State of Washington
Freight Mobility
Strategic Investment Board

2005 Activities and Recommendations
REPORT
State of Washington

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2005 Freight Mobility Strategic Investment Board Members

Patricia Otley  
Chair  
Public Member

Jim Toomey  
Executive Director, Port of Pasco  
Port Representative

Andrew Johnsen  
Director, Govt. Affairs  
BNSF Railway

Eric Johnson  
County Commissioner, Lewis County  
County Representative

Don Lemmons  
President, Interstate Wood Products  
Trucking Representative

Dick Marzano  
Port Commissioner, Port of Tacoma  
Port Representative

Mark Asmundson  
Mayor, City of Bellingham  
City Representative

Cliff Benson  
Past President, Puget Sound Steamship Operators  
Shipping Representative

Louise Bray  
Transportation Policy Advisor  
Governor Gregoire

Doug MacDonald  
Secretary WSDOT  
Washington State Dept. of Transportation

Rebecca Francik  
Mayor Pro-Tem, City of Pasco  
City Representative

Ross Kelley  
Spokane County Engineer  
County Representative

Staff:

Karen Schmidt  
Executive Director

Andy Fegley  
Confidential Secretary
The mission of the Freight Mobility Strategic Investment Board is to create a comprehensive and coordinated state program to facilitate freight movement between and among local, national and international markets, which enhances trade opportunities. The Board also is charged with finding solutions that lessen the impact of the movement of freight on local communities.

Washington's economy is very dependent upon trade and reliant on our ability to compete in a global economy. To remain competitive we need to move our products and goods efficiently. The State's economic competitiveness depends on the efficiency of the multimodal transportation system for the movement of freight.

The Board will propose policies, projects, corridors and funding to the Legislature to promote strategic investments in a statewide freight mobility transportation system. The Board will also propose projects that soften the impact of freight movement on local communities.

**Agency Goals**

- Optimize freight mobility by reducing barriers on Washington's strategic freight corridors.
- Take leadership role informing the public regarding freight mobility transportation needs and issues.
- Cooperate and coordinate with the public and private transportation partners so that we work together cost effectively.
In 1996 the Legislative Transportation Committee (LTC) designated the Freight Mobility Advisory Committee (FMAC) to analyze the state’s freight mobility needs, identify high-priority freight transportation projects, and recommend policy to the Legislature. The FMAC recommended that the state take the lead in implementing a freight mobility transportation program that would form funding partnerships among all the interested parties for improvements statewide along strategic freight corridors.

In 1997 the Washington State Department of Transportation (WSDOT) convened the Freight Mobility Project Prioritization Committee (FMPPC) to recommend specific criteria for use in ranking freight mobility projects and established a statewide freight mobility project list.

**Freight Mobility History:**
- 1996 – FMAC Designated
- 1997 – FMPPC Established
- 1998 – FMSIB Created
- 1999 – FMSIB Office Opened
- 2000 – FMSIB Project Scoring Criteria Revised
- 2001 – First Three FMSIB Projects Completed
- 2002 – Development of Benchmark Standard Initiated
- 2003 – FHWA selects FMSIB Project as Potential National Model
- 2004 – Funding secured for nine additional projects
- 2005 – Partial dedicated project funding established

In 1996 the Legislature created Chapter 47.06A RCW Freight Mobility, which established a state freight mobility policy and also the Freight Mobility Strategic Investment Board (FMSIB) for the purpose of reviewing, prioritizing, and recommending freight mobility transportation projects that are of strategic importance to the State of Washington.

The 12-member Board includes representatives from cities, counties, ports, railroads, steamship operators, the trucking industry, the Governor’s office, the Secretary of the Department of Transportation, and a public member. The Board is required to provide periodic progress reports on its activities to the Office of Financial Management and the Legislative Transportation Committee.

The Board opened an independent office in 1999 to represent freight needs without regard to jurisdiction. It hired an Executive Director and Secretary to work directly with project partners, plan and execute board meetings, retreats and coordinate with the Legislature, Governor’s office, and others interested in freight mobility. The Board was directed to solicit proposed freight mobility projects from public entities that meet the eligibility criteria summarized as follows:

- The project must be on a strategic freight corridor;
- The project must meet one of the following conditions:
  1. It is primarily aimed at reducing identified barriers to freight movement with only incidental benefits to general or personal mobility;
  2. It is primarily aimed at increasing capacity of the movement of freight with only incidental benefits to general or personal mobility; or
  3. It is primarily aimed at mitigating the impacts on communities of increasing freight movement, including roadway/railway conflicts; and
- The project must have a total public benefit/total public cost ratio of equal to or greater than one.
History of FMSIB

Chapter 47.06A RCW charged the Board to evaluate and rank eligible freight mobility and freight mitigation projects by using the multi-criteria analysis and scoring framework developed by the FMPPC.

In addition, the Board was directed to leverage the most partnership funding possible and give priority ranking to projects with the highest level of non-program funding. Furthermore, the legislation allows the Board to supplement and refine the priority criteria when they have gained expertise and experience in administering the freight mobility program. The Board refined the original criteria in 2000.

By applying these conditions to the projects submitted, in 1998 FMSIB recommended to the Legislature a list of prioritized freight mobility projects with a total value of $1.23 billion. This recommendation leveraged a state investment of approximately $472 million, with almost $760 million in partnership funding.

Passage of Initiative 695 in 1999 eliminated all dedicated funding for the freight projects previously approved by the Legislature. Funding for 13 of the 33 projects was reinstated by the 2000 Legislature. The Board issued its first “call for projects” and selected 19 additional projects out of 52 applications.

In 2002 the Board developed benchmark standards and created a multilayer steering committee to assure that the applications would provide meaningful data to a broad range of other agencies as well as FMSIB.

In 2003 the Federal Highway Administration selected the agency’s freight data gathering and analysis project as one of five projects to be studied in the U.S. for possible national application.

The legislature provided a portion of the funding needed for our freight projects by dedicating part of the vehicle license fees and the vehicle weight fees to FMSIB projects.
Executive Summary

With the assistance of our partners we have identified specific chokepoints which will need to be improved in the future. These projects will be presented to the legislature in the future after they are better defined and after we have been able to assemble the partnerships to help fund the necessary work.

