FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

MEETING MINUTES

November 17, 2017

Vancouver, WA

Board members present: Mr. Dan Gatchet, Chair; Mr. Leonard Barnes; Mr. Matt Ewers;

Mr. Erik Hansen; Mr. Johan Hellman; Mr. Pat Hulcey; Secretary Millar; Mr. Art Swannack;

Mr. Tom Trulove; and ex-officio Mr. Aaron Hunt

Board Members not present: Mr. John Creighton and Mr. Bob Watters

WELCOME

Chair Dan Gatchet opened the meeting with welcoming comments.

MINUTES

*Chair Dan Gatchet entered a motion to adopt the September 15, 2017, minutes as presented. Mr. Swannack so moved to adopt the minutes and Mr. Hulcey seconded the motion.*

*MOTION CARRIED*

FMSIB BUDGETS

Director Ziegler gave an overview of the 2017-19 biennium budget for both the operating and capital budgets. To date, FMSIB has expended 80 percent of the operating budget and 70 percent on the capital budget. The largest operating budget cost in this biennium is the one-time allotment of $60,000 for the Road-Rail Study. There will be two annual reports produced during this biennium, which are budgeted at approximately $20,000 each. The agency will have to go out to bid for a new contract in 2018 so the exact cost is unknown.

The current FMSIB capital budget is funded with six distinct fund sources. FMSIB did complete a Supplemental Budget Request to reappropriate $585,909 for the capital budget. Copies of the Supplemental Budget request were shared with all Board members present.

Secretary Millar asked how much of the 17-19 budget was reappropriation. Director Ziegler stated that it was about $9.5 million. Secretary Millar expressed a concern about a possible bow wave effect with a $50 million budget and an appropriation shy of $30 million. Spending money this way becomes an attractive target and we need to be paying more attention. Secretary Millar discussed what FMSIB is doing to actively manage its portfolio and helping these projects to get the money spent. Maybe this is something the Board needs to be looking at. The Director can be a resource to the applicants and determine why the projects are not moving to completion. Chair Gatchet said that there is some work to do on this cash flow topic and that it warrants more discussion. Mr. Swannack suggested that maybe there should be principal statement that as a strategic investment board, we will not expect a standard timeline for projects to reach completion.

DIRECTOR’S REPORT

Director Ziegler gave of brief overview of the below Director’s Report:

*Washington Freight Advisory Committee (WAFAC)*

FMSIB staff provided scheduling support and meeting minutes for the WAFAC meeting held in Seattle on October 3. In addition, I attended a related WSDOT briefing to MPO’s and RTPO’s on October 10.

On October 23, the Governor’s Office convened a meeting of freight stakeholders to discuss the state’s progress implementing the National Highway Freight Program (NHFP) funding in Washington State. Attendees included the Governor’s Office, WSDOT, FMSIB, AWC, WPPA, and WSAC. The parties agreed to continue the conversation about freight project prioritization and work together to improve communication and transparency.

*National Highway Freight Program (NHFP) Project Funding Status*

The following Exhibit was included in WSDOT’s Draft Freight Plan, and I spoke to it in my September 15 Director’s Report. You will note that Federal Fiscal Years 2019 and 2020 do not yet show any funded projects. WSDOT is continuing their validation process and has not shared the Secretary’s final project selection decisions. Before submitting the Plan to FHWA by the December 4 deadline, WSDOT committed to making those project funding decisions and advising WAFAC about the projects WSDOT has selected for these last two years of federal funding.

