

Washington State Freight Advisory Committee (WAFAC) Meeting Minutes

June 20, 2017

MEETING ATTENDEES:

FMSIB: Dan Gatchet, FMSIB/WAFAC Chair; Brian Ziegler, FMSIB Director

WSDOT: Secretary Roger Millar/FMSIB Member; Ron Pate, Director of Rail, Freight & Ports; Jason Beloso, Rail, Freight & Ports; Allison Camden, Director of Government Relations; Rich Struna, Director of Capital Administration; Stephanie Tax, Local Programs; Wenjuan Zhao, Rail, Freight & Ports.

Ports: Leonard Barnes, Port of Grays Harbor/FMSIB Member; John Creighton, Port of Seattle/FMSIB Member; Eric ffitch, Port of Seattle; Jim Hagar, Port of Vancouver; Bob Loken, MARAD

Freight Related Associations: Sheri Call, CEO WTA; Chris Herman, WPPA; Sean Eagan, Seaport Alliance; Ranie Haas, WA Tree Fruit Association;

RTPO/MPO: Charlie Howard, PSRC; Sean Ardussi, PSRC

Cities: Lyset Cadena, City of Seattle; Jane Wall, AWC

Federal Agencies: Sharleen Bakeman, FHWA, Washington Division

Safety Partners: Captain Mike Dahl, WSP

WELCOME:

Chair Dan Gatchet opened the meeting with welcoming comments and reminded the Committee that the purpose of today's special meeting of the WAFAC was to hear Secretary Millar's proposal regarding the Federal Freight Formula Funding appropriation and that no Committee action is expected.

FEDERAL FREIGHT FORMULA FUNDING BACKGROUND:

FMSIB Director Brian Ziegler provided background on the Federal Freight Formula Funding. This is the third year of a five-year act in which roughly \$20 million per year is available. The first two years, FFY 2016 and FFY 2017, the Legislature put the money into WSDOT's Preservation (P) Program and for FFY 2018 and FFY 2019 they have put it in the Local Programs (Z) Program. In October of 2016, WAFAC submitted a prioritized project list to the Legislature.

SECRETARY MILLAR PRESENTED WSDOT's PROPOSAL for NHFP FUNDING ALLOCATION (\$43.8M Available this biennium):

Secretary Millar presented his concept as addressed in the attached briefing packet prepared by WSDOT. This proposal is as follows:

- Ten percent of the funding would be dedicated to intermodal projects on the WAFAC/WSDOT list, approximately \$2.19 million. Under the National Highway Freight Program, up to 10 percent of the funds may be used for freight intermodal and freight rail projects in each fiscal year.
- Half of the remaining 90 percent would be spent on projects from the WAFAC/WSDOT list to preserve the National Highway Freight Network, approximately \$9.855 million.
- The other half of the remaining 90 percent would be spent on other roadway projects from the WAFAC/WSDOT list, approximately \$9.855 million.

The 2017 Freight Plan update will include a prioritized list of freight projects. This Plan must be approved by FHWA in December 2017. The WSDOT team will be providing a refinement to the WAFAC list, which will be in the Freight Plan update. As required by the FAST Act, the project list must be fiscally constrained. Today's list is unconstrained and was prioritized by project readiness and match availability, not freight benefits. Secretary Millar reaffirmed that WSDOT will be making project selections with the advice of WAFAC. Washington jumped at the chance to create WAFAC, as advisory to WSDOT. Current project list is less than optimal and doesn't address (validate) freight benefits. The 2017 Freight Plan update will improve on that but the Department feels the Legislature wants to move the money faster as there are projects on the Tier 1 list that appear ready for construction now. At the June 2nd meeting, some FMISB members said they would like to like to get the money spent quickly too, what do other's think?

The Secretary is proposing to allocate 10 percent for intermodal projects (the maximum allowed by the federal act), as the WAFAC has recommended. It would be great to spend more but that's the legal limit. Further he proposes 90 percent to spend on highway projects, balancing the need to invest in projects that preserve and projects that augment, or add to the network. He quoted the FAST Act section that created the National Highway Freight Program, which says; "It is the policy of the United States to improve the condition and performance of the National Highway Freight Network established under this section to ensure that the Network provides the foundation for the United States to compete in the global economy and achieve the goals described in subsection (b)". He stated Congress and FHWA have put in place new performance measures and we will be measured on condition and performance. The Freight Formula Funding for (FFY 16 and 17) were invested in WSDOT's Preservation Program by the Legislature. He also stated that investment was consistent with the budget proviso the Legislature has used in past budgets, and the current budget, to direct the department to invest any new or unanticipated federal funds in highway and bridge preservation activities. Secretary Millar mentioned the meetings in the summer of 2016 convened by Governor Inslee's office with many stakeholders and legislative transportation leadership to make recommendations to the Governor on how to allocate federal formula funding. That group agreed that all new NHPP and STBGP money would go into competitive grant program for NHS preservation (which was appropriated into Program Z). The group also recommended the Federal Freight Formula money be allocated to the state.