Growth in freight will be a significant challenge for the state to accommodate if it is to remain competitive.

Leadership of the agency underwent some changes this year with a new Chair selected and new representation for the Governor's office and the railroads. A new Outreach Committee was also created. The Board stepped up their outreach efforts this year by producing a documentary explaining to citizens why freight matters to their lives and livelihoods. The documentary was distributed statewide and received very positive reviews.

The Freight Board works directly with project sponsors to develop partnerships and to keep projects on schedule. This year we saw three more projects completed and a number of others enter the construction phase. The legislature included dedicated funding for Freight Mobility Board projects as part of a comprehensive statewide revenue package. The gas tax portion of the package was challenged by initiative, but citizens rejected the challenge allowing projects to proceed. Another initiative was filed in 2005 challenging the combined license and weight fees that support FMSIB projects. If passed, FMSIB projects would lose more than $100 million in state project support.

2005 was a year of change and dramatic growth for freight movement in our state. Trucking, shipping, ports and railroads all reported double-digit growth in freight volumes. Jobs and the economy have improved in part due to this growth. The Washington freight community continues to work to ensure that the shortages of dockworkers and equipment which left a logjam of ships sitting idle outside the ports at Long Beach and Los Angeles are not repeated here. The freight community continues to work on improving their individual components of the supply chain and working together to focus on essential pieces controlled by government.
Dramatic Growth
Freight volumes grew dramatically in 2005 due to increased demand by the public and some tariff policy changes. Part of the explosion of cargo comes from a loosening of trade restrictions that have prompted companies to move manufacturing overseas, especially to China.

Additionally, a longstanding system of quotas on textiles and garments expired, ending restrictions on China. China's clothing exports to the US in dollar terms jumped 86% in the first five months of 2005 according to the August 2nd Wall Street Journal. Apparel imported from China through Seattle jumped nearly four-fold in January, to 1,450 containers, from a year ago. Consumers need only look as far as the clothing labels in their closets to realize where our garments are coming from now.

The rapid increase is expected to be sustained with more ships carrying a larger number of containers for the foreseeable future. Ocean carriers have been spending over $65 billion in the past 30 months to increase capacity. China is spending $37 billion in new port infrastructure projects - to expand trade from 61.5 million TEU's in 2004 to 140 million TEU's in 2010; U.S. handled 25 million TEU's in 2004. The volumes are forcing truckers, railroads, ships and ports to manage their available capacity. Capacity will go to the higher value tariff items with lower yield products either forced to pay the higher rates, shift modes or wait for a lull in capacity demand.

In addition to the scheduled cargo coming to Washington ports, a temporary spike in Canadian cargo flow came down to Puget Sound ports due to a Container Truck Association strike at the Port of Vancouver, B.C. over a denied request for a 15% fuel surcharge. Tens of thousands of tons of Canadian forest products were redirected to the Seattle area creating additional capacity pressure on the region's supply-chain network. As a result, Seattle-area transportation companies have cautiously accepted more rail boxcars but have been careful not to clog their terminals and impact their ongoing client base.

Today, clothing comes from all regions of the world. *Since container sizes vary, TEU (Twenty Foot Equivalent) is used as the standard measurement representing the volume of containers.
Trends and Events

Our company has handled about 250 additional boxcars and stands to profit $150,000 to $200,000 from the unexpected cargo. I’ve had to turn some of the freight away because there’s not enough time in a day to do it all.

Telly Traicoff
Pacific Northwest Transload
Seattle P.I. August 2, 2005

Ocean carriers and container terminal operators are investing heavily in larger, more efficient vessels and terminals. Shipbuilding activity has been significant worldwide. Hundreds of new container vessels are coming into service now and through 2007. These new generation vessels carry more containers per ship call and incorporate designs and equipment to improve efficiency, safety and environmental stewardship with lower emission engines, protective fuel tank locations and enhanced navigation systems. Terminals continue to expand and improve efficiencies as well through additional truck gates, increased terminal acreage and the use of new technology. Optical Character Readers and Radio Frequency Identification Devices will help speed the flow of cargo and reduce truck queueing outside terminal gates. Improvements in efficiencies also provide the important benefits of less air emissions and improved conditions for truckers.

Carriers continue to work with the cargo owners to provide best combination of cost and certainty of service options to move their cargo to final destination. With the explosion in imports from Asia, alternate pathways to west coast ports are being used, including all-water service to the east and gulf coasts. The Pacific Northwest is enjoying significant increases in cargo handling due to available capacity that offers an attractive combination of cost and certainty. All stakeholders will need to work aggressively together to ensure system capacity stays ahead of congestion to keep our ports and system an attractive choice for cargo owners. Timely investment in rail and landside freight corridors is key to this effort and the region’s success.

Our Northwest ports have capacity for more cargo. The ocean carriers, marine terminals, ports, rail and trucking are working to keep the flow of freight to and from the ports moving ... as volumes continue to grow, these efforts and cooperation become even more critical.

Mike Moore, Vice President
Pacific Merchant Shipping Association
"When I was in Kobe, Japan it was evident that 10 years after they suffered a devastating earthquake, they have not fully recovered economically from the loss of port traffic. We can't let that happen here."

Christine Gregoire, Governor

Port of Tacoma
The Port of Tacoma is expected to move 2.2 million TEUs by year's end. If current trends hold, this growth in volume is on-pace for a 22 percent one-year increase. 68 percent of the total cargo in this measurement is comprised of containerized cargo shipped through the Port.

Since 2000, containerized cargo passing through the Port of Tacoma has increased 60 percent. While much of this is shipped across the country, approximately 30 percent is distributed to a growing regional consumer market. The Port also handles non-containerized cargo, including breakbulk, autos and bulk commodities. Collectively, these cargo types have grown 18 percent since 2000.

The Port of Tacoma has also experienced significant growth in the size of its facilities over the last year. Highlights of this expansion include the opening of new terminal facilities for Evergreen, Husky, and Yang Ming.

