

FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

MEETING MINUTES

July 30, 2020 • 8:30 a.m. – 1:30 p.m. • GoToMeeting
TVW Recording [FMSIB 07-30-20](#)

In Attendance

BOARD MEMBERS

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

Temple Lentz
John McCarthy
Roger Millar
Art Swannack
Bob Watters
Ben Wick

Not Present:
Ex officio Aaron Hunt

FMSIB STAFF

Brian Ziegler, Director
Gena Workman, Executive Assistant

GUEST PRESENTERS

Kjris Lund, Lund Consulting
Tom Clauson, TCI Design
Chris Herman, WPPA

Megan Cotton, WSDOT
Sheri Call, WTA
Kristin Meira, PNWA

Dena Horton, PNWA
Lorelei Williams, City of Seattle
Megan Hoyt, City of Seattle

Meeting Convenes

Chair Dan Gatchet convened the GoToMeeting at 8:30 a.m. and reviewed virtual meeting protocols. Roll call was taken during Board member introductions.

FMSIB & WAFAC History

Mr. Ashley Probart, Transportation Improvement Board Director and past FMSIB director, provided a history of FMSIB and WAFAC (Washington State Freight Advisory Committee), including their successes, challenges, similarities and differences. (See FMSIB & WAFAC Comparison Chart – Agenda Item No. 2 http://www.fmsib.wa.gov/meetings/materials/2020_July_Meeting_Materials.pdf)

Mr. Probart also shared the following background about FMSIB & WAFAC:

FMSIB

- In the 1990's, several legislators toured the Alameda Corridor and determined Washington needed to be more strategic in freight transportation investments or risk losing its competitive advantage.
- As a result, FMSIB was created to make strategic investments in freight projects.
- Although FMSIB's initial project selection process is based on a point system, it is the expertise of the Board and staff that determines the final project selection.

WAFAC

- In 2012, a new federal act allowed states to have an optional freight advisory committee, modeled after FMSIB.
- In 2013, the FMSIB Director and the WSDOT Secretary created WAFAC by memorandum.
- FMSIB primarily held the leadership role while WSDOT provided support.
- In 2013, the FMSIB Director was appointed to the National Freight Advisory Committee.
- WAFAC seemed to provide a forum for freight policy information sharing between the state and national level.
- WAFAC was originally created to discuss policy level as no federal freight funding was yet available.
- In 2016, several federal guidelines changed, including who should serve on WAFAC. The federal government provided dedicated freight revenue and that was appropriated in WSDOT's budget.

Board Discussion

Mr. Swannack raised the question about FMSIB's project selection criteria. Mr. Probart stated although the criteria has been very effective, it is important to review after 20 years. Chair Gatchet agreed that reviewing the criteria would help keep FMSIB relevant.

WSDOT Freight Stakeholder Group

Secretary Millar reviewed how the FAST Act federal money was dispersed:

- WSDOT can only make recommendations to the Governor and Legislature for how to disperse state or federal funding.
- For the first two years of the FAST Act, the Legislature directed the funding go towards preservation since the money came when there was a gap in the freight plan.
- The money was split 50/50 between the state and the locals with most of the state's portion going to preservation.
- Between 2016 and 2017, 85 percent of the funding federal went to local agencies and 15 percent to WSDOT.

Secretary Millar pointed out that FMSIB has a very specific role in transportation policy implementation. The Legislature set up FMSIB to invest in projects that advance the state's freight agenda. Based on federal statute, WAFAC is optional and Secretary Millar does not think it is designed to be a FMSIB for federal money but rather an advisory group to the state on freight policy, particularly the development and implementation of the Freight Mobility Plan.

Secretary Millar's vision and advice to the Governor, Legislature, and to FMSIB is that we do not want WAFAC to be a carbon copy of FMSIB. Rather than focus on who gets a small amount of money, his goal is how the freight community advances our economy in ways that are consistent with our environmental and social values.