QUESTIONS REGARDING THE WSDOT PROPOSAL

Chris Herman asked if the funding for Federal Fiscal Year 18 requires FHWA approval. And he asked if FFY 18 money can be moved forward (obligated) before the Freight Plan Investment Plan is approved. Secretary Millar said yes. Allison Camden added that any FFY 18, 19, and 20 funds expended after December 2017 must be included in the 2017 Freight Plan's fiscally constrained project list.

Leonard Barnes asked if the Secretary was proposing a diversion of the federal funds toward maintenance and preservation. Secretary Millar's response was no, the Department is not proposing to divert federal funds. WSDOT is proposing to invest some of the funds in eligible preservation projects from the WAFAC/WSDOT list. Mr. Barnes then asked if the changes are being proposed just to match state and federal fiscal years, or was the proposal to reprioritize the list. Secretary Millar stated that the WAFAC list submitted to the Legislature in October 2016 was prioritized, but it was not prioritized based on freight benefits. He believes that the Legislature is interested in validation of the freight benefits of the projects before they are funded to ensure the limited dollars are invested strategically. The 2017 Freight Plan update will make future prioritization better. Mr. Barnes then asked if future preservation projects will be reevaluated under some established criteria. Secretary Millar said it could be, that is yet to be determined.

Chair Gatchet said that the concept of validating project details makes sense, but that the WAFAC has not yet established any freight benefit criteria nor has the Committee ranked projects according to that criteria. FMSIB has a robust point system that when applied to project concepts has resulted in a proven indication of worthy freight projects. This point scoring system was not used for the federal freight formula funding. However, we may need to develop something over the next few months.

Charlie Howard said that he is sympathetic to the idea that preservation needs are currently underfunded on state and local roadways. However, he believes that the Federal Freight Formula Funding is not the pot of money to try to meet that need. The first two years of this funding was allocated to state highway preservation without any WAFAC input. The current list is a good set of freight projects. The Committee members left the prioritization meeting with clear understanding of the project priorities. The decision to use broad "Tiers" was a communications approach for presenting the long list to the legislature. Also, the Committee didn't want to leave any legitimate freight need off the list. Going forward, the state could choose a different allocation process, but he believes the WAFAC expected this list to be the list for this biennium.

Sean Eagen stated that according to his calculation, 10 projects would be funded with the appropriated \$43.8 million. Many of those projects are going to construction this year. He asked the Secretary which projects would get scratched from the list under his proposal. Sean further stated that project sponsors have counted on the established WAFAC priority. Ron Pate responded that the validation data that WSDOT requested from project sponsors is starting to come in and the list may change due to project changes, but more review is needed.

Sean Eagen further stated that he appreciates that preservation is an eligible expense in this program, but why is there a need to set-aside half instead of allowing preservation projects to compete equally with enhancement projects. Secretary Millar stated that his rationale is simply to create two pots of money, one for Preservation and one for Enhancements. According to the Secretary's review, three of the ten prioritized projects are preservation. He stated that another option is to fund the prioritized list as is from top to bottom. He proposes funding half now and

then half after an improved prioritization methodology. He believes we need to be more strategic in these freight funding decisions.

Ron Pate added that the policy of the Congress was both Condition and Performance and that WAFAC agreed to this. He also added that the WAFAC did talk about freight benefits. There were discussions about how WSDOT preservation projects needed to provide information on how they move the freight needle.

Eric ffitth thanked the Secretary for calling Commissioner Creighton. Eric and the Port believe the projects should be funded in a priority manner, with those most benefitting freight funded first. He is concerned about setting up another list just for preservation and believes this unnecessarily inflates importance of preservation.

