT Reporting. H&LP is required to report the condition of bridges and safety/accident data in the Attainment Report and WSDOT Gray Notebook. In addition, H&LP provides the condition of local arterials to help the locals develop an asset management program supporting the OFM Attainment Report for preservation. H&LP requires all projects selected by H&LP to report quarterly on the progress of their projects through the QPR online database to ensure project delivery of the programs.

Technical Assistance

Region Local Programs Engineer (RLPE) Technical Assistance. RLPE provide day-to-day assistance to local agencies funded through H&LP for all aspects of project delivery from scoping, design, environmental, right of way, and construction standards and requirements, through project close out.

Bicycles and Pedestrians. Provides guidance on pedestrian and bicycle safety and mobility concerns.

Bridge Technical Services. Provides training and education to local agencies to assist them in understanding how to apply, follow, and use national and state bridge inspection standards. Also provides manuals and resources related to the maintenance and upkeep of bridges and is responsible for the oversight of federal standards and reporting requirements and certification of local agency bridge inspectors.

Community Planning and Development. Provides planning and preliminary design services to local agencies and other transportation partners to help create more livable communities and address interconnections among community transportation, revitalization, and sustainability.

Local Agency Guidelines (LAG) manual. Assists Washington's public agencies to plan, design, construct, and maintain transportation facilities by informing them of the processes, documents, and approvals necessary to obtain FHWA funds for transportation projects.

Local Agency Traffic Services. Serves as a contact point between local agencies and governments and citizens, WSDOT, and FHWA. Assists with planning, design, construction, safety, and maintenance and operations issues, advances projects, and promotes the sharing of information.

Local Technical Assistance Program (LTAP). A federally funded technology transfer program that helps local governments increase their transportation expertise (including planning, design, construction management, safety, etc.) by providing a channel for materials prepared at the national level for local use, promoting the effective use of research findings and innovations, and meeting the needs of transportation personnel in local governments with tailored resource materials.

Pavement Services. Provides local agencies with technical support and inventory management data software on an annual basis, including pavement management and pavement preservation. Hosts a listserv with questions and answers, as well as a webpage with links to National Highway Institute web-based training.

Safe Routes to School. Assists communities, schools, and school districts with identifying walking and bicycling issues, as well as potential engineering, educational, and enforcement solutions. This no-cost technical assistance is provided to past, current, and future Safe Routes to School funding recipients, applicants, and interested communities.

Scenic Byways. Assists local communities and organizations in developing Scenic Byway Corridor management plans and projects.

Funding Programs:

1. Federal Pass-Through Funding

Surface Transportation Program; Transportation Enhancement Program; and the Congestion Mitigation/Air Quality Program

Description There are several federal programs included in this category, as well as discretionary earmarks selected by Congress. Federal program funds are allocated on a per-population basis by H&LP to MPOs, RTPOs, and county lead agencies for distribution. Each selection body evaluates proposals, prioritizes and selects projects based on their regional priorities.

The **Surface Transportation Program (STP)** provides flexible funding to preserve and improve the transportation system consistent with regional priorities.

The **Transportation Enhancement (TE) program** funds community-based projects that improve the cultural, historic, aesthetic, and environmental aspects of the transportation infrastructure to create a more balanced, multimodal approach to mobility and accessibility.

The **Congestion Mitigation/Air Quality (CMAQ) program** funds projects and programs that contribute to attainment or maintenance of national ambient air quality standards which reduce transportation-related emissions.

In addition to these standing programs, this category includes several discretionary programs that provide funds to improve transportation systems nationwide. These decisions are based upon congressional action and included in the annual appropriation acts.

Year Founded 1992

Cycle Frequency depends on the MPOs, RTPOs and county lead agencies selection process

Award Type Allocation based on % of population

Approval Authority MPOs, RTPOs and county lead agencies; project listings are outlined in the Federal STP Project Selection summary

Who is eligible?

- **Cities/Towns**
- **Counties**
- **Port Districts**
- Transportation Benefit Districts
- **Tribes**
- **State Agencies**
- **Transit**
- **Other**

What projects are eligible?

- **Local Roads**
- **State Highways**
- **Bridges**
- Railroads
- **Grade Crossings**
- Airports
- **Bicycle Facilities**
- **Sidewalks and Crossings**
- **Other (Environmental Protection, Land/ Historic Preservation, Basic Infrastructure)**

What costs are eligible?

- **Design**
- **Right of Way**
- **Construction**

Eligibility Details

- Projects on any federal aid highway, and including new construction or reconstruction of roads and bridges, transit capital projects, highway and transit safety improvements, etc., that are consistent with achieving regional priorities.
- Projects that relate to surface transportation such as: facilities for pedestrians and bicycles; safety and educational activities for pedestrians and bicyclists; acquisition of scenic easements and scenic or historic sites; landscaping and other scenic beautification; historic preservation; rehabilitation of historic transportation buildings, structures, or facilities; preservation of abandoned railway corridors; control and removal of outdoor advertising; archaeological planning and research; environmental mitigation; and the establishment of transportation museums
- Projects for planning and air quality monitoring; bicycle and pedestrian facilities and programs; traffic monitoring, management, and control operations; and highway and transit maintenance and reconstruction projects with an emphasis on diesel retrofit where projects reduce transportation-related emissions

Evaluation Criteria

- Each regional organization develops its own criteria consistent with its regional priorities and relates to the types of eligible projects. Evaluation criteria vary across the state due to the diverse needs of the areas and reflect the regional priorities of each MPOs, RTPOs, and county lead agencies.

