

# FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

## MEETING MINUTES

January 24, 2020 • 9:00 a.m. – 1:15 p.m. • Olympia, WA

---

### In Attendance

---

#### BOARD MEMBERS

Dan Gatchet, Chair  
Leonard Barnes  
Matt Ewers  
Erik Hansen  
Johan Hellman  
Pat Hulcey

Temple Lentz  
John McCarthy  
Art Swannack  
Bob Watters  
Ben Wick

*Not Present:*  
Roger Millar  
Ex officio Aaron Hunt

#### FMSIB STAFF

Brian Ziegler, Director  
Gena Workman, Executive Assistant

#### GUEST PRESENTERS

Russ Blount  
Ron Pate

---

### Meeting Convenes

---

Chair Dan Gatchet convened the meeting at 9 a.m. with Board member introductions.

---

### Approval of Minutes

---

**Board Action Item:** Adoption of November 15, 2019, Board Meeting Minutes

#### MOTION:

Chair Gatchet entertained a motion to adopt the November 15, 2019, meeting minutes as presented.

Mr. Swannack so moved to adopt the minutes as presented. Mr. Barnes seconded.

**MOTION CARRIED**

---

### FMSIB Day on the Hill Recap

---

On January 23, FMSIB met with approximately 70 percent of the House and Senate Transportation Committee members. The following Board members participated in FMSIB's Day on the Hill: Chair Gatchet, Mr. Ewers, Ms. Lentz, Mr. Hellman, Mr. Hulcey, Mr. McCarthy, Mr. Swannack, Mr. Watters, and Mr. Wick. Overall, the participants felt well prepared and that it was a positive day of meetings with a lot of interest and support for FMSIB. It was a good opportunity to connect with new legislative members, educate some members about FMSIB, and bring them up-to-date on current FMSIB issues.

Senators Zeiger and King expressed support for FMSIB, and the Senate Transportation Committee chair stated FMSIB needs to remain independent. Representative Barkis indicated FMSIB's proviso report answered the questions and discussed the new bills proposing a change in transportation priorities from efficiency to environmental. Mr. Hansen pointed out how these bills can be conversation starters.

Representative Pellicciotti shared that he had heard FMSIB lacks diversity on its Board. Since the Governor appoints FMSIB members, Chair Gatchet discussed sending a letter to the associations requesting they submit a more diverse list of candidates to the Governor.

**Staff Action Item:** Director Ziegler will send a letter to the associations requesting they make an effort to submit a more diverse list of candidates to the Governor's Office for FMSIB appointments.

---

## FMSIB Budgets

---

*Operating Budget:* The Operating Budget is on track to expend as forecast.

*Capital Budget:* Director Ziegler reviewed the two capital budget charts, one for project financing and one to track project delivery status. The chart shows projects under agreement for construction, projects that have started expenditures, projects that plan to expend in the 2021-23 Biennium, and the projects that will not have any expenditures since they are not yet fully funded. The 2019-21 total authorized today is \$51 million and \$10 million has been spent, which is the best first quarter performance FMSIB has had. There are several projects getting ready to start billing FMSIB, and Director Ziegler is confident this may be record delivery year for FMSIB. Director Ziegler briefly reviewed any project status changes since the November meeting (designated in orange on the "Active Projects-Sorted by Biennium" chart).

*Board Discussion:*

Chair Gatchet asked if FMSIB could be flexible and ask to be first dollars in once a project is ready to go to construction. Director Ziegler said FMSIB could make that request.

Mr. McCarthy asked if the Board would use the red and yellow projects on the Capital Budget chart list to reallocate funds to other projects. FMSIB needs to become more nimble in its ability to reallocate funds. It is important to make changes in the next few months that will affect what we get this biennium and the next, considering the current legislative climate.

Chair Gatchet mentioned the Board has already identified three projects and if the Board wants to defer more projects to free up money, they will need to give that direction to Director Ziegler so he can be prepared at March meeting.

Mr. Watters suggested that the Board should review staff recommendations for deferring projects, if any, at every Board meeting. Even though Director Ziegler tracks project status, Chair Gatchet agreed in this climate that is something to consider and asked if Director Ziegler could provide a secondary list of eligible projects.

In response to Mr. McCarthy's question, Director Ziegler referred to the "FMSIB Project Review-Defer?" chart that shows staff recommendations for active projects that should be deferred, the amount of money allocated to those projects, and any Board action. Staff recommended deferring four of those projects at the May 2019 meeting, and the Board requested each project sponsor provide a project update prior to any Board action. Since then,

the Board voted to retain one of those projects on the active list, one project was canceled by the city, and the project sponsor for the last two projects is presenting to the Board at today's meeting. Over the past three years, the Board has taken action to remove 19 deferred status projects (no money was allocated) and cancel them after six years of deferred status. There are now only six projects remaining on the deferred list that will be considered for cancellation when their six-year period is up. The chart is continually being updated with the Director's recommendations to defer.