A recently completed 2004 Economic Impact Study emphasized once again the Port of Tacoma's role as "the economic engine of Pierce County." This report helps the Port measure the degree to which it is reaching its overall mission and goals. Among the findings are that more than 43,000 jobs in Pierce County and 113,000 jobs statewide are related to the Port of Tacoma. Jobs directly generated by the Port of Tacoma provide an average wage of $48,530 per year - 41 percent more than the Pierce County average. Furthermore, between 2000 and 2004 growth at the Port created 510 new direct jobs per year in Pierce County.

Port activity generated $91 million in state and local taxes in 2004, a dramatic increase from the $77 million generated in 2000. Collectively, Pierce County and its municipalities received an estimated $13.9 million in tax revenue because of Port activities. These taxes are used for education, police, fire services and road improvement, enhancing the overall quality of life for the region.

Port of Seattle
The Port of Seattle expects container volumes to rise dramatically to approximately 2.1 million TEUs, nearly a 20 percent increase over the previous year and 40 percent more than in 2003. Improving Asian economies and the continued diversion of container cargo from congested ports in Southern California are fueling the gains in Seaport business and revenues.

To accommodate the volume increase, the Port re-activated Terminal 25 in the East Waterway and enlarged the capacity of Terminal 46. Additional expansion of container terminal facilities is under consideration.

Intermodal cargo shipped through the state by rail accounts for more than 70 percent of the overall container volume at the Port. In addition to expansion of terminal space, port transportation planners have been working with railroads on improved connections between terminals and intermodal yards and with city and WSDOT staff on better terminal access for trucks. Continued improvements in terminal gate operations and extended hours of terminal operation have improved efficiency and throughput and shortened "turnaround times" for trucks.

The Port forecasts continued increases in volume for the foreseeable future and believes that as many as 4 million TEUs can be accommodated with little increase in terminal space. However, this near doubling of current volume is dependent on capacity improvements in the rail main lines and intermodal yards as well as improvements in truck access on state and local roads.

A big part of the planning challenge for the future is how to grow the container business while finding ways to be a good neighbor and soften port operating impacts within the urban environment. Port staff is working with terminal operators, rail companies and shippers, including cruise lines, on ways to improve air quality along a very busy waterfront.
Port of Seattle (continued)
The Port is piloting a program in the use of alternative fuels, such as biodiesel and low sulfur diesel. We have outfitted one cruise ship berth with electrical power to allow cruise ships to operate under shore power—shutting off diesel engines and generators—while in port. We also are working to cut dwell times for idling trucks on port terminals to reduce adverse air emissions.

Our focus in 2006 will be on ways to increase mainstream rail investment across Washington and beyond and upon preserving and improving east-west access for trucks and other vehicles moving between the I-5 corridor, port terminals and rail intermodal yards. Freight mobility projects include the East Marginal Way Grade Separation and a trucking crossover lane to improve access to intermodal facilities.

Port tenants and customers generate more than $25 billion in two-way, waterborne trade and 37,000 direct jobs annually. Jobs dependent in some way on Port of Seattle seaport and airport activities total 195,000 across Washington. Business revenues top $12 billion a year, and port and airport operations generate about $650 million in state and local taxes.

Port of Everett
The Port of Everett has seen a dramatic increase in its marine terminal activities — especially in containerized cargo. Within the next 12 months, the Port is guaranteed at least 100 ship calls - up from a total of 13 ships last year. These additional ships are a direct result of commitments by three international vessel operators, FESCO, Eastern Car Liner and Westwood Shipping Lines, to ship through Everett. In addition, the Port will continue its regular business of general cargo, forest and agricultural products, alumina ore and barge calls that come through the Port of Everett. To accommodate the increased growth, the Port of Everett will redevelop their marine terminals to provide a uniform, seamless transfer of freight including the construction of a $25 million rail barge transfer facility that will handle oversized aerospace cargo unable to fit into standard trucks or rail facilities.

Port of Vancouver
The development of rail and highway connections to accommodate the projected growth in marine cargo is a top priority for the Port of Vancouver, USA. This growth is already evidenced in a 25% increase in tonnage in 2004 and 2005 figures to date are poised to surpass even that record.

While 42% of the nation’s freight is moved by rail, that figure jumps to 82% for the Columbia River region and is projected to increase as trade grows. The Columbia/Snake river system is one of the nation’s largest wheat export centers and these numbers are projected to double over the next 20 years. Additionally, rail freight through Vancouver’s BNSF rail corridor, a major transportation hub where both north-south and east-west rail lines intersect, is projected to grow 60% by 2025.

The Port of Vancouver is proposing construction of an expanded rail system for its facilities and a new access from BNSF lines into the Port in order to minimize delays for freight rail carriers and to serve its marine and industrial tenants.

Port of Pasco
The recent switch from barge to rail has been very difficult for shippers. Delays are sometimes as long as 14 days to get products from the Pasco area to Puget Sound. The demand for rail service is double what the barge demand was and BNSF is struggling to try and accommodate all of it.
Increased Labor Productivity: International Longshore and Warehouse Union Local 23 (Tacoma) handles 10.64 tons of cargo per hour; the highest of any major West Coast port.

Tacoma News Tribune
June 19, 2005

BNSF Railway

BNSF Railway reported that in January 2005 their Seattle International Gateway intermodal yard had 30,000 lifts per month. By year’s end that number soared to 50,000 lifts per month. To keep up with demand the railroad bought 400 new locomotives in 2004 and added another 200 this year. BNSF is investing $2B per year systemwide, and seeks to hire at the same pace in the coming years. But when one electronic switch for a rail bridge near Wishram costs about $500,000 the needs outstrip the annual capital budget. BNSF Railway employs 3,300 employees in Washington and is aggressively hiring new employees systemwide to keep up with demand. Last year the railway added 3,000 new employees – a nearly 8% increase in employment.

Union Pacific Railroad

The last year has been challenging for Union Pacific. During the year, UP’s network handled record volumes every month while the railroad worked aggressively to overcome shortages in both manpower and motive power. UP brought on 5200 new employees and spent over $800 million on new locomotives and freight cars while also investing $1.7 billion in the physical plant to serve customers’ future requirements. UP will continue to expand capacity to meet market demand in 2006 and future years. Reflecting the national demand trends are those being experienced in the Pacific Northwest where UP saw record annual growth of 22% for business from Canada destined to Columbia River and Puget Sound ports and record annual growth of 6% for forest products supplying the needs of the nation. Finally, the railroad experienced record volumes and growth, 14%, of imported containers moving through Puget Sound ports reflecting both growth in the Trans-Pacific trade and the concerns of steamship companies regarding the capacity of California ports.

