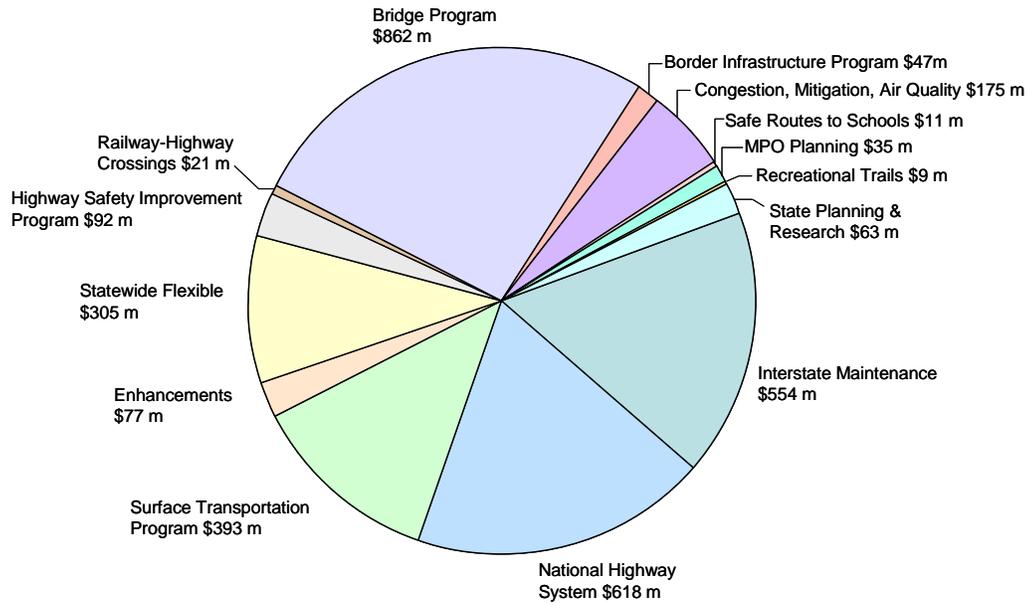


# SAFETEA-LU Overview of FHWA Formula Funds in Washington

SAFETEA-LU is the acronym for the current federal transportation act, the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for User's. The six-year federal act was signed into law August 10, 2005, and covers from October 1, 2003 through September 30, 2009. This document describes the decisions made for distribution of the SAFETEA-LU Federal Highway funds.

Apportionment (a.k.a. contract authority) is a type of federal budget authority established by Congress as part of an authorizing act for transportation. Congress establishes the size of federal programs (e.g. Interstate Maintenance (IM), Surface Transportation Program (STP), National Highway System (NHS), Bridge, etc.) to direct states on how or where they intend the funds to be spent. Apportionments are distributed to states based on formulas. The chart below shows the SAFETEA-LU total apportionment by program to Washington State.