Originally, WAFAC was setup to be administered by FMSIB and the goal was to advise the WSDOT on freight policy. When the federal money came in, we worked as a team but kept bumping into each other. WSDOT thought it would be a good idea to have a conversation about a freight advisory committee that could advise the state on the big picture stuff (such as truck parking, Puget Sound

Gateway Project, and the I-5 bridge over the Columba River) as they develop and implement a Freight Mobility Plan.

The new budget proviso directed WSDOT to convene a freight stakeholder group with a specific membership and to review what the purposes, goals, roles, responsibilities, reporting structure, some proposed activities for what a WAFAC should be in Washington State.

Mr. Ron Pate and his team have brought a broad group of stakeholders together to talk about those issues. They have held two meetings and will have three or four more meeting between now and December. The goal is, hopefully with consensus, to provide a report to the Legislature about what a freight advisory committee could be.

Board Discussion:

Mr. Bob Watters asked if the goal was to combine FMSIB and WAFAC and raised a concern it may dilute the emphasis on freight and become more political.

Chair Gatchet shared his concern that too many groups can end up with overlapping functions. He pointed out that FMSIB already educates the public and stakeholders on the importance of freight and already has a Board makeup of experts. Chair Gatchet questioned if FMSIB could continue doing its primary mission and advise WSDOT on freight related issues, which would require expanding the Board's Scope of Work and membership. He wanted to be clear that he not advocating for FMSIB to become a part of WSDOT.

Secretary Millar stated that FMSIB has a budget and selects projects that are primarily first and last mile connection and rail crossing safety. The Board's investment is not a large amount of money and is often the first monies in, which is a vital function. FMSIB adds tremendously to the freight picture but he thinks what has been missing is bringing the movement of goods and services up to the same level as the consideration of the movement of people. He sees WAFAC as having a broader role and broader representation than FMSIB. Having that broader representation on FMSIB could be a little clunky.

Mr. Swannack pointed out that FMSIB and WAFAC have two different purposes. FMSIB is grading projects that are proposed by other entities, whether it is WSDOT, the cities, counties, etc. Each of those entities has a public input and environmental review process so FMSIB already has the diverse groups covered through local entities. WAFAC seems to have a broader purpose than FMSIB and in some ways. FMSIB could still host WAFAC if that is what the Legislature prefers but FMSIB and WAFAC currently have two different processes.

Mayor Wick feels that FMSIB is about finding the best strategic investments in the state. The stakeholder group has many of the same faces but it would include more policy discussions. So whether it is the same body or not, there will be similar people participating because we are invested in the freight mobility across the state. It does make sense to have additional voices to help with policy.

Mr. McCarthy expressed a concern about the organizational structure of a WAFAC and how the prioritization of how funds are spent, e.g., if all the money is given to WSDOT, it may go to maintenance due to the great need and freight may get lost. He would like to have system that will not lose focus on freight.

Secretary Millar stated that WSDOT only makes recommendations to the Legislature on how the money is spent, which includes advice from other entities.

Mr. Barnes pointed out the importance of a collaborative effort to make the most of our opportunities in Washington State. FMSIB has been transparent and accountable to stakeholders in how we spend the money.

Chair Gatchet stated that we are hoping for more clarity over the next few months and FMSIB will continue to be supportive of WAFAC. Chair Gatchet opened the floor for any direction to FMSIB staff. Secretary Millar suggested FMSIB staff continue doing FMSIB mission and let the stakeholder group be where the discussion occurs about an advisory committee.

Staff Direction Item: FMSIB staff to continue to manage FMSIB business and mission and let leaders engage in freight advisory discussion.

2020 Annual Report

Washington State statute requires the Board to submit a report to the Legislature. During the 2019 Annual Report review, the Board briefly discussed rethinking how to do the 2020 Annual Report given new technology and the meeting environment. Kjristine Lund, Lund Consulting, and Tom Clauson, TCi Design, presented ideas and discussed options for the 2020 report. They suggested a straightforward business-like report that still includes elements to share FMSIB's story, such as the project map and "FMSIB by the numbers." Ms. Lund asked for Board input on virtual meetings, printed reports, and priorities for this year.