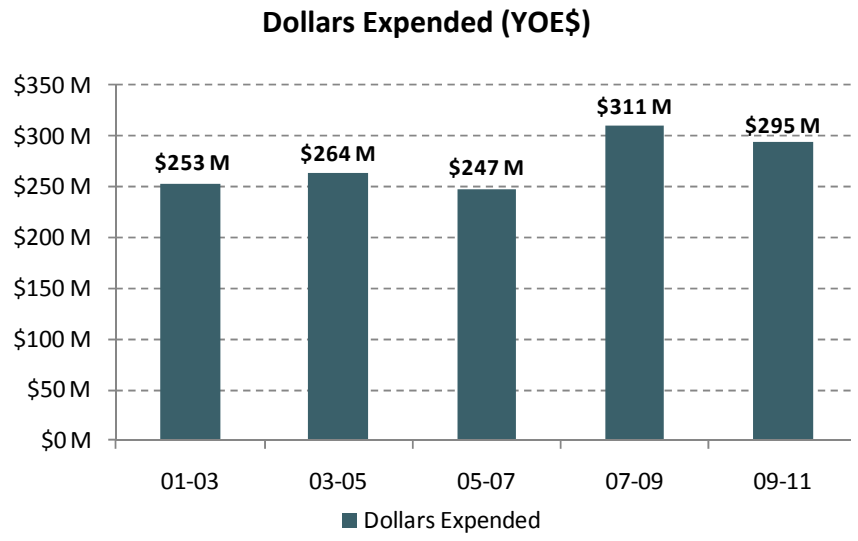
Selection Process

Each regional organization has its own competitive project application, prioritization and selection process.

Which statewide transportation goals are supported?

Economic Vitality	**Preservation**
Safety	**Mobility**
Environment	**Stewardship**

Funding and Recipients



- Program funding comes from federal sources and is allocated on a per-population basis by H&LP to MPOs, RTPOs, and county lead agencies for distribution

Performance Measurement

- H&LP has set performance targets for the Federal Pass-Through funds as follows:
  - 90% delivery of the Statewide STP and CMAQ programs based on percentage obligated versus total allocated. As a state locals have met this target for each of the past four years:

2006	2007	2008	2009
90.8%	92.4%	93.0%	95.8%

- Each quarter, the FHWA analyzes delivery of authorized federal projects in its Quarterly Inactive Report. H&LP has a goal of less than $15 million. For the past 6 quarters H&LP has reported the following:

Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Mar-10
$9.7 million	$10.4 million	$16.7 million	$16.1 million	$10.2 million	$9.5 million

Funding Programs:

2. Program Management Federal Funding

Federal Highway Bridge Program

Description The primary objective of the Federal Highway Bridge Program is to preserve and improve the condition of bridges that are physically deteriorated or structurally through replacement, rehabilitation, and systematic preventive maintenance.

Year Founded 1956

Cycle Frequency At WSDOT's discretion, not more frequently than annually

Award Type Call for projects by invitation only

Approval Authority WSDOT Highways & Local Programs Division Director

Match 20%

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

Eligibility Details

- Local agencies must inventory their bridges according to federal standards and state law.
- Eligible projects include total replacement of a deficient bridge in the same location or the same general corridor, removal of a deficient bridge and provision of alternate access, or rehabilitation or replacement of major structural pieces that extend the life of a bridge.
- Bridges replaced using program funds are not eligible for additional funding for 10 years; bridges rehabilitated using program funds are not eligible for additional funding for 15 years.

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

Evaluation Criteria

- Projects are prioritized by the type of solution (replacement, rehabilitation, or major maintenance), the condition of the bridge, and the local agency's ability to implement the project.
- WSDOT is focusing on funding local agency bridges that are classified as structurally deficient with a sufficiency rating of 50 or less based on the bridge data when submitted.
- Local agencies should assume that replacement and rehabilitation projects will require a 20% local match.

What costs are eligible?

Design
Right of Way
Construction

Selection Process

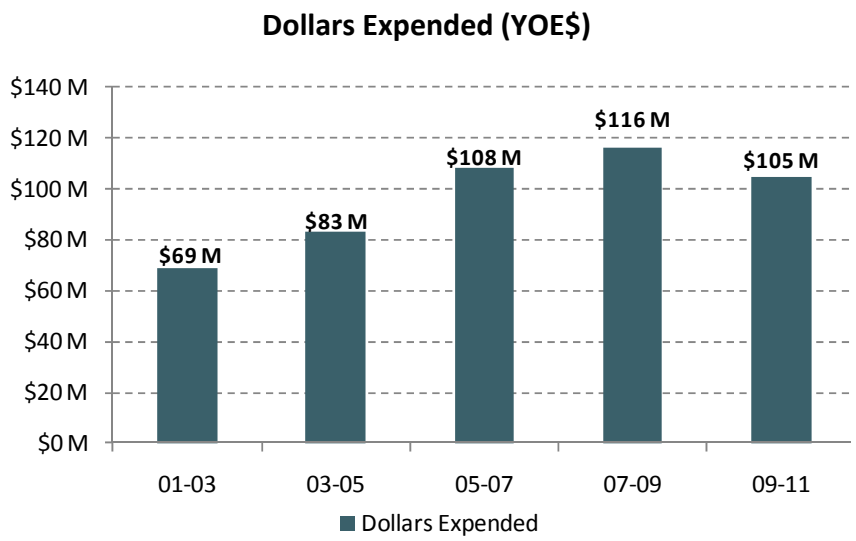
Based on conditions identified through federal bridge inspection requirements, WSDOT invites participation by jurisdictions with qualifying projects.

All proposals are field reviewed to ensure that they are complete and eligible for funding. An advisory group evaluates proposals based on project selection criteria, prioritizes projects, and submits recommendations to the WSDOT H&LP Director for final funding decisions on local awards.

Which statewide transportation goals are supported?