Mr. Ewers asked how the City of Pasco's Lewis Street project is being tracked and any future ones like it. Director Ziegler included the Pasco project on the LEAP list submitted to the Legislature, but FMSIB cannot officially adopt the project until approved by the Legislature. Once the LEAP list approved, Director Ziegler will bring the action item to the Board to award money to the Pasco project. At that point, the project would be added to the active project list.

**Staff Action Item:** Director Ziegler will make project recommendations to defer or cancel, if any, at every board meeting.

*Governor's Supplemental Transportation Budget:* Director Ziegler gave an overview of the Governor's Supplemental Transportation Budget for 2019-21 Biennium. The Chelan County West Cashmere Bridge project was under review for potential "pause" in response to I-976. Director Ziegler discussed this project with the county and WSDOT. It clearly met several of the Governor's criteria for projects that may proceed, so Director Ziegler authorized this project to proceed.

The following are four "paused" projects that affect FMSIB:

- City of Fife, Port of Tacoma Road I/C – Phase 2
- City of Pasco, Lewis St. Overpass
- Edmonds Waterfront Connector
- Connell Rail Interchange

The Governor's budget eliminated the legislative LEAP list requirement for FMSIB.

Mr. Hansen reminded the Board that although there is a lot of focus on the \$350 million hit to the multimodal account because of I-976, other gas tax 18<sup>th</sup> Amendment accounts, such as motor vehicle and State Patrol Highway, took a total hit of about \$200 million.

Due to I-976, Director Ziegler stated that FMSIB's biennial revenue would drop from \$29 million to \$23 million.

Mr. Hansen shared that the Governor's Office is proceeding as if I-976 will be upheld.

---

## Director's Report

---

Please see the Board meeting packet for the complete report on Director Ziegler's activities since the November 15, 2019, Board meeting.

*Project Updates:* Chelan County West Cashmere Bridge Project #98 and City of Tacoma Taylor Way Rehabilitation Project #97 bid awards are scheduled for January.

*FMSIB 2019-21 Budget Proviso Report:* The report was submitted to the Governor and Legislature on December 19. As of January 22, Representative Fey's staff had read the report but had not briefed Representative Fey.

*Board Discussion:*

The Board discussed the need for clarity from the Legislature on whether FMSIB could conduct a call for projects this year. Director Ziegler pointed out the importance for FMSIB to do a call for projects so we can be at the table in January 2021 advocating for good freight projects.

Since there is not time during the Board meetings, Mr. Wick suggested convening a committee to work on an implementation plan for the changes stated in the proviso. The committee would present the recommendations to the Board at the May retreat before conducting a call for projects.

Mr. Swannack pointed out the need for developing a methodology now for moving money quickly from deferred projects and applying it to other projects.

Mr. Hansen pointed out that are ways to do a LEAP list that includes projects that are not yet funded with language that gives the authority to move money from a delayed project to the next project on the list.

Chair Gatchet suggested the Project Selection Committee Chair, Mr. Hulcey, bring committee recommendations to the retreat in May.

Mr. Swannack emphasized a concern that May is too late for this year's projects and that we need to bring any requests for LEAP list changes to the Transportation Committee now.

Chair Gatchet then suggested a motion be made to get this committee going now.

**MOTION:** Mr. Wick made a motion requesting staff convene the Project Selection Committee and provide a recommendation on steps to implement the recommendations of the proviso report.

Art seconded.

***MOTION CARRIED***

Mr. McCarthy questioned if we need a motion to adopt the five proposals listed in the proviso. Mr. Wick felt the motion just made included all the proposals. Recommendations for how to implement the proposals will be brought to the Board for formal action.

**Staff Action Item:** Director Ziegler will schedule a Project Selection Committee meeting to begin work on recommendations for implementing the proposals listed in the proviso report.

---

**Board Member Reports**

---

*Mr. McCarthy:* will testify before Senator Cantwell's committee on port infrastructure needs, ports interface with rural communities, and different federal funding mechanisms.

*Mr. Swannack:* working with County Road Administration Board to see what methodology they use to accelerate projects and make sure money is spent.