**Exhibit 1-7: National Highway Freight Program (NHFP) Funded Projects**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Year | Project | Agency | Type | NHFPFunds | Matching Funds | Total Project Cost |
| 2016 | I-5 SB 88th St to SR 531 | WSDOT | Preservation | $3,650,373 | $375,858 | $4,026,231 |
| 2017 | I-90 / Adams Co Line to Spokane Co Line | WSDOT | Preservation | $11,514,801 | $578,839 | $12,093,640 |
| 2017 | I-90 / 468th Ave SE to W Summit Rd EB | WSDOT | Preservation | $22,307,797 | $5,400,726 | $27,708,523 |
| 2018 | South Terminal Modernization Project Phase II | Port of Everett | Multimodal | $1,812,200 | $48,287,800 | $50,100,000 |
| 2018 | S Lander St Grade Separation and Railway Safety Project | City of Seattle | Grade Separation | $3,000,000 | $122,000,000 | $125,000,000 |
| 2018 | I-90/Floating Bridges - Replace Anchor Cables | WSDOT | Preservation | $5,769,979 | $246,172 | $6,016,151 |
|  | Pacific Highway |  |  |
| 2018 | E/54th Ave E | City of | Roadway | $2,000,000 | $7,261,741 | $9,261,741 |
|  | Intersection | Fife | Improvement |  |  |  |
|  | Improvements |  |  |
| 2018 | 142nd Ave & 24th St | City of Sumner | Preservation | $4,707,200 | $840,206 | $5,547,406 |
|  | Bigelow Gulch - |  |  |
| 2018 | Forker Road | Spokane | Roadway | $5,871,876 | $3,550,875 | $9,422,751 |
|  | Connecter- Project 4A; | County | Improvement |  |  |  |
|  | CRP 2989A |  |  |
| 2019 | *Validation underway. Completion expected November 2017.* |  |  |
| 2020 | *Validation underway. Completion expected November 2017.* |  |  |

*Washington Highway Users Federation*

This organization has existed for many decades and exists to advocate for improved capacity and safety on Washington’s highways. FMSIB is an ex-officio member of the Board. I attended a recent Board meeting in Tacoma and then the Annual Interim Meeting on September 28. The day-long agenda usually includes legislative updates from state and congressional representatives and a current topic presentation or two. We enjoyed several lively discussions this year:

1. CONGRESSIONAL UPDATE
	1. Tommy Bauer, State Outreach Director (Senator Cantwell)
	2. Beth Osborne, Deputy Staff Director (Senator Murray)
2. SOUND TRANSIT PRESENTATION
	1. Ric Ilgenfritz, Executive Director - Planning, Environment, and Project Development
3. CARBON TAX PRESENTATION
	1. Mo McBroom, Director of Government Relations, Nature Conservancy
4. LEGISLATIVE PANEL
	1. Senator Steve Hobbs
	2. Rep. Jake Fey
	3. Rep. Ed Orcutt

*FMSIB, TIB, and CRAB Collaboration*

The three new directors of these organizations met on October 2 to introduce themselves and discuss common issues. Your former FMSIB director and now TIB Director Ashley Probart needs no introduction. However, the new director of CRAB, John Koster, may not be familiar to the Board.

To take on the new job as Executive Director of CRAB, John resigned his post as a Republican state representative from the 39th District (Arlington). Prior to the Legislature, John served on the Snohomish County Council. He served on the CRAB Board as a county councilmember.

Ashley, John and I are collaborating to develop 2018 legislation affecting recently- enacted revenues for our three agencies. This topic is a Board action on today’s meeting.

*Project Issues*

* Several FMSIB projects finished in 2017. At today’s meeting, the Board will consider moving these projects from “Active” status to “Completed” status.
* I attended a project closeout meeting October 12 in SeaTac for the recently opened “Connecting 28th – 24th Ave. S.” project.
* I also attended a ribbon cutting October 12for the recently completed Des Moines project “South 216th Segment - 1-A” completion.

*Pacific Northwest Waterways Association (PNWA)*

I attended my first PNWA Conference this year October 17-19 in Portland. With 80 years of experience and over 100 member businesses, ports and other organizations from the Pacific Northwest, PNWA has a broad regional perspective on economic development. PNWA advocates for funding for navigation projects around the region, including those on the Columbia Snake River System, in the Puget Sound and along the Oregon and Washington coasts.