Economic Vitality	**Preservation**
Safety	Mobility
Environment	**Stewardship**

Funding and Recipients



- Program funding comes from federal sources

Performance Measurement

- H&LP's supporting role to WSDOT regarding the Federal Bridge Program is to provide information on bridge conditions for all locally-owned bridges. The information supplements WSDOT-owned bridges and is incorporated in the Attainment Report and WSDOTs Gray Notebook to reflect bridge conditions across the state.
- Local agencies are required to report quarterly through the H&LP on-line Quarterly Project Reports database. The information provided is utilized to ensure delivery of the projects, identify unforeseen delays the project has experienced, and note project successes.

Highway Safety Improvement Program and High Risk Rural Roads Program

Description The goal of the Highway Safety Improvement Peogram, funded through SAFETEA-LU (the 2004-09 Federal Transportation Act), is to reduce fatalities and disabling injuries including reducing collisions using low-cost/near-term solutions that are consistent with the statewide strategic safety plan.

Year Founded 2004

Cycle Frequency At WSDOT's discretion, not more frequently than annually

Award Type Call for projects by invitation only

Approval Authority WSDOT Highways & Local Programs Division Director

Eligibility Details

- Eligible projects are identified in the State Highway Safety Improvement Plan (Target Zero) and the call for projects is by invitation only
- Projects must achieve a significant reduction in fatalities and serious injuries on public roads by utilizing strategies identified in the Highway Safety Improvement Plan (Target Zero)

Evaluation Criteria

- The degree to which projects reduce fatalities and serious injuries

Selection Process

WSDOT issues a call for projects via an invitation to local agencies with fatal and serious injury collisions identified in Target Zero update that meet specific crash criteria.

All eligible projects submitted are field reviewed by qualified highway safety staff to fully understand existing operations and potential benefit of proposed projects.

H&LP staff working with each city or county proposing a project develop a set of proposals for final decision making by the Director of Highways and Local Programs.

The WSDOT H&LP Director approves final funding decisions on local awards.

Which statewide transportation goals are supported?

Economic Vitality
Safety
Environment
Preservation
Mobility
Stewardship

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

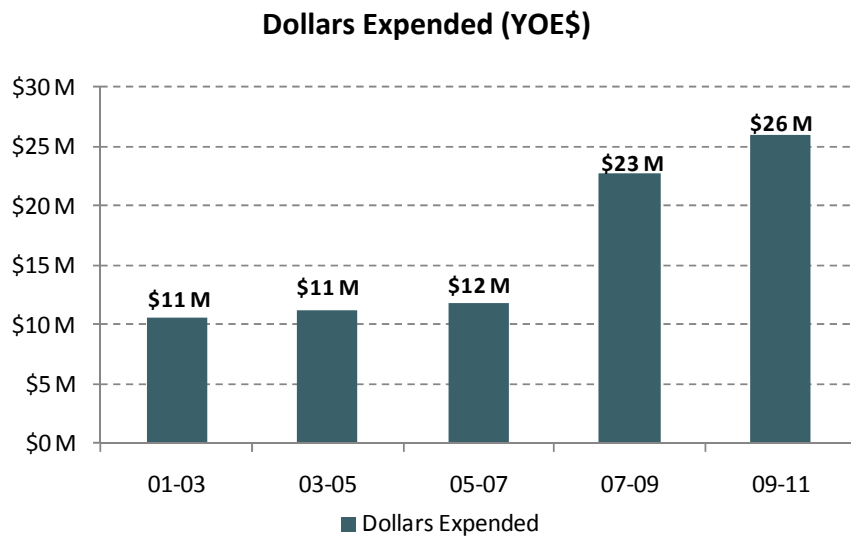
What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Education and Enforcement)

What costs are eligible?

Design
Right of Way
Construction

Funding and Recipients



- Program funding comes from federal sources

Performance Measurement

- H&LP's supporting role to WSDOT for the "safety" measurement is to provide three year analysis data of projects completed with federal safety funds. A Highway Safety Improvement Program performance measure is provided through the Attainment Report and WSDOT's Gray Notebook to reflect the changes in accident history.
- Local agencies are required to report quarterly through the H&LP on-line Quarterly Project Reports database. The information provided is utilized to ensure delivery of the projects, identify unforeseen delays the project has experienced, and note project successes.

Funding Programs:

3. State Grant Management

Pedestrian and Bicycle Safety Program

Description The purpose of the Pedestrian and Bicycle Safety Program is to improve the transportation system by enhancing safety and mobility for people who choose to walk or bike.

Year Founded 2005

Award Type Invitation only

Cycle Frequency Biennial

Approval Authority Legislature

Eligibility Details

- Eligible projects include engineering improvements.
- Only agencies that have been contacted with an invitation to apply for funding are eligible. Invitations are sent to agencies where WSDOT has identified known risk locations.

Evaluation Criteria

- **Current Conditions**. Current conditions indicate risk for pedestrians and/or bicyclists.
- **Project Impact**. How well the project will reduce potential pedestrian and bicycle conflicts with motor vehicles and/or establish a safe and more accessible crossings, walkways, trails, or bikeways.
- **Implementation**. Demonstrated need for the proposed improvements, and, if appropriate for the project/program, a strong partnership among local agencies that will ensure the project moves ahead on time and on budget.

Selection Process

The State Legislation requires WSDOT to identify cost effective projects and submit a prioritized list to the Legislature by December. Project proposals are evaluated and prioritized by an evaluation team composed of one member from the Washington Traffic Safety Commission and two members from the Washington State Department of Transportation. Projects providing a match are given preference. Before finalizing the project list, WSDOT makes site visits to the project locations. If project selection were given to H&LP, projects would be able to start within six months of the application submittal.

