

Washington State Freight Advisory Committee (WAFAC)
Meeting Minutes
July 21, 2017

WELCOME:

Chair Dan Gatchet called the meeting to order at 10 a.m. He then stated that at this WAFAC meeting the Committee is essentially advisory and providing feedback to WSDOT proposals. Any future WAFAC role is yet to be determined. FMSIB and WSDOT staff will take meeting minutes and distribute them to all members. Since there is no way to poll members to determine consensus on any issues, WSDOT will end up receiving the feedback from individual members.

The Chair then asked Brian Ziegler, FMSIB Director, to conduct the roll call. Present were the following:

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; Stephanie Tax, Local Programs; Wenjuan Zhao, Rail, Freight & Ports; Paul Krueger, Freight Systems Division; Matt Pahs, Transportation Planning; Stephanie Tax, Local Programs

Aerotropolis: Larry Krauter, Spokane International Airport CEO, WAFAC Member

Federal Agencies: Sharon Love, FHWA-Washington Division

Freight Industry Workforce: Dan McKisson, ILWU, WAFAC Member

Freight Railroads: Johan Hellman, BNSF, WAFAC & FMSIB Member

Freight Related Associations: Sheri Call, CEO WTA, WAFAC Member; Chris Herman, WPPA; Sean Eagan, Seaport Alliance; Ranie Haas, WA Tree Fruit Association; Matt Harris, Potato Commission; Kristin Meira, PNW Waterways Association

Local Government: Pat Hulcey, City of Fife, WAFAC & FMSIB Member; Tom Trulove, City of Cheney, WAFAC & FMSIB Member; Jane Wall, AWC; Al French, Spokane County Commissioner

Ports: John Creighton, Port of Seattle, WAFAC & FMSIB Member; Eric fFitch, Port of Seattle; Robert Loken, MARAD

RTPO/MPO: Charlie Howard, PSRC, WAFAC Member; Sean Ardussi, PSRC; Ryan Stewart, SRTC

Governor's Office: Erik Hansen, OFM, FMSIB Member

HNTB: Justin Scott

STATE FREIGHT PLAN DEVELOPMENT: Jason Beloso, WSDOT/Justin Scott HNTB

The Chair asked Mr. Jason Beloso to review the slides discussing the Freight Plan Update Status. In addition to the points in the slide show, Mr. Beloso emphasized the following points:

1. The Freight Investment Plan must be financially constrained.
2. For the first time, the Plan will include a Marine Ports and Navigation Plan (which is not a federal requirement).
3. WAFAC did the heavy lifting of creating the CUFC/RUFC designations.
4. WSDOT's new Truck Parking brochure is a low tech, low cost tool providing a handy reference for truckers.
5. Freight and passenger rail, north and south of Seattle, were impacted by slides recently.
6. The Marine Ports and Navigation Plan is being pursued wholeheartedly for the first time and it is a foundational document.
7. Regarding the Plan development schedule, the diamond icon is important: The Freight Plan must be certified by FHWA by December 4 in order for the state to obligate federal freight funds.
8. WSDOT's freight project validation work and Freight Plan development are of equal priority in the next few months. It is a heavy lift.
9. WSDOT will be making a second request to project sponsors for additional validation data, but just for unfunded Tier 1 and all Tier 2 projects.

Mr. Beloso then turned over the presentation to Mr. Justin Scott, HNTB, who reviews the next few slides. He said the proposed Excel tool is intended to be user-friendly and based on this state's freight goals and priorities. One goal of this effort is to move the assessment from a Stage 1 qualitative review to a Stage 2 quantitative assessment.

To that end, Justin requested freight data from prospective sponsors (AADT, truck percentages, etc.) to assist in the quantitative approach. Lastly, he mentioned that the federal freight planning and data available is currently highway-centric but moving toward more multi-modalism.

Secretary Millar added that there are two things going on. One, the current WAFAC/WSDOT approved list needs to be validated. But Mr. Scott is talking about "the next list," a five-year fiscally constrained list. The 2016 freight project list with six billion in identified won't be accepted by the federal government, FHWA expects states to make a qualified forecast of freight revenues, and assign those revenues to a five-year fiscally constrained project list. The full \$6 billion list may be an appendix. This tool Mr. Scott is sharing is not about the list the Legislature asked WSDOT to validate. Mr. Ron Pate added that this tool is needed to meet federal requirements to identify freight benefits in a project ranking that is fiscally constrained. Mr. Chris Herman asked whether the WSDOT/WAFAC approved list is the basis, or starting point, for this fiscal constraint process. Roger said yes it was. Mr. Scott added that "fiscally constrained" also means included in a regional planning process as a TIP or the STIP.

Secretary Millar said WSDOT is looking for input from the freight community on qualitative and quantitative measures. Jane Wall stated that the 2016 Legislature asked WAFAC to do this freight project prioritization last year and that the Secretary and WAFAC Chair sent a joint letter to the Legislature and Governor with the prioritized list. She asked why this freight benefit validation issue wasn't raised last year. A list was requested and it was agreed to.