Highlighted presentations included the following:

1. MARAD SUPPLY CHAIN INNOVATIONS
	1. Rebecca Dye, Commissioner
2. SURFACE TRANSPORTATION UPDATE
	1. Travis Brouwer, ODOT,  Federal and Legislative Relations
	2. Allison Camden, WSDOT, Intergovernmental and Tribal Relations
3. USACE COMMANDERS PANEL
	1. Major General Scott Spellman, Commander, Northwester Division
4. ESA CONSIDERATIONS FOR COLUMBIA RIVER VESSEL TRAFFIC
	1. Brent Carson and Matt Love, Van Ness Feldman, Seattle
5. NORTHWEST RAIL UPDATE
	1. Greg Guthrie, Marketing Director, Ag Products, BNSF
6. RURAL ROUNDUP
	1. Rep. Mary Dye, 9th District Rep.
	2. Randy Fortenbery, Professor, WSU
	3. Shawn Campbell, US Wheat Associates
7. REGULATORY WORKSHOP
	1. Dave Gesl, ACOE Regulatory Program Manager, Northwestern Division
	2. Muffy Walker, ACOE Regulatory Program Chief, Seattle District
	3. Bill Abadie, Asst. Regulatory Program Chief, Portland District

*Coalition for America’s Gateways and Trade Corridors (CAGTC)*

I participated in a conference call on October 20. Two items of interest to FMSIB were discussed. First, the new INFRA Grant process rule making is in progress and CAGTC provided comments on behalf of its members. Second, there was much discussion about the White House schedule for announcing its infrastructure plan. The consensus was that nothing would be introduced until the tax reform plan passes Congress. This delays any infrastructure package into early 2018.

At least two freight mobility funding proposals have been introduced (Lowenthall and Smith), or re-introduced in Congress. Both rely on some form of cargo tax in order to fund a nationwide discretionary and formula grant program.

*Road-Rail Conflicts Advisory Committee Meeting*

The first meeting of this Advisory Committee was well attended and participants were highly engaged. We used webinar technology to share the slides and conversation with as many as possible. Next Steps include:

1. Staff and consultant team to meet with the MPO/RTPO Coordinating Committee on November 14. They will request of the MPO’s and RTPO’s to help the Advisory Committee answer a few questions:
	1. Based on the Phase 1 list of conflict priorities, can you sort them into three tiers in your region:
		1. Tier 1 – Projects that are in design and awaiting full construction funding.
		2. Tier 2 – Projects that are planned and/or scoped but have not proceeded to engineering of any kind.
		3. Tier 3 – No project has been studied, scoped, or identified in the regional plan.
	2. Do you have any comments on the criteria the Committee is considering for defining a “corridor:”
		1. The railroad is the spine of the corridor, roadway crossings are the focus
		2. Train length and frequency a factor
		3. Proximity of crossings are important
		4. The mobility concern is cross-railway travel
	3. Can you review the data used to prioritize crossings in your region and verify it contains no obvious errors or omissions? Are there any crossings that should come off?
2. The consultant team will begin to draft a Scope of Work for Phase 2 to present to the next Advisory Committee meeting.
3. FMSIB staff will set-up a website for posting meeting agendas, presentations, and minutes.

The next Advisory Committee meeting has not been scheduled, but staff is targeting late December or early January.

*Project Status Updates*

This month’s Board meeting will include briefings on three projects requiring Board attention:

1. Pierce County: Canyon Rd.
2. City of Marysville: I-5, SR-529 Interchange
3. City of Lacey: I-5, Hogum Bay Road

*Road Usage Charge (RUC) Study*

The State Transportation Commission has been studying this issue in phases since 2012. A Steering Committee of public and private officials has assisted in the study oversight, as well as a variety of consultants in tolling, finance, and public outreach. The study has been funded for a pilot test of various RUC technologies and the Commission is recruiting participants. To date, over 3,000 people have signed up to participate in the pilot. The discussions are getting substantial media interest. I have served on this Steering Committee representing Counties. The team asked me to remain involved because of the impacts this new transportation revenue source might have on freight mobility in Washington. I attended the most recent Steering Committee meeting on Mercer Island.