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other

What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other

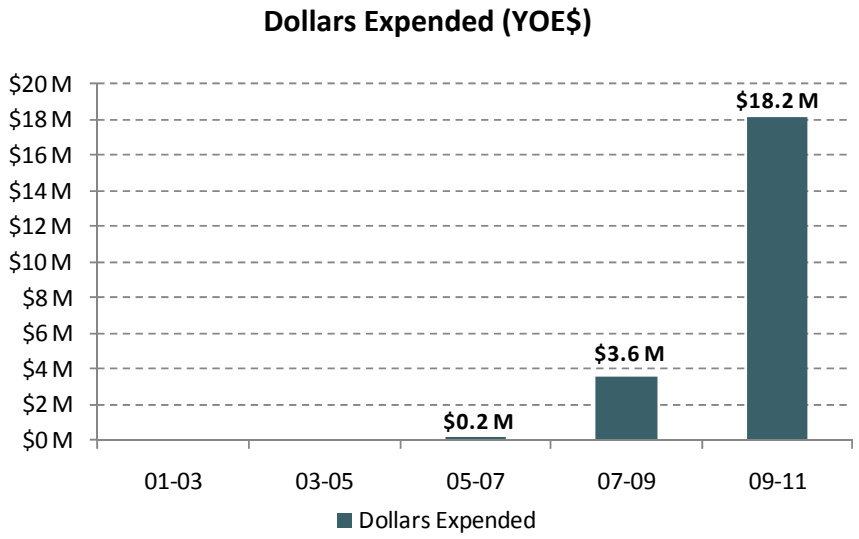
What costs are eligible?

Design
Right of Way
Construction

Which statewide transportation goals are supported?

Economic Vitality	Preservation
Safety	**Mobility**
Environment	Stewardship

Funding and Recipients



- Program funding comes from state sources

Performance Measurement

- Before and after analysis of safety improvement projects are completed three years after data is available. There is limited data available because the Pedestrian and Bicycle Safety program has been in place for a short time. However, there have been no reported serious crashes involving bikes or pedestrians at the locations where projects were completed.
- Local agencies are required to report quarterly through the H&LP on-line Quarterly Project Reports database. The information provided is utilized to ensure delivery of the projects, identify unforeseen delays the project has experienced, and note project successes.

Safe Routes to School Program

Description The purpose of the Safe Routes to School Program is to improve safety and mobility for children by enabling and encouraging them to walk and bicycle to school.

Year Founded 2005

Award Type Competitive

Cycle Frequency Biennial

Approval Authority Legislature

Eligibility Details

- Projects must be within two miles of a primary or middle school, and match the purpose of the program

Evaluation Criteria

- **Engineering Improvements** How well the project will reduce potential pedestrian and bicycle conflicts with motor vehicles, reduce traffic volume around schools, and/or establish safe and fully accessible crossings, walkways, trails, or bikeways.
- **Education and Encouragement Efforts** How well the project will teach about bicycling, walking, or driving safety skills; the health effects of biking and walking; the impact to the environment; the range of transportation choices; and the number of events and activities utilized to promote biking and walking to school safely.
- **Enforcement** How well the enforcement efforts will address traffic safety and help increase the number of children walking and biking to school safely.
- **Implementation** Demonstrated need for the proposed improvements and a strong partnership among local agencies that will ensure the project moves ahead on time and on budget.

Selection Process

WSDOT utilizes an evaluation committee to review and prioritize project proposals.

Which statewide transportation goals are supported?

Economic Vitality	Preservation
Safety	**Mobility**
Environment	Stewardship

Who is eligible?

Cities/Towns
Counties
Port Districts
Transportation Benefit Districts
Tribes
State Agencies
Transit
Other (Schools)

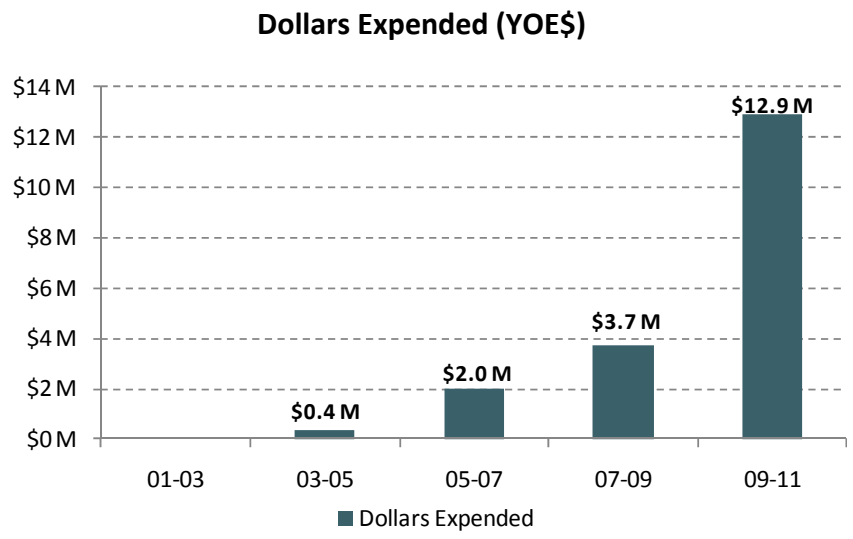
What projects are eligible?

Local Roads
State Highways
Bridges
Railroads
Grade Crossings
Airports
Bicycle Facilities
Sidewalks and Crossings
Other (Education and Enforcement)

What costs are eligible?