Representative Derek Kilmer and Louise Bray, Governor Gregoire’s Transportation Policy Advisor are welcomed aboard the special BNSF Railway Lewis and Clark Train by Andrew Johnsen.
Trucking

In 2003 trucks transported 78.60% of manufactured goods in the state employing 176,371 people or 1 in 14 jobs in the state. Total trucking industry wages exceeded $8.6 Billion, with an average annual industry salary of $48,916.

In 2002 the trucking industry in Washington paid approximately $607 million in Federal and state roadway taxes or 35% of all roadway fees collected while accounting for only 10% of the vehicle miles traveled in the state. A typical five axle tractor-semitrailer paid $7,656 in state taxes and fees ranking 15th in the nation for fees and taxes.

Intermodal trucking firms like West Coast Trucking have increased salaries to attract more drivers and have increased rates to off-set higher fuel costs. Some trucking firms have also become more selective in accepting cargo opting to accept cargo that brings the greatest financial return to them. Ultimately delays, taxes, and fuel costs are passed on to the consumer increasing the price of merchandise.

Jobs

To accommodate the growth, the railroads, truckers, ship pilots and dock workers have all reported that they are hiring new employees and will continue to do so into the next year.

The Longshoreman's Union was one of the first to experience the impacts of the growth in freight and had to rapidly increase its membership rolls and hired and trained a record number of new employees during the year. As an example, the port of Tacoma began the year with 700 people on their roster but by year's end that increased to 1700 people to fill the demand. Tacoma has also been recognized as the most productive port on the West Coast moving over ten tons of cargo per hour.

If we experience problems anywhere along the supply chain, it will foul up supplies for factories, retailers and consumers. Businesses in Washington and the jobs they create rely on getting goods delivered on schedule. Today, most stores and factories rely on just-in-time delivery.

In 2003 on Washington's 82,264 miles of public roads, motorists traveled 55 billion miles. Trucks accounted for 5.7 Billion miles or 10% of all traffic.

WTA and American Transportation Research Institute
Freight Board Changes
The Board experienced a number of changes in board representation. Andrew Johnsen left the board as the representative for Governor Locke and Louise Bray joined the board representing Governor Gregoire. Pati Otley left the board as the railroad representative upon her retirement and was replaced by Andrew Johnsen, the new Government Affairs Director for BNSE. John Gray from Union Pacific was added to the board table to facilitate discussions with both railroads serving Washington. Dan O’Neal, who has been Chairman of the Board since its creation in 1998, left to become the Chairman of the Transportation Commission. Governor Gregoire appointed Pati Otley as the citizen member and new Chairman of the Board in July.

Outreach
One of the priorities for the Freight Board is providing information about the freight program and the importance of addressing freight needs to the state. In early January, the Board embarked on a more targeted outreach program to try and educate the general public about the importance of freight to the state’s economy as well as the public’s ability to enjoy products from around the world due to our long history as a crossroad for international trade.

The Board developed a script explaining the freight story by interviewing people around the state engaged in manufacturing, agriculture, transportation, and retail sales. The documentary is being distributed through public access stations and is being used for meetings with Rotary, Kiwanis, Lions Clubs and Chambers of Commerce statewide.

A third of the documentary debuted on October 7, 2005 as a feature at the Seattle Chamber of Commerce’s Leadership Conference that attracted about 300 participants. The full documentary aired at the South Sound Freight Summit on October 14, 2005 where it was viewed by 150 participants and was also covered by TWU. The video was then released to cable TV stations and distributed for viewing by service clubs and other interested groups. The video was aired frequently through regional cable access stations statewide.

Dan O’Neal turns over the gavel and Chairmanship to Pati Otley.
Congressional Briefings

As Congress debated the priorities to be reflected in the next TEA-21 bill, the Board decided the timing was important to meet with the entire delegation and remind them of the significant improvements that have been made to the state's freight delivery system in part through federal financial participation in the project partnerships. Between the Legislative contributions and the Congressional funds, projects have been able to attract significant additional partnership commitments.

The Board members were able to meet with all but one member of Washington's delegation as well as all of the Alaska delegation. Since the majority of Alaska's goods are shipped from Washington ports, Washington's infrastructure needs are also critical to Alaska residents.

The Board was also able to meet with key officials at the Federal Highway Administration dealing with Freight and Intermodal movement. The Administration Officials were knowledgeable about Washington's Freight Mobility Strategic Investment Board and indicated that they regard it as a model for the nation.

Recognizing Leadership
The Board facilitated a meeting between the project sponsors and Senators Mary Margaret Haugen and Dan Swecker in June, and Representatives Ed Murray and Beverly Woods in July to explain what each of the individual projects means to communities around the state struggling to address freight chokepoints in their jurisdictions. It was an opportunity to also recognize legislative transportation leadership for their commitment over the years recognizing the connection between freight movement and the health of the state’s economy.

The four leaders were also recognized for their support of freight infrastructure improvements by the private sector members of the board and the acknowledgement that Washington is committed to remaining competitive.

Representative Ed Murray is recognized for his long-time commitment to improving freight mobility. He is congratulated by Board member Andrew Johnson.

FMSIB members and project sponsors thank Senator Mary Margaret Haugen for her support of Freight Mobility Board projects.

"In July 2005 the world's container vessel fleet consisted of 7.55 million TEU's of capacity. Within three years this is expected to increase 52% to 11,642,000 TEU's of capacity."

Bob Yates
Greenbrier Intermodal
Project Funding
The legislature took the bold move to develop a package of projects designed to address the most critical transportation needs in the state and provide funding for those priorities. The funding of at-risk structures such as the Alaska Viaduct and the SR-520 Bridge were two of the safety improvements contained in the package along with many other statewide projects that reflected the priority of funding safety projects. In addition, freight mobility was also a priority and many of the FMSIB projects received funding as part of the budget. The Board had requested $50 million a biennium in dedicated funding and the legislature was able to partially fund that request by providing $12 million a biennium with an additional $7.37 million added to jumpstart the projects that were ready to go to construction.