## SAFETEA-LU • Total Apportionments\* 2004-2009 • \$3.263 Billion



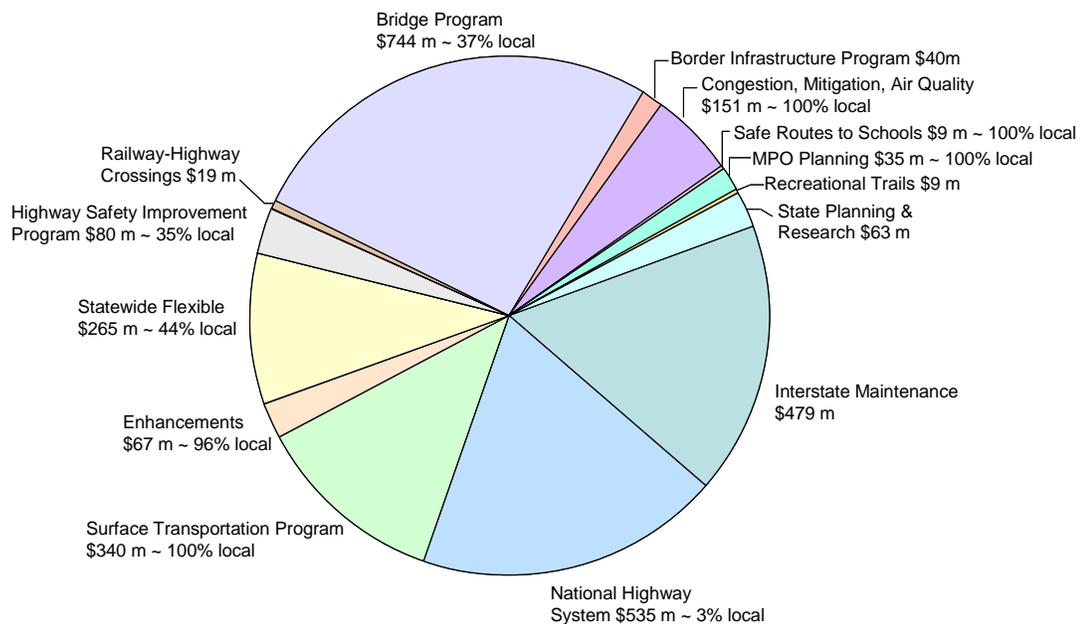
\*Excludes high priority projects.

Obligation authority (a.k.a. spending authority or obligation limitation) is the ceiling or total amount of commitments of federal apportionment that can be made within a year. Congress sets this ceiling or limit as part of the federal appropriation bills to control federal expenditures annually.

A state can only spend apportionment up to the amount of obligation authority it receives in any year. Each year, states accumulate more unobligated apportionment since Congress never gives a state the authority to obligate all of its apportionment. At any point in time every state has a remaining balance of apportionment, that it will never be able to obligate (use to fund projects). For Federal Fiscal Year (FFY) 2007, Washington State received \$590 million in apportionment, but only \$533 million in obligation authority.

The chart below shows the estimated obligation authority by program that Washington is expected to receive. In addition, for each program we have identified the percentage share of the program that has been determined to go to localities based on federal law and legislative action, through various project selection processes. (WSDOT has assumed 85% obligation authority for budget development.)

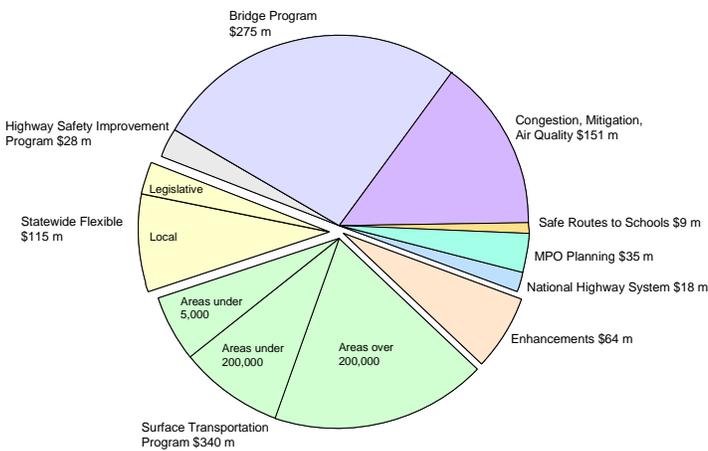
## SAFETEA-LU • Total Obligation Authority 2004-2009 • \$2.837 Billion