Design
Right of Way
Construction
Other (Education and Enforcement)

Funding and Recipients



- Program funding comes from state and federal sources

Performance Measurement

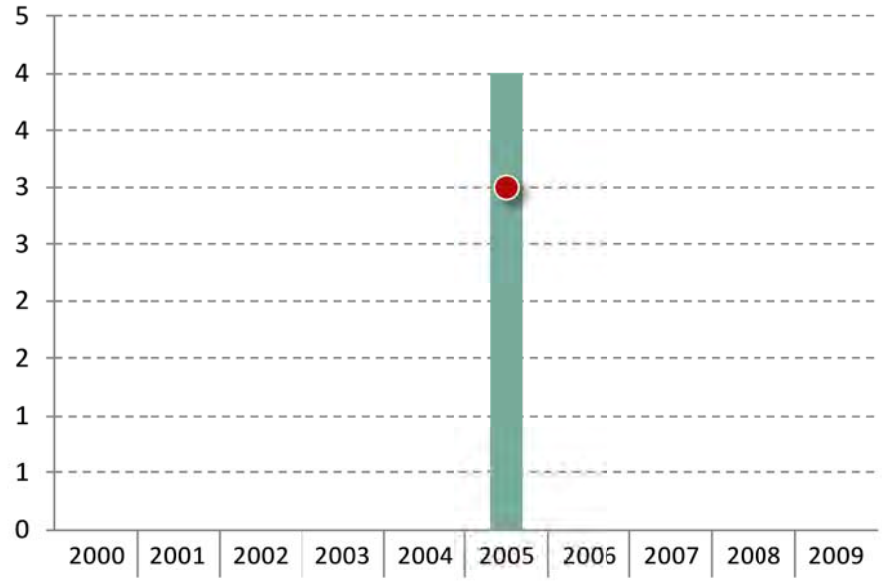
- Before and after analysis of children walking and biking to school are performed. Preliminary project evaluation results show an average 50% increase in the number of children walking and biking to school at locations where projects have been completed.
- Before and after analysis of safety improvement projects are completed three years after data is available. There is limited data available because the Safe Routes to School program has been in place since 2005 and multi-year averages and trends in accident data are needed to accurately evaluate performance change.
- Local agencies are required to report quarterly through the H&LP on-line Quarterly Project Reports database. The information provided is utilized to ensure delivery of the projects, identify unforeseen delays the project has experienced, and note project successes.

JTC EFFICIENCIES IN THE DELIVERY OF TRANSPORTATION FUNDING & SERVICES TO LOCAL GOVERNMENT

Appendix B: PROJECT REQUESTS VS. PROJECTS AWARDED

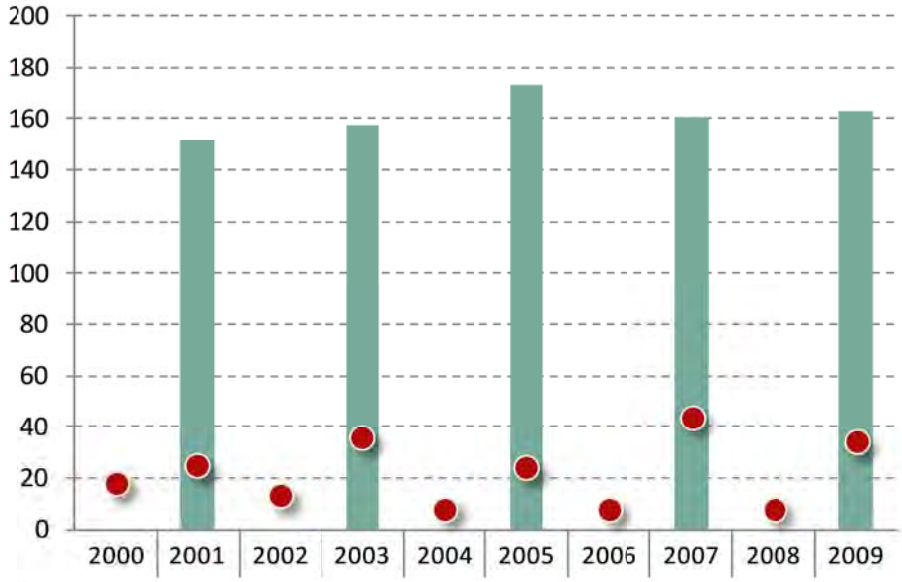
County Road Administration Board

COUNTY FERRY CAPITAL IMPROVEMENT PROGRAM



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	-	-	-	-	-	4	-	-	-	-
Projects Awarded	-	-	-	-	-	3	-	-	-	-
% of Requests Granted						75%				

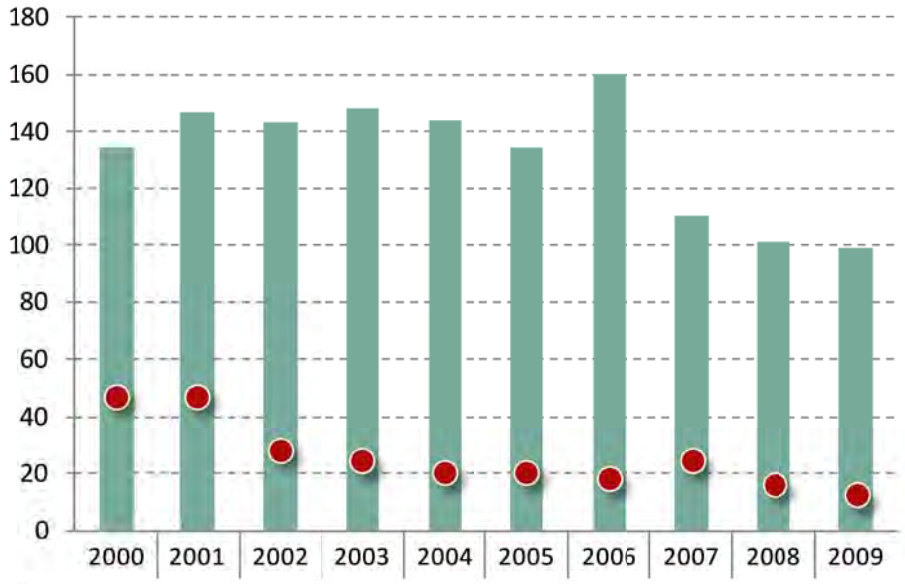
Rural Arterial Program



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	-	151	-	158	-	173	-	161	-	163
Projects Awarded	18	25	13	36	8	24	8	44	8	34
% of Requests Granted		17%		23%		14%		27%		21%

