

III. Specific Provisions

A. Finance and Accounting

In addition to the Finance and Accounting described in the 2001 Washington Federal-Aid Stewardship Agreement, this section is supplemented with the following:

In accordance with federal requirements as modified in SAFETEA-LU, each recipient of federal financial assistance for a project with an estimated total cost of \$500 million or more is classified as a Major Project and requires a Financial Plan. The CRC project qualifies as a Major Project. The Financial Plan must demonstrate the commitment of the project co-sponsors to sound financial planning and the resources needed to complete the project.

Development of the Financial Plan will be initiated at the onset of the project as a tool to help shape implementation strategies, culminating in a final Financial Plan for FHWA and FTA approval. FHWA guidance recommends that the time frame for submission of the Initial Financial Plan should be after the ROD is issued, but before authorization of federal funding for the project construction. FTA, under the New Starts process, requires that the Financial Plan be evaluated as part of its decision to approve advancement of the project into preliminary engineering which could occur when the Draft Environmental Impact Statement (DEIS) is published.

FHWA and FTA use different guidelines to develop their required Financial Plans. *FHWA Financial Plan Guidance* was issued on May 23, 2000. FTA developed a *Guidance for Transit Financial Plans*, dated June 2000. The intent of the FHWA Financial Plan review is to evaluate such items as the reasonableness of the cost projections, the viability of the identified funding sources, and the likelihood that the funding commitments will provide sufficient resources to complete the project as planned. For FTA, Section 3(a)(2)(a) of the Federal Transit Act states that “No grant or loan shall be provided under this section unless the Secretary determines that the applicant has or will have the legal, financial, and technical capacity to carry out the proposed project.” Consequently, FTA has specific responsibilities to assure careful financial planning by the agency that receives FTA funds.

Because the CRC project is a joint FHWA and FTA project, guidelines require a one-financial reporting process to be in line with the One-DOT requirements under TEA-21. Therefore, this Coordination Plan provides an outline how the two processes can be merged. For the CRC project, it is conceivable that the transit and highway elements could enter into separate development processes depending on funding availability. Therefore, the combined Financial Plan will use a common introduction with separate sections for the highway and transit elements.

Following are the basic requirements of a combined plan:

1. BACKGROUND
 - 1.1 Description of the project

- 1.2 Vicinity map and graphical representation of the work area
 - 1.3 Detail of the project history
 - 1.4 Description of project sponsors
 - 2. PROJECT SCHEDULE
 - 2.1 Description of approach to development of implementation plans for transit and highways
 - 2.2 Description of process (if applicable) for splitting the Financial Plan for transit and highways
 - 3. SUMMARY OF COMBINED FINANCIAL PLAN
 - 4. TRANSIT ELEMENTS
 - 4.1 Introduction
 - 4.1.1 Description of the transit sponsor and funding partners
 - 4.1.2 Description of the transit elements
 - 4.1.3 Summary of the transit Financial Plan
 - 4.2 Capital Plan
 - 4.2.1 Proposed project capital plan
 - 4.2.2 Agency-wide capital plan
 - 4.3 Operating Plan
 - 4.3.1 Operating revenues
 - 4.3.2 Operating and maintenance costs
 - 4.3.3 Agency-wide operating plan
 - 4.4 Cash Flow Analysis
 - 4.4.1 Twenty-year cash flow projection
 - 4.4.2 Financial evaluation
 - 5. HIGHWAY ELEMENTS
 - 5.1 Cost Estimate
 - 5.2 Implementation Plan
 - 5.3 Construction Financing and Revenues
 - 5.4 Cash Flow
 - 5.5 Other Factors
- APPENDICES
- A. Summary of Regional Economic Forecasts
 - B. Summary of Financial Condition of Project Sponsors
 - C. Summary of Bus and Rail Fleet Management Plans

The requirements as outlined below describe FTA and FHWA review and approval actions for specific work elements in the combined Financial Plan.

FHWA Review and Approval	FTA Review and Approval
	Summary of agency's 20-year cash flow projection (funding sources, revenue forecasts, other planned project costs, annual O&M expenses, etc.) for transit elements

FHWA Review and Approval	FTA Review and Approval
Cash Flow Analysis for highway elements	Cash Flow Analysis for transit elements
	Agency financial capacity assessment. audited financial statements, rail and bus fleet management plans, etc., for the transit elements
Letter of certification from ODOT and/or WSDOT	
Finance Plan based on “likelihood” of realizing non-federal funding sources. Generally, non-federal sources not acceptable if legislative action is required. Discuss risks of non-federal sources. Attach agreements, commitments, etc.	Non-federal funding sources must be formally approved and programmed prior to FTA approval of the FFGA (must attach legislation, signed local agreements, MPO commitments, bonding prospectus and authorization to issue debt, etc.)
Cost estimate in year-of-expenditure	Cost estimate in year-of-expenditure or mid-point of construction
Project contingency implied in attachments	Project contingency line item required
Cost containment strategies (VE, Upset limits, etc.)	
EIS document required to help identify commitments in the FFGA	EIS available, but references to commitments do not need to be included
Annual updates to Financial Plan	