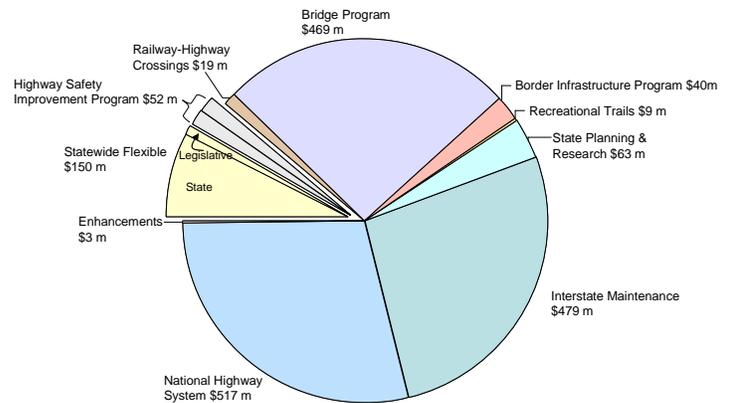
When comparing the apportionment and obligation authority charts, you will note that the dollar amounts for the Metropolitan Planning Organization (MPO) Planning, Recreational Trails and the State Planning and Research programs are equal. Washington has historically provided these three programs with an equal amount of obligation authority per apportionment. This practice proportionately reduces all the other programs obligation authority.

The charts below provide the estimated obligation authority by program localities and WSDOT are expected to receive, as of March 2007, which is approximately 37%/63% respectively. WSDOT Highways & Local Programs utilizes less than two percent annually for administration of the federal program for localities. The administration is funded from the two largest programs, bridge and surface transportation program (STP).

**SAFETEA-LU • Local Obligation Authority  
2004-2009 • \$1.037 Billion**



**SAFETEA-LU • State Obligation Authority  
2004-2009 • \$1.800 Billion**



There are three programs that make-up the STP allocations annually distributed to MPOs and county lead agencies. The programs are the NHS, STP and Statewide Flexible and all require 13.5% match. Allocations are not released to the localities until the Governor’s office has approved the quarterly Transportation Revenue Forecasts reflecting the FHWA apportionment and obligation authority notices for the FFY. MPOs and county lead agencies are required to report annually to WSDOT a summary of their STP project selections.

- The NHS program provides funding for improvements to rural and urban roads that are part of the NHS, including the Interstate System and designated connections to major intermodal terminals. Local agencies receive 3% (\$18 million) of the funds based on the local share of their lane miles that are on the NHS. WSDOT requests FHWA transfer the annual amount of NHS funds to the STP program. WSDOT then allocates the

STP funds to agencies in lieu of NHS, for ease of administration. The funds are distributed to the MPOs and county lead agencies proportionately based on their relative share of the NHS system. In addition, MPOs and county lead agencies are to ensure their respective NHS routes are given priority in their programming process. Finally, MPOs and county lead agencies are required to certify in their TIP submittals to WSDOT that the NHS facilities have been given priority in their programming process or the NHS facilities are in adequate condition.

- The STP program provides flexible funding that may be used by WSDOT and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and intracity and intercity bus terminals and facilities. STP funds are distributed to MPOs and county lead agencies for prioritization and selection based on their regional priorities. STP funds are divided into three categories:
  - 1) Large urban areas (> 200,000 population areas) – the funds are distributed to the Puget Sound Regional Council (PSRC), the Spokane Regional Transportation Council (SRTC) and the Southwest Washington Regional Transportation Council (RTC) based on the MPOs respective levels of urbanized population.
  - 2) Rural areas (< 5,000 population areas) – the funds are distributed to MPOs and county lead agencies based upon a formula developed under the vintage 1991 Federal Aid Secondary System and the distribution has never been modified. For FFY 2004 a special rule allowed localities to utilize up to 15 percent of the amount reserved for rural areas for rural minor collector improvements. However, for FFY 2005, 2006 and 2007, the special rule does not apply.
  - 3) Other areas in the state (< 200,000 population areas) – the funds are distributed to MPOs and county lead agencies in proportion to their relative share of the non-urbanized population.
  