Board Discussion

Mr. Hellman pointed out that we will need a digital format since the public access laws changed this year and legislators are reluctant to take hard copy materials.

Chair Gatchet wants the report to highlight how well FMSIB leverages money, the Board volunteer membership that are experts in their related fields, and why FMSIB should continue to be a state agency. Highlight who we are, what we do, and why we are good at it.

Mr. Swannack wants a simple and easy format that is easy to view digitally, and he does not think we need a printed report this year.

Mr. Barnes agrees with offering a printed copy only upon request.

Mr. McCarthy thinks this report is a low priority if we are not going to do a print copy.

Based on Board input, Mr. Clauson suggested exploring a horizontal format for screen viewing and switching to a digital PDF. Ms. Lund and Director Ziegler will conduct the 2020 Annual Report interviews with Board members in August.

FAST Act Reauthorization

Megan Cotton, WSDOT Tribal and Federal Relations Director, provided an update of the reauthorization process, where Congress is now and key freight related provisions being considered.

The Fixing Americans Surface Transportation (FAST) Act passed in December 2015 and is set to expire September 30. Washington State's Congressional delegation is well-positioned to engage on

reauthorization. The Senate Environment and Public Works Committee unanimously passed the America's Transportation Infrastructure Act in July 2019, which authorizes \$287 billion from the Highway Trust Fund over five years (about a 27% increase over FAST Act funding levels). The House Transportation and Infrastructure Committee passed the INVEST in America Act on June 18, which authorizes a \$494 billion bill over five years. Neither the House nor Senate have proposed how to pay for the bills to date and with the pandemic, the receipts into the Highway Trust Fund are down about 14 percent. Congress is headed for an extension of the FAST Act—at a minimum until after the election, but likely longer. Depending on the outcome of the elections, these bills could form the starting point for negotiations (or they could start over).

(Detailed presentation available at

http://www.fmsib.wa.gov/meetings/materials/2020_July_Meeting_Materials.pdf.)

Trucking, Rail, Waterway, and Port Priorities

The following modal interests provided a summary of their current freight-related issues, including response to and impact of COVID-19.

TRUCKING: Sheri Call, Executive Vice President of Washington Trucking (WTA)

WTA is a not-for-profit trade association representing over 500 companies in Washington with a primary focus of advocacy for trucking to improve the operating environment in the state. WTA appreciates FMSIB's advocacy on behalf of freight movement and believes FMSIB's role is more important than ever. We need a team of advocates to continue to protect freight mobility dollars for projects that matter most to our industry. Trucking has been a pivotal lifeline during the COVID-19 pandemic and is the central link to the supply chain and the lifeblood to our economy. Freight mobility is a top priority for the trucking industry, including safety, preservation of the highways, and truck parking. Washington, along with 13 other states, has signed a memorandum of understanding concerning adoption of zero emission vehicles in the state with a goal of 30 percent adoption by 2030 and 100 percent adoption by 2050. Despite the defunding police movement, WTA fully supports our law enforcement partners and appreciates everything they do to promote safety in our communities and on the highways.

RAIL: Mr. Johan Hellman, Executive Director of Public Affairs with BNSF Railway and FMSIB Member

Railroads were designated as critical infrastructure during the COVID-19 outbreak, providing essential services at both the federal and state levels. BNSF immediately adopted The Center for Disease Control's recommendations for providing PPE to workers, which kept the supply chain moving at the highest level of safety for its employees, customers, and the communities it serves. BNSF has adapted well to the recent changes but remain concerned about the high unemployment rate, supply chain pressures, and the changing demand for agricultural items, consumer goods, durable products, building supplies, and many other commodities. America's freight railroads are experiencing furloughs, layoffs, departmental restructuring, amending capital plans, and rightsizing to the current economy. COVID-19 has shown that transportation and the industrial sectors contribute to the resiliency in our economy and in our communities. Trade and transportation will continue to serve as the state's economic backbone. Mr. Hellman sees opportunities to invest in critical infrastructure the next couple of years as helping by putting people back to work with good

paying construction jobs and keeping Washington competitive as the most trade dependent state in the nation.