ROAD-RAIL CONFLICT STUDY UPDATE

Director Ziegler gave an update on the Road-Rail Conflict Study. The 2017 Transportation Budget provisos $60,000 dollars for Phase 2 of the Road-Rail Conflict Study to identify and recommend a statewide list of projects using a corridor based approach. The Road-Rail Study Advisory Committee reconvened in October to develop preliminary criteria for identifying crossing project elements, such as scope, schedule, budget, benefits, etc. The final report is due to the Legislature in September 2018. The Committee is going to rely on MPO/RTPOs for the work they have already done on grade crossing improvements. The regions are helping divide the list of projects into three categories (Tier 1:Ready-to-go projects; Tier 2: Projects in the regional plan but have not proceeded to any kind of design, and Tier 3:Projects that are in the top 100 from Phase 1 study but have not been identified in the regional plan) by January. The Committee will then take the input MPO/RTPOs and start developing some prioritization criteria. Director Ziegler clarified that this Committee is advisory to FMSIB and that FMSIB will submit the report to the Legislature. Secretary Millar discussed that the Road-Rail Phase 1 study identified the problems and maybe what we ought to be doing instead of asking everybody for their list of projects is to ask if we can create projects that meet the identified criteria. Mr. Hansen reiterated that the proviso specifically states that a project list is to be submitted to the Legislature. Mr. Trulove stated that FMSIB is on the right track with getting input from MPO/RTPOs. Mr. Hellman commented that early outreach and discussion with railroads is an important step in ensuring that structures across railroads are shovel-ready and advance within a reasonable timeframe.

**CODIFYING FMSIB REVENUES**

Director Ziegler requested direction from the Board on what he should do regarding the possibility of FMSIB pursuing legislation along with TIB and CRAB for codifying revenues. Below is a briefing provided by Director Ziegler on codifying FMSIB new revenues:

**Purpose**

This briefing describes how state law dedicates FMSIB revenues for certain purposes and requests the Board to consider legislation that would ensure the same legal dedication for the new revenues provided by the 2015 Connecting Washington transportation package.

**Background**

FMSIB projects are funded from six distinct transportation accounts:

1. Motor Vehicle Funds (state)
2. Motor Vehicle Funds (Federal)
3. Freight Investment Funds - FMIA (state)
4. Freight Multimodal Funds – FMMA (state)
5. Freight Multimodal Funds (UP)
6. Highway Safety Account

Several of these accounts receive appropriations only in order to complete legacy projects historically funded from those accounts. When those projects are complete and unless the Legislature changes something, FMSIB projects will be funded from only two accounts:

1. Freight Investment Funds - FMIA (state)
2. Freight Multimodal Funds – FMMA (state)

State law provides for annual transfers from other state accounts into these two accounts:

* RCW 46.68.295 - Transfers $3 million from the TPA (gas tax) to the freight mobility investment account (FMIA) created in RCW 46.68.300.
* RCW 46.68.415 - Assigns $3 million of motor vehicle weight fee and motor home vehicle weight fee to freight mobility multimodal account (FMMA) created in RCW 46.68.310.

These dedications and transfers assure $12 million in project revenues per biennium. The Board can make awards to project sponsors and know with some level of assurance that funds will be deposited in those accounts on schedule.

**Current Situation**

In the 2015 Connecting Washington transportation package, the Legislature approved a 16-year financial plan with new revenues allocated to at least 30 separate transportation accounts (see attached document titled *“LEAP Transportation Document 2015 NL-2 as developed June 28, 2015”)*. Four accounts managed by TIB, CRAB, and FMSIB (Lines 9, 10, 11, and 22 on the LEAP document) are not currently codified.

The $123 million allocated to FMSIB over 16 years equates to approximately $17 million additional funding every biennium, bringing the biennial amount to about $29 million.

**Benefits**

These new revenues were provided to the three agencies in order to fund additional county, city, and freight mobility projects. As such, certainty of cash flow is a high priority so project proponents can rely on the funding commitments made by the three agencies.

Secretary Millar expressed it is a substantial ask from the Legislature to tie their hand, and it leaves everyone else wanting to be codified as well. Mr. Trulove pointed out most FMSIB projects have TIB and CRAB money and that FMSIB doesn’t want to be an outlier if TIB and CRAB pursue this legislation. Mr. Swannack asked if there is any downside to this if the mileage tax goes through instead of the gas tax. Director Ziegler said that it is many years out.