---

## Canceled Projects

---

### DEFERRED PROJECTS ELIBLE FOR CANCELED STATUS

**Board Action Item:** Move eligible project(s) from deferred to canceled status or retain on deferred list

Director Ziegler reviewed the "FMSIB Deferred Projects-Consider for Removal" chart. The below projects are eligible for cancelation (deferred for at least six years) and were reviewed at the November 15 Board meeting but no action was taken at that time:

- **Project #57 (Woodinville) SR 202 Corridor Improvement - Phase 2**  
*City of Woodville Request:* Prefer to remain on deferred list, but okay with canceling.  
*FMSIB Staff Recommendation:* Cancel project.
- **Project #74 (Tacoma) SR 509/"D" Street Ramps**  
*City of Tacoma Request:* Remain on deferred list and not be canceled.  
*FMSIB Staff Recommendation:* Retain this project on the deferred list. The city made a good case for this project at the November 15 meeting, and there is no risk to FMSIB to leave it on the deferred list.

### **MOTION:**

Mr. Swannack moved to cancel the below projects:

- 1) Project #57 (Woodinville-SR 202 Corridor Improvement-Phase 2)
- 2) Project #74 (Tacoma-SR 509/"D" Street Ramps)

Mr. Watters seconded.

### **MOTION CARRIED**

**Staff Action Item:** Director Ziegler will notify project sponsors in writing of project cancelation.

---

## Deferred Projects

---

### ACTIVE PROJECTS ELIGIBLE FOR DEFERRED STATUS

**Board Action Item:** Determine if eligible project(s) should be moved from active to deferred status

The following active projects were under consideration for deferral:

- **Project #76 (City of Fife) Port of Tacoma Rd I/C- Phase 2**  
*City of Fife Request:* Retain on active list for two years.
- **Project #89 (City of Fife) I-5/54<sup>th</sup> Ave E I/C Improvement Phase 1B**  
*City of Fife Request:* Move to deferred list.
- **Project 77 (City of Tukwila) SW 27<sup>th</sup>/Strander Blvd Connection- Phase 3**  
*City of Tukwila canceled this project in June 2019*

### **Project #76 (City of Fife) Port of Tacoma Rd I/C- Phase 2**

Mr. Russ Blount, City of Fife, provided a presentation to the Board on Project #76 Port of Tacoma Rd I/C-Phase 2, which has made the following progress:

- Design fully funded, 30% complete
- Right-of-way fully funded, to begin 2020
- Construction 60% funded

- The city is pursuing right-of-way plan approval and will pursue right-of-way acquisition and construction funding

Mr. Blount emphasized the importance of FMSIB's money being active when the city is applying for federal grants. FMSIB is roughly 15 percent of money in, and FMSIB is a nationally known entity. The city is applying for federal grant this June and is asking to stay on active list for approximately two years.

Mr. Watters asked why the city was denied the federal grant the first time. Mr. Blount explained that this project made the initial list of unranked of projects, but did not make it through the politically based selection process at the federal level.

Mr. McCarthy stated this project is an example of why FMSIB should be looking at the deferral list on a case-by-case basis. This is a very important and complex project that should remain on the active list, despite the length of time it has been active.

Mr. Wick pointed out it if moved to the deferred list it would be a cash deferral but not withdraw support. He inquired how FMSIB could support a project without tying up the money. Since the feds want to be the last dollars in, Mr. Blount feels FMSIB is a tremendous help in securing these grants because FMSIB is willing to be first dollars in.

Mr. Hulcey pointed out that the Lander Street is a big project and the main door into the Port of Seattle. Port of Tacoma Road Project Phase 2 is the main door into the Port of Tacoma and Mr. Hulcey advocates we keep money committed.

**MOTION:** Mr. McCarthy moved to retain FMSIB Project #76 Port of Tacoma Rd I/C Phase 2 for \$7.53 million on FMSIB's active list. Mr. Barnes seconded.

*Further Discussion:* The Board briefly discussed and agreed that there is not a conflict of interest for Mr. McCarthy to vote on this project since the Port of Tacoma is not the project sponsor.

Mr. Swannack questioned if we should be adding more money. Based on further discussion, it may best to wait until construction then reconsider adding more money.

Mr. Wick inquired if the money should be moved to 2023-25 Biennium. Mr. Blount requested the money remain in the 2021-23 Biennium since that is what is being asked for on the grant application. The city will know by December 2020 if they are awarded the federal grant.

**MOTION CARRIED.** Mr. Hulcey recused.

### **Project #89-1 (City of Fife) I-5/54<sup>th</sup> Ave E I/C Improvement Phase 1B**

Mr. Blount briefly discussed status of Project #89-1 I-5/54<sup>th</sup> Ave E I/C Improvement and stated the city is okay with this project being moved from active to deferred status. The city will continue pursuing this project and may submit a new application in a few years.