WATERWAY: Kristin Meira, Executive Director and Dena Horton, Government Relations Director, Pacific Northwest Waterway Association (PNWA)

FMSIB is one of 135 PNWA members in Washington, Oregon, and Idaho. PNWA works with Congress, federal agencies, and regional decision makers on transportation trade, energy, and environment policies and projects. Information and updates were provided on the following topics:

- Columbia River Treaty
- Funding for federal waterways in Washington
- Water Resources Development Act
- Harbor Maintenance Trust Fund

PNWA's presentation available at

http://www.fmsib.wa.gov/meetings/materials/2020_July_Meeting_Materials.pdf.

PORTS: Chris Herman, Senior Director for Trade & Transportation, Washington Public Ports Association (WPPA)

WPPA represents 75 port districts across the state of Washington, and FMSIB is a very important partner to many of the port districts. Despite the negative impacts of COVID-19, freight is moving safely and efficiently through Washington ports, both international and domestic. As an example, the Pacific Northwest ports moves about 80 percent of items to Alaska and Alaska has seen very few shortages of these items. WPPA is also seeing record domestic air cargo transiting through SeaTac. Overall container volumes are down about 18 percent for the first six months of 2020. We've have some positives and some negatives on the supply chain side. BNSF has implemented direct intermodal service between Seattle and Ohio, which is something that the Northwest Seaport Alliance has been advocating for a number of years. It's a tough time given the volumes being down, but we're hoping that service can continue.

On the negative side, the Union Pacific did withdraw a dedicated service for perishable refrigerated and frozen products.

WPPA is very interested in the Surface Transportation Act and we generally like what we see so far. WPPA has been champions of the Gateway Program, but there is concern with the COVID crisis that the local communities are going to have the revenue to fund their required shares. I think we can as a state can step forward confidently in identifying funding sources for freight transportation. WPPA stands in step with WSDOT on the truck parking problems and finding solutions in the stakeholder group. WPPA is very interested the Freight Stakeholder Group conversations and hopes that it will include conversations related to the Federal Freight Formula money. He is concerned there has been a lack of leadership since 2017.

Approval of Meeting Minutes

Board Action Item: Adoption of March 20, 2020, Board Meeting Minutes

MOTION:

Chair Gatchet entertained a motion to adopt the March 20, 2020, meeting minutes as presented.

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

MOTION CARRIED

FMSIB Budgets

Operating Budget: The Operating Budget is on track for this biennium. There are some concerns about finishing out the fiscal year, depending on decisions the Board makes about travel and other expenses.

Capital Budget: Due to the Board being aggressive in the last couple of years to move projects forward, this is a banner year for FMSIB. About half of the portfolio is less than two years old. We are 50 percent through the biennium and expended approximately 43 percent of the biennial expenditures.

Board Discussion:

Mr. McCarthy suggested that the Board would need to know its financial position in order to lobby for a future call for projects during this session. Director Ziegler suggested FMSIB Administrative Committee meeting could convene a meeting to have this budget discussion. Based on his forecast, there will be some available revenue for doing a call for projects in the 21-23 Biennium. However, the Legislature will need to authorize a call for projects.

Staff Action Item: Possibly convene an Administrative Committee meeting to discuss FMSIB's financial position for having a future call for projects.

Director's Report

Please see the Board meeting packet for the complete report on Director Ziegler's activities since the March 20, 2020, Board meeting.

Project Updates

City of Fife, Port of Tacoma Rd. I/C ("First Dollars")

This project achieved an important milestone last month with the opening of the I-5 SB Off-ramp and the new 34th connection to 12th St, the new preferred routes for freight to access the Port of Tacoma. FMSIB first granted funding to the Port of Tacoma Road Project in 2003. In 2006, FMSIB provided advanced wetland mitigation funding to ensure the full interchange could be constructed while protecting adjacent wetlands. In 2010, FMSIB provided additional funding for construction but it was not until the 2015 Connecting Washington package that construction could begin.