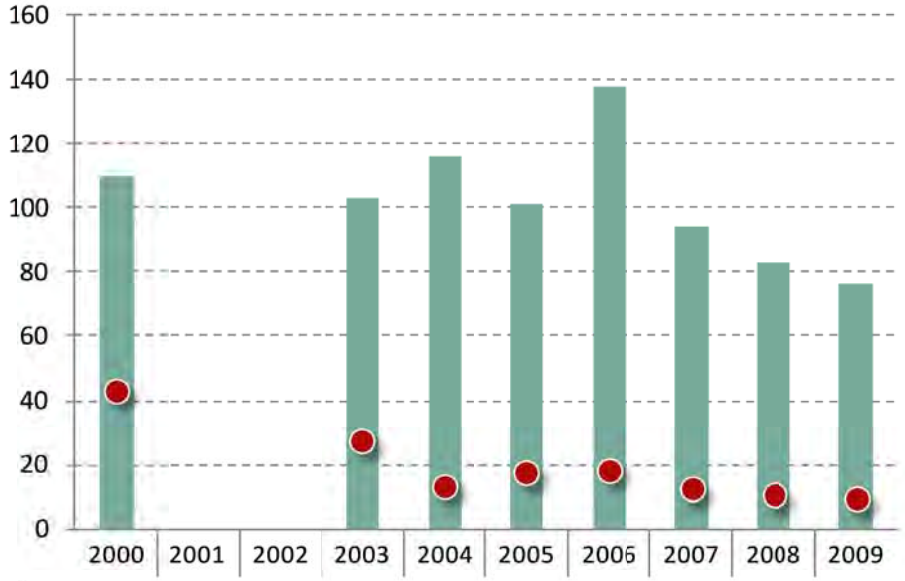
Transportation Improvement Board

Urban Arterial Program



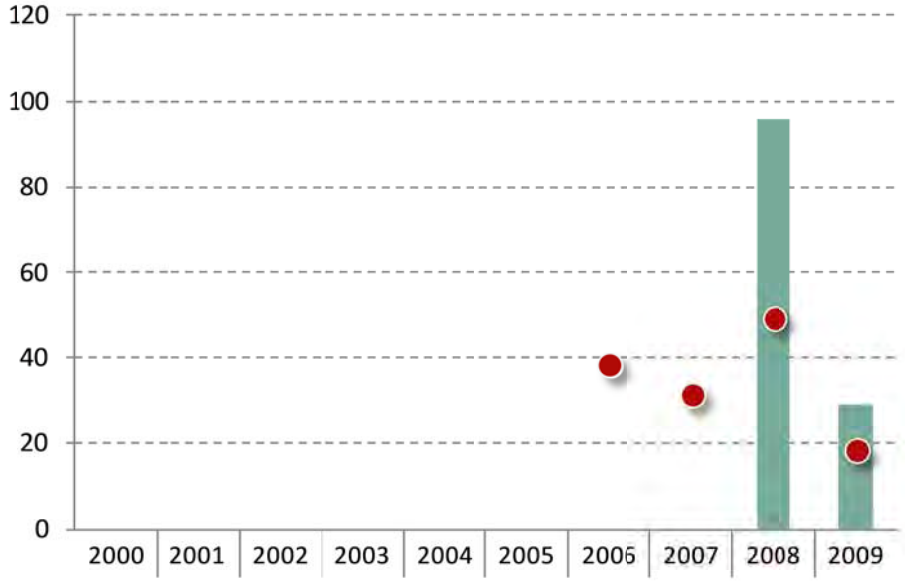
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	134	147	143	148	144	134	160	110	101	99
Projects Awarded	47	47	28	24	20	20	18	24	16	12
% of Requests Granted	35%	32%	20%	16%	14%	15%	11%	22%	16%	12%

Urban Corridor Program



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	110	-	-	103	116	101	138	94	83	76
Projects Awarded	43	-	-	27	13	17	18	12	10	9
% of Requests Granted	39%			26%	11%	17%	13%	13%	12%	12%

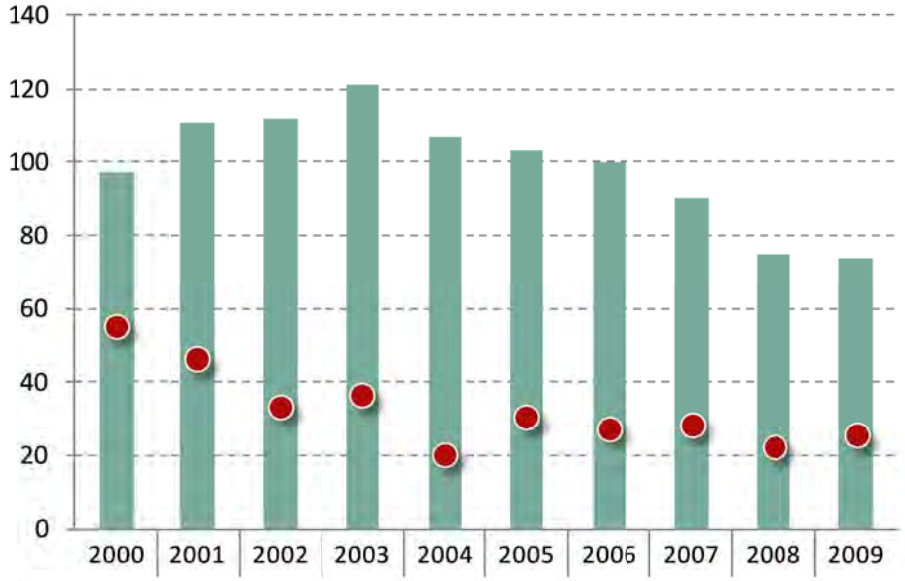
Small City Pavement Preservation



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	-	-	-	-	-	-	-	-	96	29
Projects Awarded	-	-	-	-	-	-	38	31	49	18
% of Requests Granted									51%	62%