The project sponsors of the 2005-07 funded projects quickly began to finalize construction plans and prepared to begin actual construction. When Initiative 912 was introduced, eliminating the gas tax portion of the 2005 revenue package, the sponsors needed to move forward cautiously as some of the funding in the partnerships would be impacted by the passage of the proposal. While the FMSIB funds were not directly threatened, other partnership dollars from local government contributions to projects would have been potentially lost.

Savings to the State
Although it is a small agency, the Board strives to operate FMSIB as economically as possible and seeks ways to save money every biennium. Because the board was successful in finding various one-time only savings opportunities, a little more than $64,000 was returned to the state at the end of the biennium. This amount is approximately 10% of the biennial budget. While some expenses were delayed until the 2005-07 biennium others represent one-time only savings on room costs and reduced use of the Attorney General’s office and other contracted services.

Talking Freight
The Federal Highway Administration (FHWA) asked the Freight Mobility Board to participate in an interactive program that they produce called “Talking Freight”. The federal program highlights “best practices” found in various states to be model programs for other states to emulate. Washington’s Freight Mobility Strategic Investment Board has been used by the USDOT as a model for a number of years, and in 2005 the Board was asked to put together a presentation on how the agency operates, how partnerships are held together and how priorities and projects are selected.

Participation in the series is available to interested parties in all 50 states and is held six times during the year. The FMSIB program had 69 participants from various states and the agency received a number of follow-up requests from states as diverse as Louisiana and Delaware. Some states have requested permission to use the project selection application and criteria developed by FMSIB in their states. We continue to work with some of the states in fine-tuning our process to address their unique needs and goals.

Strategic Corridors
RCW 47.06A.020 (3) requires that the Freight Mobility Board review and update the designation of Strategic Freight Corridors every two years. The Board worked with the WSDOT, CRAB and the Association of Cities to gather the most recent data on freight volumes on all of the states roads. The Board reviewed the data in December and approved the updates suggested by the cities, counties and DOT for their segments. A new list of the segments is available and a map of the strategic corridors will be posted on-line as soon as it is completed.

"It takes two days for cargo to go from Washington ports to Chicago and another two days to go through Chicago."

Paul Nowicki
Asst. V.P. Governmental Affairs and Public Policy
BNSF Railway
Agency and Freight Activities

Competition
While freight volumes continue to soar we recognize that the competition for prime cargo and partnership investment in projects continues as well. Washington State has been a leader in recognizing the need to focus attention on strategic freight corridors but other states have been catching up. The Freight Mobility Board concept has been held up as a model for the nation by the Federal Highway Administration and a number of states have modeled similar programs after the Washington program. Oregon has created a Freight Advisory Board and California’s Global Gateway program specifically identified the Washington program as a model they wanted to replicate. Freight programs in Illinois, Florida and other states demonstrate the importance policy makers place on freight mobility and the need to compete.

The freight component of the current SAFETEA-LU Federal program is another example of competition. Previously, the source of most federal partnership funding for our freight projects was from a competitive “Corridors Program” where Washington was able to compete very effectively. The new program, however, is heavily earmarked by pre-selected freight projects numerous states have identified because they have elevated their priority freight projects which eliminates a competitive approach.

West Coast U.S. ports have competition from Canadian and Mexican ports who are expanding capacity dramatically to attract business. Some Shipping lines are bypassing the West Coast and transiting the Panama Canal with cargo destined for Gulf and East Coast ports. John Hemmingsway from Stevedoring Services of America reminds us that “freight is like water . . . it will find the path of least resistance and go there.”

U.S. railroads have growing competition from Canadian railroads who have purchased trackage from the Midwest Canadian border to the deep south of the U.S., allowing West Coast freight to move quickly across Canada and down into U.S. markets. Back haul containers would travel the reverse path bypassing Washington growers and manufacturers.

Washington must continue to address freight chokepoints, corridors, grade separations and intermodal connectors. While we are considered leaders, we can’t rely on past successes if we want to remain leaders.

Chicago’s CREATE
With 70% of our container cargo moving from Puget Sound docks through Chicago it is important that chokepoints be eliminated in this part of the supply chain as well as here in Washington. Chicago officials have created a plan to unclog the current inefficient system by improving select rail intersections with road and other rail lines so freight can move more rapidly through this critical crossroad. The program is called CREATE and both BNSF and UP are participating in the plan.

Burlington Northern Railway conducted a tour of the Chicago CREATE project for representatives of the Ports of Seattle and Tacoma, FMSIB and WSDOT. Some initial project funding was approved by Congress in the SAFETEA-LU budget for the CREATE project. Local officials are developing partnership-funding plans to allow construction to begin.

Karen Schmidt, Andrew Johnsen, Henry Yates, Port of Seattle, 3 FNSF representatives, Jeannie Becket, Port of Tacoma, Barb Ivanov, WSDOT, Judy Gienger, WSDOT, and Julie Collins, Port of Tacoma, discuss, CREATE with BNSF staff.
The new Wine Country Road bridge over the Yakima River under construction.

Wine Country Road – Prosser July Completion
Wine Country Road made three significant changes to the aging main route through Prosser. The route was widened with an improved truck turning radius at the intersection leading to the area’s industrial area. The route widening continued under the railroad bridge and the roadway was lowered allowing taller trucks to pass under the structure. The final piece was the addition of another bridge across the Yakima River parallel to the existing bridge. The approaches to the two bridges are designed to now allow one way traffic across the two spans.

The project will improve the overall movement of agricultural commodities in the Prosser area and was strongly supported by local businesses. Among the project’s many financial partners who helped build this project were ten local businesses.

Then: Widening Wine Country Road and increasing height under the railroad bridge.

Now: Completion of a wider route allowing passage of trucks with higher loads.

FMSIB member Jim Toomey, Representative Shirley Hankins, Senator Jerome Delvin, County Commissioner Leo Bowman and local dignitaries join Governor Christine Gregoire at the Wine Country Road dedication.
Projects Completed in 2005

Granite Falls Right-of-Way

Granite Falls
The majority of the needed right-of-way has been purchased for what will become the new route that will remove heavy
tracks from downtown Granite Falls. The remaining right-of-way will be purchased and the new alignment will be finalized in the next couple of years. When the project is completed, the new route will improve freight movement as well as improve safety for motorists and pedestrians by moving through traffic to the new route.