Chelan County, West Cashmere Bridge Replacement ("Last Dollars")

Construction began earlier this year. The county submitted its application in 2018 and scored the highest amongst a dozen projects.

OFM Furlough and Salary Savings

On June 17, after the state revenue forecast showed a \$4.5 billion reduction in anticipated revenue, the Governor directed state agencies to forgo the proposed July 1 salary increase (3%) and to implement a staff furlough plan. Per the Governor's Order, FMSIB staff are expected to take one furlough day a week through the month of July (a 20% pay cut) and one furlough day a month (5% pay cut) through November. Those furloughs have been executed to date.

2019-21 Second Supplemental Budget and 2021-23 Biennial Budget

In the 2021-23 Budget Instructions, OFM asks agencies to "re-base" state program budgets to a level below the maintenance level budget. Essentially, this means OFM is not likely to entertain any additions to the budget (called "decision packages"). In addition, OFM asks agencies to submit 2021-23 budget proposals that identify reductions equal to 15 percent of unprotected Near-General Fund maintenance level budgets. In FMSIB's case, 15 percent of the Operating Budget is approximately \$100,000 for the biennium, or \$50,000 annually. For the following reasons, Director Ziegler suggest the Board not submit a 15 percent reduction scenario:

1. FMSIB has no General Fund, or Near-General Fund, appropriation.
2. A 15 percent FMSIB reduction represents a miniscule portion (0.001%) of the \$10 billion biennial Transportation Budget, but it is a huge impact to a small agency like FMSIB:
 - a. \$100,000 exceeds FMSIB's entire biennial rent, equipment, and office supplies costs (\$75,000)
 - b. \$100,000 exceeds FMSIB's entire biennial staff and Board travel costs (\$57,000)
 - c. \$100,000 represents an approximately 20% salary and benefits reduction, which would mean both FMSIB staff would be on one-day a week furlough for the biennium.

Although Director Ziegler recommends not submitting the 15 percent reduction budget, the Board can choose otherwise. If there is interest in exploring this reduction, Director Ziegler recommends the Board refer this issue to the FMSIB Administration Committee for discussion and recommendation. Budgets are due to OFM on September 14, so the committee would need to meet in August and would need delegated authority from the Board to implement recommendations since the Board does not meet again until September 18. Chair Gatchet suggested that he and Director Ziegler would discuss and then determine if the Administrative Committee needed to convene.

Staff Action Item: Director Ziegler will follow-up with Chair Gatchet regarding the possibility of convening an Administrative Committee meeting in August to discuss the supplemental budget.

FMSIB Reappointments

Chair Gatchet and Commissioner John McCarthy received notice of their FMSIB reappointments in May.

Board Discussion

Mr. Swannack asked if Director Ziegler had an update on the process of making changes on the LEAP List. Director Ziegler did not have an update so he will report to the Board at the September meeting.

Staff Action Item:

Director Ziegler will convene a meeting with the governor's office to discuss the process for making changes to the LEAP List.

Future Agenda Item: Director Ziegler will provide an update at the September Board meeting on the process of making LEAP List changes.

Board Member Reports

Mr. Swannack shared that during a recent meeting with counties, one of the topics was that this year's Legislature might conduct business virtually, rather than holding in-person meetings. We may not know the final decision until November.

Active Projects that Could be Deferred

At the January 2020 meeting, the Board agreed with staff recommendation to review two projects under consideration for deferral:

1. City of Seattle, E. Marginal Way Heavy Haul Corridor Improvements
2. City of Sumner, Stewart Road

The city of Seattle presented to the Board at the March meeting and will be providing a status report at today's meeting. The city of Sumner will be asked to present at a later date.

Future Agenda Item: The City of Sumner to provide an update on the Stewart Road Project at the September or November meeting.

City of Seattle East Marginal Way Heavy Haul Corridor Improvements

Board Action Item: The city requests FMSIB approve applying \$1 million of the \$6.1 million FMSIB grant to Phase 1 of this project.