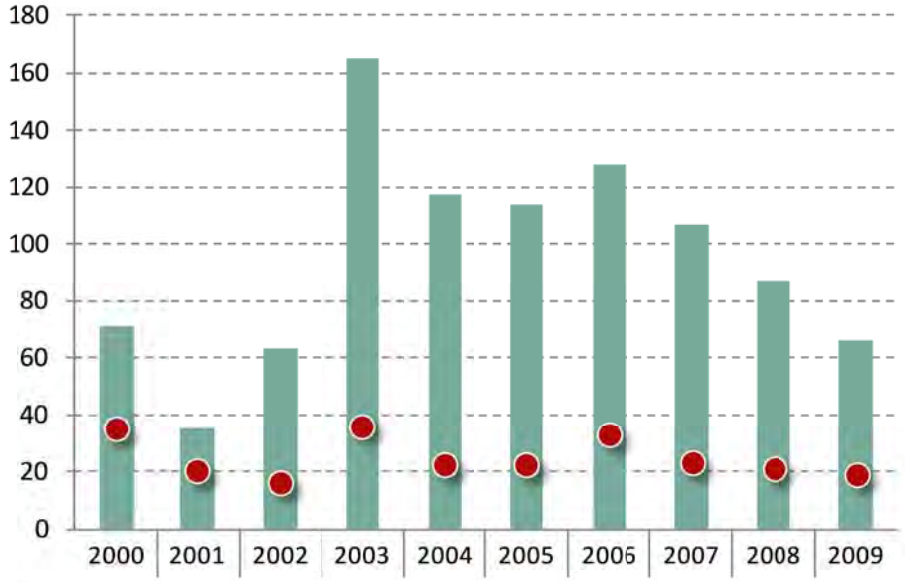
Note: The Small City Pavement Preservation Program did not begin until 2006

Small City Arterial Program



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	97	111	112	121	107	103	100	90	75	74
Projects Awarded	55	46	33	36	20	30	27	28	22	25
% of Requests Granted	57%	41%	29%	30%	19%	29%	27%	31%	29%	34%

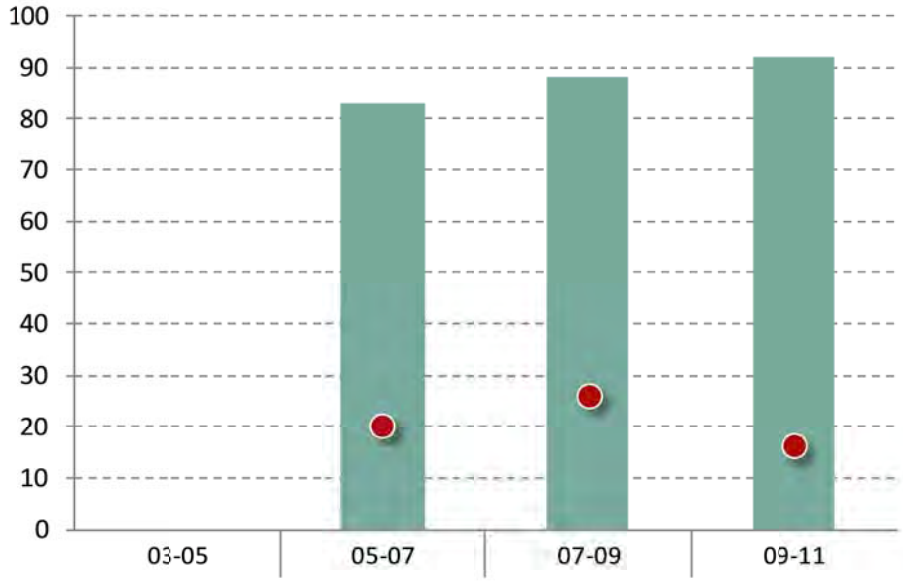
Sidewalk Program



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Requests Received	71	35	63	165	117	114	128	107	87	66
Projects Awarded	35	20	16	36	22	22	33	23	21	19
% of Requests Granted	49%	57%	25%	22%	19%	19%	26%	21%	24%	29%