**MOTION:** Mr. Swannack moved to remove 54<sup>th</sup> Street Project as presented.

Mr. Barnes seconded.

**MOTION CARRIED.** Mr. Hulcey recused.

### **Project 77 (City of Tukwila) SW 27<sup>th</sup>/Strander Blvd Connection- Phase 3**

*FMSIB Staff Recommendation:* Since the City of Tukwila canceled this project June 2019, Director Ziegler recommended Project #77 (City of Tukwila) SW 27<sup>th</sup>/Strander Blvd Connection- Phase 3 be moved to deferred status.

**MOTION:** Mr. Ewers moved to move FMSIB Project #77 SW 27<sup>th</sup>/Strander Blvd Connection- Phase 3 to the deferred list. Mr. Swannack seconded.

**MOTION CARRIED**

---

### **Projects to Monitor**

---

Director Ziegler noted several projects to monitor for possible future deferral:

- ***Project #100-00 (City of Seattle) East Marginal Way Heavy Haul Corridor***  
FMSIB awarded \$6.1 million in 2018. This project is not fully funded (50 percent secured), and will not make the original ad date of April 2021; however, it is making some progress. Mr. Hansen pointed out that knowing the source of these funds should be a part of FMSIB's decision. Director Ziegler suggested inviting the City of Seattle to the March meeting to provide an explanation.
- ***Project #101-0 (City of Sumner) Stewart Rd Corridor***  
FMSIB awarded \$3 million in 2018. This project will not make the original ad date of March 2021. They have \$7 million secured of a \$21 million project. It is progressing, but slow. The Board suggested this project come sometime in next year give an update, including specifics of where the other funding is coming from.

Due to FMSIB's willingness to be first money in, the current application process does not focus on where other money is coming from. Those questions are now being asked.

Mr. McCarthy noted it would still be helpful to figure out how to use the funds quicker and to have a constant recommendation on projects.

Chair Gatchet suggested we share all the progress FMSIB is making with Representative Fey.

**Board Recommendation:** Defer to Director Ziegler's recommendation when to bring these projects sponsors to Board meetings to provide an update, including information on where other money is coming from.

**Staff Action Item:** Director Ziegler will determine which projects appear to be falling behind and over the next year request they provide an update to the Board, including where their funding is coming from.

**Future Agenda Item:** Invite City of Seattle East Marginal Way to March 20, 2020, meeting and City of Sumner to a meeting later this year, as it fits into the schedule.

---

## Federal Funding

---

In response to Board action taken at the November 15, 2019, meeting, Director Ziegler prepared a briefing paper on FMSIB Projects and Federal Funding. See complete report for details. Below are key points:

- 1) FMSIB-funded projects average over four matching funding sources. Over half of FMSIB-funded projects (54%) include one federal program or one of four discretionary sources. Some projects have more than one federal source.
- 2) TIGER / BUILD Results:
  - a. One in eight applications included FMSIB funding.
  - b. One in 20 state applications was successful.
  - c. One in 12 applications with FMSIB funding was successful.
  - d. FMSIB funding increased success rate by 56%.
  - e. FMSIB-funded projects brought \$63 m in additional funding to Wash.
  - f. FMSIB contributed \$20 m to the four successful projects.
  - g. Federal funds were leveraged 3 to 1.
- 3) FASTLANE / INFRA Results:
  - a. One in two applications included FMSIB funding.
  - b. One in 13 state applications was successful.
  - c. One in 11 applications with FMSIB funding was successful.
  - d. FMSIB funding increased success rate by 11%.
  - e. FMSIB-funded projects brought \$50 m in additional funding to Wash.
  - f. FMSIB contributed \$13 m to the two successful projects.
  - g. Federal funds were leveraged nearly 4 to 1.

Mr. Watters asked if we know how much of the 54 percent is discretionary. Director Ziegler suggested the certainty of funding might be something FMSIB should factor in on future awards. Mr. Hellman asked what happens to the money if a project comes in under budget. Director Ziegler explained each partner has a different set of rules, but FMSIB's rule is a proportional reduction. Mr. Wick questioned if our deferred list could be considered as a pledge for funding. Director Ziegler sees the FMSIB award letter as a pledge for reimbursement versus secured funds. Mr. Ewers would want to know for sure if being on the deferred list would be a good enough pledge for federal application.

*Staff Recommendation:* FMSIB should revise the project awards to reflect the presence or absence of federal funding and possibly rank the likelihood of receiving federal funding as low, medium, and high.