*Board Discussion on Codification*

Mr. Trulove made a motion to give Director Ziegler the authority to enter discussion about codifiying FMSIB funding from Connecting Washington legislation and for the Board to communicate via email or conference to take action prior to January 18. Secretary Millar seconded the motion and wanted to clarify that this Board has not taken a motion to support codifiying funding but a motion to explore the potential benefits and disadvantages of codifying. In further clarification of the motion, Mr. Swannack stated his understanding is that the motion is for the Director to further explore codifying and to provide to the Board a proposed piece of legislation at which time the Board would then make a decision as to whether or not to go forward with the legislation.

Based on further Board member discussion, *Mr. Trulove amended his motion to state that the Board authorizes the Director to enter into discussions with the other parties, TIB and CRAB in particular, about potential legislation to codify our new revenues from the Connecting Washington transportation legislation and to bring the information back to the Board in a meeting to determine whether the Board supports codification legislation or not. Secretary Millar seconded the motion and clarified that motion is to direct staff to explore the advantages and* *disadvantages of codifying and not for the Director to state that FMSIB wants to codify. Mr. Swannack further clarified that if, based on the Director’s discussions, codifying made sense, then the Director would provide a proposed piece of legislation for the Board to approve or not.*

*MOTION CARRIED*

**GUEST PRESENTATIONS**

*Patrick Sweeney, Principal Transportation Planner, City of Vancouver,* gave a slide presentation (see FMSIB website [www.fmsib.wa.gov](http://www.fmsib.wa.gov)) on the “32nd Ave Industrial Access Feasibility Study.” This project may be an applicant for future FMSIB Calls for Projects.

*Letticia Neal, P.E., Pierce County*, gave a slide presentation (see FMSIB website [www.fmsib.wa.gov](http://www.fmsib.wa.gov)) on the “Canyon Road East Freight Corridor Improvement” project. This major project includes two FMSIB-funded projects (#53 for $3 million and #20 for $2 million) which have been on the FMSIB Deferred Project List for six years and are candidates for review and/or removal from the Deferred Project List. The County is requesting these two projects remain on the Deferred List as they are the last two pieces of this major project. Both FMSIB projects are scheduled to go to construction in 2022. Director Ziegler clarified that the FMSIB financial commitments were pulled from these projects when they were put on the Deferred List. If the Board chooses to allow the county to stay on the Deferred List then the county, when ready, can request to be reactivated at the original award amount or they can choose to reapply through the Call for Projects. Ms. Neal indicated the county would likely come back to the Board within the next two years to request those funds.

*Secretary Millar moved to keep the FMSIB Project #53 & #20 on the Deferred List. Mr. Barnes seconded the motion. Mr. Hulcey recused.*

*MOTION CARRIED*

**PROJECT DEFINITIONS**

Director Ziegler reviewed the FMSIB Project Definitions, which were added to the FMSIB bylaws in 2014. He also reviewed the Project Status Matrix to assist the Board in reviewing project status.

PROJECT UPDATES/ACTION

Director Ziegler gave an overview the below projects for possible Board action:

*City of Marysville’s I-5 / SR-529 Interchange Project*:

In June 2015, this project received full funding through Connecting Washington.

FMSIB could ask for a full refund since the Legislature funded the entire project cost as presented by the City ($50 m appropriation vs. $47.5 m cost estimate). The City has been approached about this. They asked if the funding could be transferred to another freight project and were told this is not possible. WSDOT staff stated they believe the City underestimated the project costs and provided copies of the WSDOT’s Scoping Estimate, which shows the project cost at $55 million in 2012:

* $47.25 million Construction
* $7 million PE
* $0.75 million R/W

The Legislature funded this project at $50 million, and the WSDOT staff argue this appears to presume a $5 million FMSIB contribution. Secretary Millar does not think the Legislature intended to fully fund this project. The Northwest Region is progressing with the design build contract, and they want to update this project estimate. The estimate is on schedule to be completed at the end of the year. Mr. Hansen said he will review OFM’s budget system that will show if the Legislature assumed a $5 million local funding piece. Director Ziegler stated that at the September Board meeting the Board chose to wait for WSDOT’s revised estimate scheduled for 4Q17 (Design-Build scheduled due date) and to revisit it at the November 2017 or January 2018 Board meeting.