Colville Alternate Truck Route

Phase 1 Colville – (Northern Segment) October Completion
The first phase of the project constructs the north access from US-395 to a new alignment that will pass to the west of the current route avoiding the downtown Colville business district. When the entire route is completed, trucks will be able to pass through the town unimpeded and then rejoin US-395 south of town. The new alignment will improve truck traffic movement to and from Canada as well as local timber, agriculture and mining freight mobility. The route will also provide improved safety and air quality benefits for Colville.

Before: The alternate US 395 truck route would run parallel to the BNSF tracks.

After: A new improved truck route that removes heavy vehicle traffic from the main street in Colville.
Nearly everything is shipped in 20' or 40' containers.

In 2004 the ports of Seattle and Tacoma estimate they will handle 2.2 million 40' containers.

or 183,333 containers per month,

or 6,027 containers per day,

or 251 containers per hour,

or one container every 15 seconds

The largest of the post-Panamax ships coming into Puget Sound can arrive with more than 6600 twenty foot containers. The number of ships calling on Puget Sound ports is also increasing and there are new ships on the drawing boards that will be capable of carrying more than 9,000 twenty foot containers. This increase in container volume will need to be moved off of the port property by truck and rail transport.

Accountability

Freight Mobility Board projects involve multiple funding partnerships where both close cooperation and communication are essential. The Freight Mobility Board funding currently leverages about $4 from federal and local government sources as well as from private businesses for every $1 invested by FMSIB.

Once a project is selected through the Board’s rigorous process, a dollar amount and percentage amount is assigned to the project reflecting what the Board believes the freight share of the project cost is. The state share can’t increase by statute above the fixed dollar amount or the percentage — whichever is lower. In this way, the state is protected from increases if project costs go up and receives part of the savings if a project is completed under budget.

When the legislature authorizes project funding, the Board requires the project to be in construction within twelve months of being notified. The Board enjoys a nearly 100% success rate of delivering on commitments to the legislature. The Board is committed to continuing that record whenever funding is authorized. Projects are required to provide quarterly updates which appear on our website www.fmsib.wa.gov so interested citizens can monitor project progress. The Board believes this is a real demonstration of accountability.


<table>
<thead>
<tr>
<th>Rank</th>
<th>Sponsor</th>
<th>Region</th>
<th>Project Name</th>
<th>status</th>
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<td>PS-F</td>
<td>Port of Tacoma Road Grade Separation</td>
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</tr>
<tr>
<td>6</td>
<td>Port of Longview</td>
<td>WW</td>
<td>Port of Longview Alternate Route</td>
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</tr>
<tr>
<td>8</td>
<td>Kelso</td>
<td>WW</td>
<td>Allen Street Bridge Replacement</td>
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<tr>
<td>9</td>
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<td>PS-F</td>
<td>California St. Overcrossing/ Port of Everett</td>
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<td>41st St. Railway Overcrossing Phase 1</td>
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<tr>
<td>12</td>
<td>Union Gap</td>
<td>EW</td>
<td>Valley Mall Blvd. Extension</td>
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<tr>
<td>13</td>
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<tr>
<td>14</td>
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<tr>
<td>17</td>
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<td>PS-F</td>
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<td>WW</td>
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<td>54</td>
<td>Spokane Co</td>
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<td>Bigelow Gulch Road - Urban Boundary to Argonne Rd</td>
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</tr>
<tr>
<td>54</td>
<td>Snohomish Co</td>
<td>PS</td>
<td>Granite Falls Alternate Route (ROW)</td>
<td>in progress</td>
</tr>
<tr>
<td>56</td>
<td>Fife</td>
<td>PS</td>
<td>Pacific Hwy E / Port of Tacoma Rd to Alexander Ave</td>
<td>in progress</td>
</tr>
</tbody>
</table>

"China will embrace your new idea before your neighbor will."

David Wang
President, Boeing China
Description of Projects under Construction

**Project #17**
SR-397 Ainsworth Avenue Grade Crossing - Pasco
SR-397 is the main truck access into the Port of Pasco. Vehicles experience frequent delays with more than 50 BNSF trains crossing the road daily. The project will eliminate freight and traffic delays by constructing a grade separated crossing.

**Project #18**
D. Street Grade Separation - Tacoma
The project will construct a third rail main-line coupled with the flattening of the rail curve around the south end of the Thea Foss Waterway. The realignment of the tracks coupled with the construction of the D Street Overpass will allow train speeds to increase from 10 to 30 miles an hour effectively doubling or tripling the line’s capacity.

**Project #31**
Port of Kennewick Rd. (Piert Rd) - Kennewick
The project will construct an extension of Piert Road from Lechelt Road to Bowles Road near the Port of Kennewick. Improved access will include two travel lanes and a two way left turn lane.

**Project #35**
S. 228th Street Grade Separation (phase 2)- Kent
Phase 2 will construct a railroad grade separation under the BNSF Railway and the Union Pacific. (Phase 1 constructed an extension of S. 228th Street up the hill and will provide a direct route from the Kent Valley to I-5 and eventually to northbound SR 509). The project will improve both rail and truck freight movement.

**Project #37**
Duwamish ITS Improvements - Seattle
The project which is located in the Duwamish industrial area will upgrade traffic signal controllers and install traffic signal interconnect, Closed Circuit TV cameras, variable, limited and fixed message signs, upgrade communications for rail, bridge, CCTV cameras, message signs and traffic signal interconnect, and install interconnect for railroad crossings and bridge openings.

**Project #48**
Bigelow Gulch Rd. - Spokane
Bigelow Gulch, a narrow, two-lane, east-west principal rural arterial route carries car and truck traffic between Spokane and the Spokane Valley. Recent traffic counts show 13,700 vehicles per day using the road. With improvements, trucks could traverse this route faster. This allows the use of the route for trucks hauling freight to the Spokane Valley Industrial Park on Sullivan Rd in the Valley, as well as the Spokane Valley Mall at Sullivan Rd and Indiana Ave. The project will also reduce road closures due to snow and ice.