- The Statewide Flexible program distribution is left to the discretion of the state. The funding for the Statewide Flexible program includes: \$24 million of FFY 2004 Minimum Guarantee (eliminated in SAFETEA-LU); \$36 million of FFY 2005-09 Equity Bonus (new in SAFETEA-LU); and \$205 million STP Flexible. In Washington, the funds were split three ways. With the delay in reauthorization, WSDOT and localities assumed a portion of the funds, based on TEA-21 allocations, resulting in \$132 million and \$85 million respectively. The WSDOT funds are programmed based on the approved transportation budgets. The local portion is distributed to MPOs and county lead agencies in proportion to their relative share of the state's population. The remaining statewide flexible funds were distributed based on the 2005-07, 2006 and the 2007-09 Transportation Budgets. The selected WSDOT and local agency projects are identified on the detail project listing from the Governor's office.

There were several other changes to programs based on SAFETEA-LU as well as legislative direction described below.

Transportation Enhancements – the program provides funding for non-traditional transportation projects such as scenic and historic preservation, pedestrian sidewalks, bicycle paths, landscaping, etc. In 2006 WSDOT Secretary of Transportation approved 142 projects totaling \$41.8 million. The 2007-09 Transportation budget identifies projects totaling \$8.2 million (\$4 million to the Bicycle Pedestrian Safety grant program; \$3.5 million Museum of Flight pedestrian bridge; \$0.5 million WSDOT-SR 543 retaining wall design; and \$0.25 million WSDOT-Wildlife Fence). Additionally, there are two statewide projects in need of additional funds - \$1 million for the Confluence Project and \$1 million for the Washington Resource Protection Program. Therefore, \$14.8 million is available for the 2007 call for projects.

Highway Safety Improvement Program (HSIP) – the program was completely revised with the passage of SAFETEA-LU. Projects must help implement the state's strategic highway safety plan. Washington State's plan, called "Target Zero" was updated and approved by the Governor in February 2007. In the 2006 and 2007-09 Transportation budgets, funding has been committed to local agency and WSDOT projects and reserves a total of \$25 million for safety plan priorities and high risk rural roads.

Railway-Highway Crossing – this program also targets funding to the most critical safety needs identified in the approved strategic highway safety plan. SAFETEA-LU requires 50% of the funding be utilized for protective devices at public crossings. The remaining can be utilized for grade separations and/or protective devices at public crossings. The 2007-09 Transportation Budget commits the funding to four WSDOT projects (\$11 million – Vancouver Rail Project; \$3.92 million – Tacoma Mountain Rail; \$0.2 million – Geiger Spur; and \$3.2 million Tacoma-Pt. Defiance Rail Project).

Safe Routes to School – this new federal program is to encourage children to walk and bicycle to school. At least 10% and not more than 30% must be used on non-infrastructure related activities and no match is required. Legislation requires WSDOT to issue a call for projects and submit a prioritized list of projects to the legislature and Governor's office for funding approval. In the 2006 and 2007-09 Transportation budgets a total of \$9 million for 39 local projects is appropriated.

Border Infrastructure – this new federal program facilitates safe and efficient vehicle and cargo movement across borders between Washington and Canada. Funds are distributed to the state based on the number of incoming commercial trucks and vehicles, weight of incoming cargo transported by trucks and the number of border crossings. The funds must be used within 100 miles of the border. In the 2006 and 2007-09 Transportation budgets one local agency and seven WSDOT projects receive funding (see detail project listing).

Also in SAFETEA-LU, the Congestion Mitigation/Air Quality (CMAQ) program identified Thurston County as an eligible area that would receive a portion of these funds. Beginning in 2005 the CMAQ funds are distributed to PSRC, SRTC, RTC, Yakima Conference of Governments (YVCOG) and Thurston Regional Planning Council (TRPC) for projects and programs that reduce transportation related emissions. The distribution of the funds was agreed upon jointly between WSDOT and the MPOs.

Finally, the bridge program funding split, for SAFETEA-LU, between state and local government bridges is 63/37 respectively. For the next federal transportation act (FFY 2010-2015) the funding split will be 75/25 which is estimated to be approximately \$225 million for local government bridges. This change in ratio is due to an analysis of the statewide condition of all Washington State bridges.