Director Ziegler suggested if the Board chooses to revisit this again, then they need to consider the local agency agreement with the City since WSDOT is now a project sponsor and we will have to see if the agreement is transferable. In addition, the project scope and cost have changed considerably since Marysville applied and we need to know if the OFM budget request matched legislative assumptions in the budget for the $5 million FMSIB contribution.

*The Board chose to revisit this topic at the January 2018 meeting with any updates the Director has.*

*City of Lacey’s Hogum Bay Road Truck Route Project*:

* The original FMSIB application included truck slip ramp from I-5 SB to Hogum Bay Road, as well as widening of Hogum Bay Rd. Not much progress was made by the City of Lacey in securing remaining funding.
* The City reactivated the project in 2015 and created a Phase I ($1.2 m) and Phase II ($2.8 m) delivery approach.
* In the meantime, Connecting Washington fully funded a completed Marvin Rd. interchange at $72 million.

The current WSDOT design appears not to include the truck slip ramp. FMSIB staff conclusion/recommendation:

* The current WSDOT design does not include a direct access slip ramp to Hogum Bay Road.
* This direct access was a key determinant in awarding the project $4 million
* Recommendation: Advise the City (and WSDOT) that the $2.8 m remainder (currently deferred) of the City’s original $4 million award will not be reactivated.

*Secretary Millar made a motion to not reactivate the project. Mr. Trulove seconded the motion.*

*MOTION CARRIED*

2017 COMPLETED PROJECTS

Director Ziegler presented the below completed projects to the Board for action to acknowledge completion so the FMSIB website can be updated:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| No. | Owner | Name | Completion Date |  | Comments |
| 58-0 | Port of Seattle | E. Marginal Way Truck Crossover | 4/20/2015 |   | Need to update Board and website |
| 64-0 | City of Fife | Port of Tacoma Truck Offramp - Phase 1 | 6/28/2016 |   | Date is Council Resolution accepting project. Scope: Wetland Mitigation Site |
| 88-0 | City of Des Moines | So. 216th St., Segment 1A | 2/8/2017 |  | Ribbon cutting held 10/12/17 |
| 75-0 | City of Everett | Port of Everett to I-5 | 6/26/2017 |  | Date is Substantial Completion |
| 84-0 | City of SeaTac | Connecting 28th/24th Ave. S. | 8/21/2017 |  | Date opened to traffic. Ribbon cutting held 8/9/17 |
| 51-1 | City of Seattle | Duwamish Spot Improvement | 8/24/2017 |  | Final contract payment made this date. Scope: SW & S Spokane Street Arterial Paving Project and SW Spokane Street Railroad Crossing Rehabilitation  |
| 79-0 | City of Spokane Valley | Sullivan Road Bridge | 9/12/2017 |  | Date is Physical Completion |

*Mr. Ewers made the motion to move the above projects to the completed projects list. Mr. Barnes seconded the motion.*

*MOTION CARRIED*

FGTS BRIEFING AND ADOPTION

*Wenjuan Zhao, WSDOT,* presented the 2017 strategic freight corridor update based on the Freight and Goods Transportation System (FGTS). FMSIB is required to update the list of designated strategic freight corridors and tonnage every two years. Mr. Swannack inquired as to why Whitman County was missing on the documents when the Port of Wilma now qualifies as a T-2. Ms. Zhao will look into it.

*Chair Gatchet entered a motion to adopt the 2017 FGTS Strategic Corridor Report. Secretary Millar so moved and Mr. Hulcey seconded the motion.*

*MOTION CARRIED*

PLANNING FOR FMSIB DAY ON THE HILL

Mr. Trulove gave an overview on the FMSIB Day on the Hill process.

NEXT MEETING

*Chair Dan Gatchet requested a motion to hold the next FMSIB Board meeting on January 19, 2018, in Olympia, WA. Mr. Ewers so moved and Mr. Hulcey seconded the motion.*

*MOTION CARRIED*

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

*MEETING ADJOURNED*

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Dan Gatchet Attest: Brian Ziegler

Chair Director