**Project #54**
Granite Falls Alternate Route (ROW)- Granite Falls
Much of the right-of-way for the new route alignment is being purchased before the property is sold for other commercial uses. Securing the right-of-way is essential before work can begin on the final design of the road.

**Project #56**
Pacific Hwy E/Port of Tacoma Rd. – Fife
Improvements to Pacific Highway East from Alexander to Port of Tacoma Road will include an additional turn pocket access to the southbound onramp to I-5 at Port of Tacoma Road.

Governor Christine Gregoire and Board member Dick Marzano discuss freight chokepoints.

Governor Gregoire, Congressman Adam Smith and Board member Dick Marzano at Fife project dedication.
Projects and Facts

Projects funded in 2005 (Funds not available until July 1, 2006)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Sponsor</th>
<th>Region</th>
<th>Project Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Port of Seattle</td>
<td>PS-F</td>
<td>East Marginal Way Ramps</td>
</tr>
<tr>
<td>10</td>
<td>Port of Tacoma</td>
<td>PS-F</td>
<td>Lincoln Avenue Grade Separation</td>
</tr>
<tr>
<td>15</td>
<td>Puyallup</td>
<td>PS-F</td>
<td>Shaw Road Extension</td>
</tr>
<tr>
<td>25</td>
<td>Walla Walla</td>
<td>EW</td>
<td>SR 125/SR 12 Interconnect (Myra Rd Extension)</td>
</tr>
<tr>
<td>36</td>
<td>Yakima</td>
<td>EW</td>
<td>City of Yakima Grade Separations (2)</td>
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<tr>
<td>47</td>
<td>Renton</td>
<td>PS</td>
<td>Strander Blvd/SW 27th St. Connection</td>
</tr>
<tr>
<td>57</td>
<td>Woodinville</td>
<td>PS</td>
<td>SR 202 Corridor Improvement- SR 522-127th Pl</td>
</tr>
</tbody>
</table>

Descriptions of Projects Funded in 2005

Project #3
East Marginal Way Ramps – Seattle
This project consists of a north, east, and southbound grade separation on Duwamish Avenue South which will remove at-grade road crossing conflicts with existing rail tracks. The project will improve access among Port of Seattle terminals, Union Pacific and Burlington Northern Santa Fe rail yards, local manufacturers, and distribution warehouses. Area-wide benefits include reduced congestion, more efficient intermodal transfers, and a positive impact on air quality.

Project #10
Lincoln Ave. Grade Separation – Tacoma
This project will reduce barriers and increase freight mobility by removing the grade crossing at Lincoln Avenue. The overpass construction will allow the assembly of long trains without blocking the grade crossings. Project would also relieve major congestion since Lincoln Avenue has become a primary arterial with the closure of East 11th Street.

Project #15
Shaw Rd. – Puyallup
This project extends Shaw Road to provide for a grade separation through a new roadway alignment. The new alignment was selected due to aesthetic and historical preservation concerns at the existing crossings of the BNSF at Meridian and 15th St. SE. The new grade separated crossing will improve freight mobility by reducing railroad conflicts on Meridian and 15th Street SE routes.

Project #25
SR 125/SR 12 interconnect (Myra Rd.) – Walla Walla
The project will extend Myra Road to intersect with SR 12 providing a link to SR 125. Currently freight must go through commercial and residential streets in the City of Walla Walla. Seven percent of the traffic on the existing route is heavy trucks. This project is fast paced to coordinate with the Highway 12 widening to four lanes and construction of an intersection at Myra Rd.

Project #36
Yakima Grade Separation – Yakima
This project will construct 2 underpasses, located at Lincoln Avenue and B Street from 1st Ave to 1st Street. The underpasses will reconstruct three lanes on each roadway under the BNSF mainline. This project is critical to the movement of truck freight traffic, emergency vehicles, and the movement of vehicles into and out of the downtown area.

Project #47
Strander Blvd.SW 27th Street Connection
This project will construct a grade separated five-lane roadway over the Union Pacific Railroad and the Burlington Northern Santa Fe Railroad tracks. The tracks will be realigned to accommodate a single structure. The project will connect the existing principal arterial roadway from Southcenter Parkway in Tukwila to East Valley Road in Renton.

Project #57
SR 202 Corridor Improvement – Woodinville
This project provides capacity, operation and safety improvements to the SR 202/SR 522 interchange plus the major intersections between SR 522 and 127th Place NE on the existing SR 202 corridor. This will include widening of the roadway and the existing bridge, for efficient truck movement. SR 202 connects directly into SR 522, a route of statewide significance, as well as I-405.
2006 Recommendations

I. Account Adjustment

The Freight Mobility Strategic Investment Board Capital Account was established in 2005 to receive combination license fees, weight fees, motor vehicle or multimodal fees and private funds.

The designated funds from the license fees and the weight fees are scheduled to be deposited in the account on July 1, 2006. There are significant questions whether combining funds governed by the 18th amendment and non-18th amendment funds would contaminate the non-18th amendment funds. Additionally, the Attorney General’s Office has expressed concerns that the private funds must be kept separate so they too are not negatively impacted by unintentional impacts from commingling of funding sources.

Working with OFM, the AG’s Office and WSDOT we have developed a recommended solution in creating a separation of accounts so there is no possibility of commingling funds and not being able to use the funds as intended.

The Freight Mobility Board requests that the Legislature and the Governor authorize the creation of a separate account to hold Multi-modal and private funds separate from the Motor Vehicle Account funds. The current Freight Mobility Strategic Investment Account would be used for motor vehicle funds.

II. Surplus FMSIB Project Funds and New Funds

Some of the Freight Mobility Board projects have been completed under budget creating a small amount of surplus funds. In the past, FMSIB has been able to accelerate projects by receiving legislative approval to move surplus funds into other projects. The Board asks the Legislature and the Governor to allow the surplus funds to be moved into another project on the FMSIB list that was not previously funded or fully funded.