Secretary Millar acknowledged that was a good question. He stated it's somewhat like changing tires on a moving truck, i.e., we have to make changes while the truck is moving. He further said this was caused by the conflation of state biennial budget decisions and federal

budget funding allocations. Secretary Millar said the jointly signed letter proposed a list of projects, sorted smallest project to largest project cost and match, for the Legislature's consideration. The list is far from perfect. The Legislature responded in the 2017-19 budget and directed WSDOT to validate the project list and award funding to projects and then work with WAFAC to improve the process.

Mr. Scott stated that Washington State is viewed as a leader nationally in freight planning. Trying to meet the federal guidance has been like shooting at a moving target. Secretary Millar added that WSDOT and the freight community are all acting in everyone's best interests.

Mr. Sean Eagan asked about the freight benefit ranking tool. He said Washington already has a freight project ranking tool in place and wanted to know if this new process will align with the current one. Mr. Scott stated that the next slides on state policy goals should help answer this question. Secretary Millar clarified if Sean was talking about FMSIB, and Sean said yes.

Secretary Millar stated that FMSIB allocates money to projects based on the legislative funding appropriated each biennium. For the first time, federal money has now been dedicated to the entire freight network. FMSIB has an important role for first and last mile of freight network, but doesn't deal with the entire state system. Mr. Eagan then asked if WSDOT could use the FMSIB scoring process to assess state highway projects. Secretary Millar said we can make this tool anything we want. He further stated that FMSIB is focused on a smaller scale of projects, not "I-90 from Spokane to Idaho" for example. Mr. Eagan replied that Washington already has a tool that works and why can't we just tweak that.

Chair Gatchet added that the FMSIB criteria is diverse and adds up to about 200 points and that the Board ranks projects that are submitted for funding by sponsors. It's a good question to ask about this new WSDOT ranking process. He said he believes WAFAC and WSDOT need to collaborate on this question.

Secretary Millar committed to looking at the FMSIB measures to see which could be used, but also stated we have to be much broader than that. We have to link our policy plan and investment strategy together. We need to make investments that are consistent with the policy decisions we're making as a state. Mr. Scott added that the proposed Project Prioritization will align with state goals. Secretary Millar said that these goals are set by the State Legislature, not WSDOT. Secretary Millar said WSDOT wants feedback from project sponsors on the quantitative measures to use under those goals.

Chair Gatchet asked if the proposed tool allows weighting of criteria. Secretary Millar replied that yes it can, which allows one to slide various factors up or down a scale to see the results of various combinations of criteria weighting.

Mr. Eric fFitch asked whether the definition of various criteria, like "Resilience," will be shared so readers can understand them. Mr. Scott said definitions would all be provided soon. Secretary Millar added that if you have an opinion about any criteria, including a suggested definition of resilience, please send it to WSDOT staff.

Mr. Pat Hulcey asked how project rankings are affected by those sponsors who have secured their partnership funding. Mr. Scott responded that if a project has a significant match, that would rank it higher. He added that the recent INFRA grants process includes this same match incentive. Secretary Millar added that if federal freight funds are the last money in it scores higher.

Ryan Stewart asked via online chat if WSDOT will be sharing this spreadsheet tool with MPO's/RTPO's, emphasizing it would be great to be on the same page when it comes to prioritizing freight projects. Secretary Millar responded saying WSDOT will bring the tool to the WAFAC and he has no problem sharing it with MPOs and RTPOs, it could be a useful tool for them. But we need get the tool right first. Mr. Pate added that the tool may help us get into alignment, this is a foundation for that.

Mr. Chris Herman thanked the WSDOT team for sharing the results of their freight project ranking tool development. He feels this is headed in the right direction. However, he said it still feels really squishy. For example, the "Exports" measure is murky. He added that many states already have good criteria, but it's more specific. He also stated that there is only two months to complete this ranking tool before scoring the projects and questioned how do you get it done and allow for robust input.

Chair Gatchet replied that this tool may not be perfect the first time, and "FMSIB tool had (I think) three to four editions after its first development." But it's a daunting task to meet the schedule. Mr. Pate added that now is the time to provide input. He further added that states get locked in by FHWA to do what they say they plan to do. Secretary Millar said that these are self-imposed constraints and that HNTB is on the team because this effort is not their first freight rodeo. Secretary Millar added that we don't want perfect to be the enemy of the good.

Commissioner Creighton stated that we're pretty good at knowing what factors go into prioritizing freight project funding. The policy discussion centers on how those factors should be weighted. Secretary Millar added that spreadsheets don't make decisions, people do.