---

## Legislative Panel: Representative Jake Fey Addresses the Board

---

The following is a summary of Representative Fey's discussion with the Board:

Rep. Fey apologized for missing FMSIB's scheduled Day on the Hill meeting. He is not dropping a bill this session dealing with FMSIB. There is currently more on his plate than he can handle.

Rep. Fey was pleased the Governor called legislative leadership and discussed a framework for dealing with I-976. The Governor listened well and did what we asked him to do.

Rep. Fey hopes to wrap up business on time, but in a thoughtful way. The Governor's budget is a good start; the Legislature will tinker with it.

Rep. Fey mentioned the impacts of I-976:

- Transportation Budget is \$450 m short, \$350 m in Multimodal Fund
- Transfers in from Hwy. Safety Acct. (\$60 m) and gas tax on construction (\$84 m) are helping fill the gap
- Reduced expenses in WSF and WSP
- Paused projects are getting lots of attention, but a prudent thing to do
- The Legislature is NOT going to adopt the Initiative, like when I-695 passed. However, the legislature is assuming the loss of revenues. JTC funding study will provide some recommendations on future revenue options.
- NOT moving sales tax on new cars from GF to transportation fund

To balance the budget, the Senate is evaluating 2%, 5%, and 10% reduction scenarios. The House is not doing that. Removed vacant positions in WSP however.

Both houses considering a new revenue package in 2021 (9 cents JUST for culverts). CRC, Everett Trestle, would be on top of that.

The rail budget took a hit too.

The House is looking at whether \$150 m in borrowing is necessary.

All advertising on the Initiative said there would be consequences, and there are.

Rep. Fey wants to get "lots of information" for the 2020 budget. He wants to do as little harm as possible, even though pausing costs money.

Mr. Barnes asked what FMSIB could do to help. Rep. Fey said that to the extent FMSIB has information about projects, needs, and consequences, tell us.

Mr. Swannack asked whether FMSIB's response to the proviso language has been discussed yet.

Rep. Fey said the proviso language report will come up when the Transportation Exec. Committee (Chairs, Vice-Chairs, Ranking) evaluates each agency budget.

Mr. McCarthy noted that FMSIB has taken good steps and is evaluating new tools to improve delivery. He asked if FMSIB would be allowed to do a Call for Projects. Rep. Fey said it's hard to think about new projects, unless it is an emergency (not just FMSIB, but broadly). Next biennium fish passage is the priority (\$675 to \$700 m) which must be funded whether there is a package or not. Hard to ask for new projects in that environment. Rep. Fey did say, however, that he has opened the door this year for new project proposals from members.

Chair Gatchet mentioned that the Board has already deferred projects to "spend the money faster." He said the Board hopes to use it on projects that are ready to go. Awards are always dependent on availability of funding.

Mr. Swannack cited the Pasco project example where the Board moved quickly to fund last dollars into that project. Rep. Fey said that project might be un-paused; people have visited him about this. Director Ziegler stated that freight interests should be at the table in 2021 when new revenue is discussed. Rep. Fey said yes, but he's still committed to freight.

Chair Gatchet reiterated that the Board has some money available due to deferral. Mr. Swannack asked what authority the Board would need to get FMSIB money to Pasco. Rep. Fey replied that Staff would have to look into that.

---

## FMSIB/CRAB/TIB Comparison

---

Chair Gatchet requested this agenda item be postponed until the March meeting.

**Future Agenda Item:** Move to March 20, 2020 meeting.

---

## Connell I/C Project Update

---

The City of Connell applied during FMSIB's 2018 Call for Projects. The Board had many questions about where the funding for this project was coming from. Mr. Ron Pate, WSDOT, put together a project team and has been working with the city on this project. The city applied six times for federal funding but did not receive awards due to lack of match money: \$10 million is now committed out of \$28 million project. All the project sponsors then worked at getting all the funding they could. After research, BNSF determined there was no operational benefit. The project is now on the "pause" list in response to I-976. Director Ziegler pointed out if FMSIB had \$4 million they could help the project reach 50 percent funding, and according to Mr. Pate, it would then have a good chance at a federal grant.

---

## Next Meeting

---

March 20, 2020 - Tacoma

---

## Meeting Adjourned

---

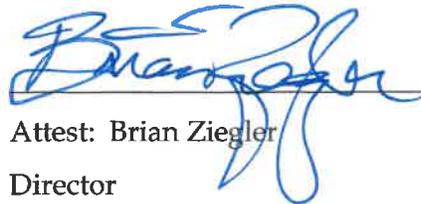
Chair Gatchet adjourned the meeting at 1:15 p.m.



---

Dan Gatchet

Chair



---

Attest: Brian Ziegler

Director