Critical Timing

A number of projects that are critical to freight movement require additional support from the state. Escalating volumes of freight traffic near the two deep-water ports and critical timing issues warrant the investment of additional funds at this time such projects include:

Marginal Way Truck Access

Due to a safety concern after 9/11, the Union Pacific closed the north access truck gate at the ARGO yard forcing trucks to reroute along lower Spokane Street and then turn onto Hwy 99 where fast moving traffic is coming off the viaduct. Trucks must immediately merge across three lanes of traffic so they can turn left and enter the ARGO yard from the South gate. This merge is extremely dangerous and should be corrected.

The Marginal Way Truck Access project will construct a grade separation allowing trains to move between the Port of Seattle T-5 and T-18 Terminals to the BNSF Railway (SIG) and Union Pacific Railroad (ARGO) Intermodal Yards without impacting road traffic.

Because the larger, more comprehensive Marginal Way project can still accommodate a design change that will allow the addition of a safer, improved access the timing is right to improve the freight movement in this area for both trains and trucks. Negotiations are currently taking place with Union Pacific to accommodate an improved design into their facility. Allowing the use of the surplus freight funds will correct a dangerous situation and will ultimately be less expensive by combining the solution into the overall redesign for Marginal Way.

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Project Cost</th>
<th>FMSIB Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Port of Seattle</td>
<td>$1.20 M</td>
<td>$1.00 M</td>
</tr>
</tbody>
</table>

Lincoln Avenue

Freeway access to the Port of Tacoma is limited to two access routes — the Port of Tacoma Road and the Portland Avenue off-ramp to Lincoln Avenue. The Lincoln Avenue project received funding in 2005 to construct a grade separation at a key access point to the Port of Tacoma. The project has been on the FMSIB list for a decade and has been able to maintain the original partnerships during the tumultuous time when transportation revenue, including FMSIB funding, was lost twice at the ballot. During that time costs have escalated in the price of steel, concrete and other construction materials. The Port of Tacoma has worked aggressively over the years to find additional partners and increase previous financial commitments to keep this priority project viable.
FMSIB is prohibited from directly awarding increased funding to projects after the project selection has taken place and a dollar amount and percentage have been assigned to the project. * The Port of Tacoma honored the agency's process by not requesting more than the original amount in the 2005 session.

In addition, geological problems at the site have now been discovered driving up costs for the project. The Board believes that the unique circumstances of funding delays coupled with escalating costs during the last decade should be considered and additional freight funding be authorized for the project.

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Project Cost</th>
<th>FMSIB Share</th>
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</thead>
<tbody>
<tr>
<td>Port of Tacoma</td>
<td>$42.00 M</td>
<td>$8.00 M</td>
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</tbody>
</table>

**Spokane Street Viaduct (Phase 1)**
The Spokane Street Viaduct is one of the two primary access routes between I-5/1-90 and the Port of Seattle. Truck traffic to and from the port face chokepoint and safety hazards on the current route which will increase dramatically during the years when the Alaskan Way Viaduct is under construction. To provide increased capacity and safety improvements to this heavily traveled route, the Board believes the state must act now to improve the Spokane Street Viaduct for current and future traffic increases, and that those improvements must be made before the massive Alaskan Way Viaduct construction.

<table>
<thead>
<tr>
<th>Project Sponsor</th>
<th>Project Cost</th>
<th>FMSIB Share</th>
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<tbody>
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<td>City of Seattle</td>
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<td>$14.4 M</td>
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</table>

**Emerging Freight Projects**
In addition to the three projects listed, the Freight Board requests that state funds be identified for future biennia to match important emerging freight projects that are currently being developed. The Board will review and score newly submitted projects in early 2006. These projects, like the Port of Vancouver rail project have been working their way through the EIS and preliminary design process anticipating that the state, through FMSIB, will be prepared to provide a share of the cost. While current needs are important, we must maintain the momentum of improving our freight corridors in the future as well.

**III. Honoring Agreements**
Freight Mobility Board projects all involve multiple partners. The working relationship is based on trust and mutual agreement concerning the scope of projects and how funds are to be invested. This cooperation is essential in continuing to develop partnerships for future projects.

One of the private partners involved in the SR 519 project, BNSF agreed to allow its funds to be used in the first phase of the construction of the project (Atlantic Street to I-5/1-90) with the understanding that ultimately the railroad goal of either closing the at-grade crossing at Royal Brougham or grade separating the intersection would be realized all of which objectives were contained in phase two of the SR519 project.

The design for phase two of SR 519 is under review but the original goal of grade separating the intersection of road and rail line is in doubt. The railroad has not received the benefit anticipated when it agreed to help accelerate the project by allowing their funds to be spent in building the first phase. This has created an atmosphere of distrust, which threatens participation in other statewide freight partnership projects. The issue is being followed closely by both mainline railroads serving Washington.

The Freight Mobility Board recommends that an amount equivalent to the BNSF contribution already invested in the SR-519 project be deducted from the state funds being held for phase 2 of this project and redirected to the freight mobility multimodal account to be held in trust for another freight mobility project supported by BNSF. If the Royal Brougham portion of the project does not include the construction of either a grade-separation or street closure, the funds would be redirected to another freight mobility partnership in which BNSF has an interest. In this way the state would honor the spirit of the partnership agreement.

If the project does fulfill the goal, the funds would go directly to the construction of the Royal Brougham grade separation improvement.

In this way we can maintain a good faith relationship with the private sector and provide assurance that commitments will be honored. The action of transferring the funds sends a clear message to the railroad and serves as a precedent that Washington will follow through on commitments made to other private sector partners now and in the future.

*By WAC rule, the Freight Board does not grant increases to project funding established during the selection process but believes that unusual events have increased this project's cost that should warrant special consideration by the legislature.*
## 2006 Recommendations

### Freight Mobility Strategic Investment Board Active Six Year List

<table>
<thead>
<tr>
<th>Rank</th>
<th>Agency</th>
<th>Region</th>
<th>Project Name</th>
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<td>43</td>
<td>WSDOT</td>
<td>GN</td>
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Some projects have been identified to receive state funding in future years.

*Funding available 7/06

| Projects sponsored by WSDOT | 2895.39 | 182.92 |
| Projects sponsored by local agencies | 1075.24 | 167.75 |
## Freight Mobility Board Funded Project Timeline

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2006 Recommendations