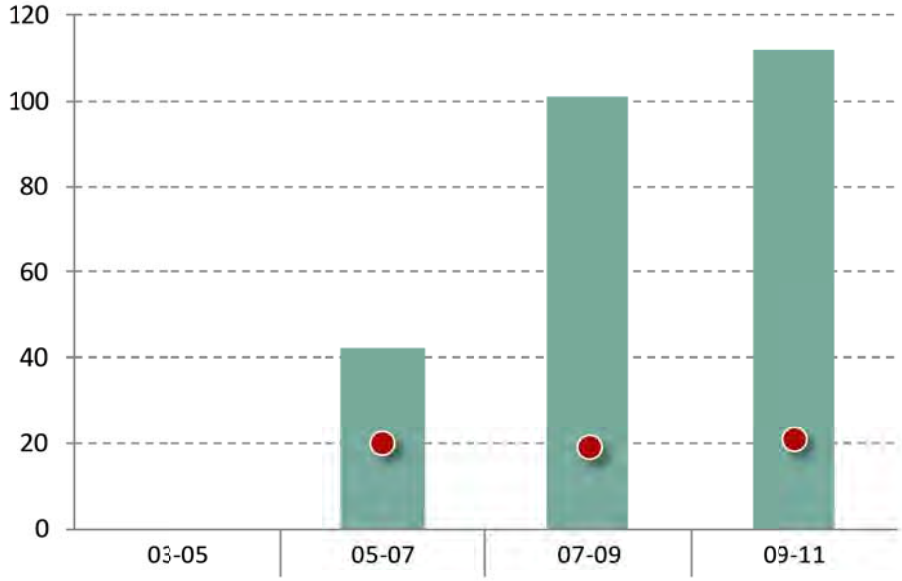
WSDOT Highways & Local Programs

Bicycle & Pedestrian Safety



	03-05	05-07	07-09	09-11
Requests Received	-	83	88	92
Projects Awarded	-	20	26	16
% of Requests Granted		24%	30%	17%

Safe Routes to School



	03-05	05-07	07-09	09-11
Requests Received	-	42	101	112
Projects Awarded	-	20	19	21
% of Requests Granted		48%	19%	19%

JTC EFFICIENCIES IN THE DELIVERY OF TRANSPORTATION FUNDING & SERVICES TO LOCAL GOVERNMENT

Appendix C: EXISTING OUTCOME MEASURES

The four agencies track a number of outcome measures for several reports and audiences. Exhibit 1 below identifies outcome-oriented measures reported by the agencies, categorized by report.

Exhibit 1
Agency Outcome-Oriented Measures by Report

OFM Performance Measures (October 2010)*	
CRAB	• Percentage of county-owned bridges in fair or better condition • Percent of county-owned arterials in fair or better condition • Number of counties earning Certificates of Good Practice based on review compliance with CRAB Standards of Good Practice • Number of person-days or training/consulting provided to county personnel by CRAB staff on County Engineer duties and responsibilities, Engineering Design Systems (Eagle Point), and Transportation Management Systems (Mobility) • Number of traffic fatalities that occur on county roads per year • Number of traffic-related injuries that occur on county roads per year
FMSIB	• Number of barriers of freight movement mitigated by closure or separation of "at grade" crossings • Number of barriers to freight movement mitigated by removal of chokepoints • Number of public outreach contacts
TIB	• Percentage of accidents two years after construction compared to two years before construction (Target is 20% reduction) • Reducing the percentage of payments made outside of the control limits (For urban agencies the control limit is 29 days and for small cities it is 21 days) • Target is to decrease the 38% the number of lane miles in need of maintenance • We want to reduce to 10% the percentage of remaining dollars committed to delinquent projects. Delinquent projects are six months behind schedule or have not reached Bid Award on time
TIB Dashboard	
TIB	28 measures categorized as follows: • *Output*: Agency contacts; TIB customers; Phase approvals; Project inventory; Time to construction; Time since last payment; Remaining TIB obligation; Local matching funds; Completed projects; Average payment cycle; Transaction processing • *Outcome*: Executive Director's Watch List; Delayed projects; Reasons for project delay; Historical cutoff; Unfunded applications; Grant per project; TIB customer satisfaction • *Efficiency*: Average months in Bid Award; Change in future obligation; Delinquent obligation; Increase in project cost; Status of initiatives • *Financial*: Account balances; Administrative expenses vs. allotments; Bond debt reduction; Demand for funds; Expenditures vs. revenue; Accounts payable; Project payments vs. allotments; Revenue vs. forecast; Revenue forecast comparison; Payment requests vs. revenue; Demand vs. revenue; Projected fund balances
Gray Notebook (June 2009)	
WSDOT H&LP	• Local Bridge Inspection Program: number of city and county-owned bridges in good or fair condition • Highway Safety Improvement Program: before and after measure of total annual collision and fatal/serious collision rates

	• Pedestrian and Bicycle Safety: Statewide annual fatal and serious injury traffic collisions involving pedestrians and bicyclists, before and after analysis of safety improvement projects are completed three years after data is available; . • Safe Routes to School: before and after analysis of children walking and biking to school are performed; before and after analysis of safety improvement projects are completed three years after data is available • Note: Measures do not appear in every edition of the Gray Notebook. Topic areas covered are listed in the back of the Gray Notebook with the corresponding edition numbers.
OFM Transportation Progress Report (2008)	
WSDOT H&LP	• *Safety*: local components of (1) Measure 1.1 Traffic fatalities: number and rate of traffic fatalities per 100 million vehicle miles traveled (2) Measure 1.2: Collision reduction: percent reduction in injury and damage collisions before and after safety improvements • *Preservation*: (1) Measure 2.2 Local Roadway Pavement: percent of city and county roadway pavement in fair or better condition. (2) Measure 2.3 Bridges: percent of state, city, and county bridges in fair or better condition (city and county components reported).
FWHA Reporting	
WSDOT H&LP	60 measures in the areas of bridges; construction and contract administration; design and pre-construction; planning and programming; air quality; research; local technical assistance; right of way; and safety. Examples include: • Local Technical Assistance Program (LTAP) Center: Training measures, including number of trainings, hours, and participants. • Bridges: o Number of routine bridge inspections, performed and scheduled for past six months (reported semi-annually) o Number of fracture critical bridge inspections performed and scheduled for past six months (reported semi-annually) o Number of underwater bridge inspections performed and scheduled for past six months (reported semi-annually) o Number of bridges with up-to-date load rating and number of bridges needing updated load ratings (reported annually)

* Source: OFM, Appropriation Period: 2009-11 Activity Version: 43 - 2010 Governor's Current Law Suppltl) Note: Measures may have changed from previous budgets.