Lorelei Williams, City of Seattle Deputy Director for Capital Project Delivery, provided a project update to the Board. The INFRA Grant was not successful, and SDOT still waiting to hear back about the BUILD Grant application. If SDOT is successful with the BUILD Grant, then they will be able to move forward with Phase 1 and Phase 2 as a singular project and start construction in March 2022. In that case, all of the FMSIB funds would be applied to the combined project. If SDOT does not receive the BUILD Grant, then they will move forward with Phase 1, continue looking for Phase 2 funding, and start construction in May 2021. If SDOT receives a partial award, then they would break up portions of Phase 2.

Board Discussion

Chair Gatchet said it would be nice to see a line item showing the fees that the trucking industry has put towards this heavy haul corridor since 2015.

Mr. McCarthy asked if this the city's request would affect FMSIB's budget in any respect. Director Ziegler stated that the revenue and budget authority is available, assuming the Legislature does not make changes in January.

MOTION:

Mr. McCarthy moved to approve the City of Seattle’s request to use \$1 million FMSIB funds in Phase 1. Mr. Ewers seconded.

MOTION CARRIED

Board Member Committee Appointments

Chair Gatchet presented the current 2019-20 FMSIB Subcommittee list and asked if the Board had any requests for changes. No changes were requested, so the subcommittee list stands as is.

Establish 2021 Meeting Schedule

Chair Gatchet opened the floor for discussion on whether the Board wanted to change the remaining two 2020 meetings from in-person to virtual:

- September 18, Walla Walla
- November 20, Spokane

Board Discussion

2020 Meetings

Mayor Wick shared that the health board he serves on is predicting a resurgence of COVID numbers in November. Mr. Swannack pointed out that both Walla Walla and Spokane counties are still in Phase 2 Reopening.

Chair Gatchet summarized the Board was in agreement to hold the September and November Board meetings virtually and not in-person. Director Ziegler noted that no board action is needed if the meeting date is not changed.

Staff Action Item: Ms. Workman will cancel meeting room and hotel contracts for Walla Walla and Spokane.

2021 Meetings

During the workshop, the Board typically establishes meeting dates and locations for the next year. Director Ziegler suggested that given the uncertainty of the 2021 environment, it might be appropriate to defer planning the 2021 meeting schedule until the November meeting.

Future Agenda Item: The Board will discuss the 2021 meeting schedule at the November 20 Board meeting.

Next Meetings

September 18, 2020 - GoToMeeting

November 20, 2020 - GoToMeeting

Meeting Adjourned

Chair Gatchet adjourned the meeting at 1:30 p.m.

Summary of Board Motions & Recommendations:

- 1) **Board Action Item:** Adoption of March 20, 2020, Board Meeting Minutes. *Motion Carried* (page 7)
- 2) **Board Action Item:** City of Seattle requested to apply \$1 million of FMSIB's \$6.1 million grant to Phase 1. *Motion Carried* (page 10)

Summary of Staff Action/Direction Items:

- 1) FMSIB staff to continue to manage FMSIB business and mission and let leaders engage in freight advisory discussion. (page 4)
- 2) Possibly convene an Administrative Committee meeting to discuss FMSIB's financial position for having a future call for projects. (page 7)
- 3) Director Ziegler will follow-up with Chair Gatchet regarding the possibility of convening an Administrative Committee meeting in August to discuss the supplemental budget. (page 8)
- 4) Director Ziegler will convene a meeting with the governor's office to discuss the process for making changes to the LEAP List. (page 9)
- 5) Ms. Workman will cancel meeting room and hotel contracts for Walla Walla and Spokane. (page 10)

Summary of Future Agenda Items:

- 1) Director Ziegler will provide an update at the September Board meeting on the process of making LEAP List changes. (page 9)
- 2) The City of Sumner to provide an update on the Stewart Road Project at the September or November meeting. (page 9)
- 3) The Board will discuss 2021 meeting schedule at the November 20 Board meeting. (page 10)



Dan Gatchet
Chair



Attest: Brian Ziegler
Director