Charlie Howard said he appreciated everyone having this conversation. He reminded everyone of the long history of freight funding in Washington State starting with the FAST Corridor in the 1990's and the ongoing 20-year success of FMSIB. Charlie believes the WAFAC recommended list was well-vetted and would vote to keep the existing priority list. Chair Gatchet further stated that as a rule, Washington has had very robust conversations on what is best for freight.

Chris Herman asked what the department's intent is for the recent validation data request, particularly the issue of "State, Regional, and Local Freight Benefits." He asked who evaluates the data that will be provided and how will that data be used. He also asked what WAFAC will see. Secretary Millar said that was a great question and that Ron Pate was going to discuss that later in the meeting. Secretary Millar stated that the current list was not ranked by freight benefits and that the Freight Plan update will provide that. To be defensible, we need to show the strategic nature of the funding decisions.

Director Ziegler understood the Secretary to say we could obligate money to projects this summer even if the Freight Plan update will not be approved until December and asked for clarification. Allison Camden said that according to the federal guidelines, the FFY 18, 19 and 20 funding spent after December 2017 could only be spent on projects in the federally approved Freight Plan. Director Ziegler further stated he understood Secretary to say that "validation" in the Secretary's view is "freight benefits." However, based on Director Ziegler's conversations with legislative staff, OFM, etc., there seems to be a variety of opinions on what "validation" means. Director Ziegler stated that 75 percent of the projects on the list have already been scored by FMSIB and that in one sense those projects had already "validated."

Secretary Millar stated that looking at the list today, the significant freight benefits need to be documented so the freight community can defend their decision to spend money. Secretary Millar wanted to reiterate that this would not be "another list," rather the goal is to update the Freight Plan. Many projects have been through FMSIB prioritization and scoring, and that is a great process. We need to be able to describe the freight benefits so it's a defensible list. We also need to evaluate the geographic distribution of these freight funds. The current WAFAC priority order benefits relatively few communities, making it harder to defend. We need to know why we're doing it that way, if that's the path.

FREIGHT PROJECT VALIDATION-CURRENT SOLICITATION and WAFAC Role:

Mr. Ron Pate provided a summary of the validation process memo and spreadsheet form that was sent to project sponsors. He said there is approximately \$20 million available in what WSDOT is calling Stage 1 of their validation process. The spreadsheet form is to be filled out by project sponsors and is due to WSDOT by June 20 (today).

Captain Dahl asked if there will be funding for additional weigh stations. Ron said there are none on the WAFAC list, but he noted there is still a need.

Mr. Chris Herman said that it is not clear how WSDOT plans to use the "freight benefit" responses from sponsors. It appears very qualitative. He further asked what will WAFAC see regarding the data and WSDOT's analysis of the data. Mr. Herman also stated that not having a project in the STIP should not preclude it from being funded. Jason Beloso said the project data is expected from sponsors by COB today (this is just for the Tier 1 Highway and Multimodal projects). Due to the short timeline, the review will be a qualitative review. A more quantitative review will come in what WSDOT calls a Stage 2 review and will be based on the more quantitative measures planned in the 2017 Freight Plan update.

WAFAC CHARTER:

Director Ziegler explained that the proposed WAFAC Charter will address two key groups of potential issues, including both Administrative and Policy based issues. A draft charter has been prepared and will be reviewed by the WSDOT Secretary and WAFAC Chair with the goal of providing a draft to the WAFAC at their July 21 meeting.

FREIGHT PLAN UPDATE:

Mr. Jason Beloso stated that his staff plans to have an internal review draft available in July. The plan is to provide this draft to WAFAC in August. He will provide an additional update at the July 21 WAFAC meeting.

NEXT WAFAC MEETING:

The next regular WAFAC meeting is scheduled for Friday, July 21 from 10 a.m. to noon at PSRC (or by webinar) to include the following agenda items:

- Discussion about quantitative review/validation of freight projects
- Freight Plan preview for WAFAC August review
- Discuss and Adopt Draft WAFAC Charter

ACTION ITEMS:

- Director Ziegler is to schedule time for Secretary and WAFAC Chair to review Draft WAFAC Charter.
- Director Ziegler is to schedule a WAFAC review of project sponsor submittal data, targeting the week of July 10th (Note: Ron Pate contacted Brian Ziegler on June 23 and asked that the scheduling of this special WAFAC meeting be delayed pending more WSDOT review of the project sponsor submittal data).

Chair Gatchet adjourned the meeting at 11:35 a.m.