Mr. Eagen thought the measures could be more multimodal in adding other criteria that affect ports. Much freight comes through ports but not on trucks. He said highways are important and that he appreciated WSDOT acknowledging that there is an effort to move to a more multimodal approach and asked if another criterion for rail or dock preservation could be added along with highways and bridges. He said he appreciated the general direction there. Mr. Pate said connectivity to the multimodal system is important.

Mr. Larry Krauter commented via online chat that he thinks we need to recognize that we will calibrate this process over time. We need to stay focused on the outcomes and if we are not happy with those, then we know that we need to modify the process.

Mr. Ziegler was asked by the Chair to explain how FMSIB's scoring process compares with the WSDOT proposal. Mr. Ziegler responded by saying that the two scoring approaches seem consistent on first look but requires more examination. He further stated that the policy decisions are in the weighting of criteria, as Commissioner Creighton said. WSDOT's proposal might make sense but we need to see the two scoring systems side by side for consistencies. Secretary Millar added that where appropriate we should steal from the best. Where FMSIB has metrics that work and fit under the state policy goals then let's use them, but the WSDOT scoring is designed to address projects with a larger scope. He said we should take a look and see what can be used. Mr. Ziegler added that FMSIB's projects deal with much more than "first and last mile freight needs" and that the projects are generated by local governments based on freight mobility needs identified by local governments, much like the WAFAC call for projects last year.

Mr. Eagan closed the conversation by stating that it just may not be necessary to recreate the freight mobility scoring wheel.

Jason Beloso asked for any addition input by next Friday, July 28.

Ron Pate again committed to looking at the FMSIB criteria.

Chair Gatchet requested physical meeting for next WAFAC meeting. The conversation is more robust in person. We have better conversations that way.

FFY 2018 FREIGHT PROJECT VALIDATION: Secretary Millar & Ron Pate

Secretary Millar summarized the process that got us to today: WAFAC and WSDOT did a Call for Projects in the summer of 2016, which resulted in a \$6 billion list. The Washington 2014 Freight Plan was one of the first in the country. The FAST Act changed some rules and requires a fiscally constrained project list to be included in a state's freight plan. WSDOT is dealing with two parallel processes, the state and federal budget processes. We can award federal freight funding before we adopt the new freight plan. When the Secretary came to the June FMSIB meeting they discussed that WSDOT could run all of the money (for FFY 2018 and FFY 2019) through the freight plan process, or the FFY 2018 money could be awarded now for projects that are ready to go. It seemed that the freight partners and the Transportation Committee Chairs wanted to get some of the money out the door quickly to take advantage of the current construction season. Some freight interests heard the story that "WAFAC created a list. Fund the list." Secretary Millar apologized to anyone who thought that the list was a firm commitment to fund those projects. I don't have that authority, WAFAC doesn't have that authority and FMISB doesn't have that authority to make a funding commitment like that. The list was submitted to the Legislature for their consideration and with the expectation that they would make decisions about which projects to fund. If the Legislature said "Fund these projects," he said he would have done it. But the Legislature said validate the list and work with WAFAC to improve the process. Secretary Millar said that the Transportation Committee chair acknowledged that the term validate was "fuzzy." We want to have an informed conversation. WSDOT developed a qualitative method to rate the projects based on freight benefits. For today's meeting, WSDOT has created two project lists for consideration, one for projects ready for construction and another for projects ready for construction where freight benefits were considered. (Note: Both lists prioritize projects for only \$18.1 million in federal revenue for FFY 2018, not the \$43.8 million appropriated for the 2017-19 Biennium.) It was further clarified that the state proviso amount of up to \$43.8 million is not what is actually available from the freight federal formula funds. The estimate WSDOT expects the state to receive for FFY 18 is approximately \$18.1 million.

Mr. Pate described list No. 1 that was distributed yesterday to WAFAC members. He said he called project sponsors to ask questions about project readiness that included NEPA completion, R/W certification, funding, etc. Some projects had not completed those activities and that's an issue if we want to get money out now. Some sponsors were asking for additional funding, and Mr. Pate said that's not possible. He asked sponsors about other funding sources and whether they were secured. Mr. Pate stated he felt some of the commitments made before were merely aspirational. Mr. Pate then reviewed the benefits from the briefing paper. Mr. Pate stated that the previous WAFAC/WSDOT list to Legislature was ranked from smallest project cost and match amount to highest in ascending order.

Mr. Ziegler said he thought the WAFAC reviewed the projects against the seven freight goals and 22 freight project criteria in the FAST Act. Mr. Pate replied saying that the review was for eligibility only and not validation of freight benefits. Mr. Ziegler further stated that when WAFAC prioritized projects they assumed about \$40 million was available. He then asked why the WSDOT proposed lists assume only \$20 million in federal freight revenue and not the \$43.8 million appropriated by the Legislature. Secretary Millar said the state appropriation was for two years, but this approach looks at FFY 18 funds only. The time window to obligate FFY 2018 fund is October to December 4th, 2017. WSDOT expects the state to receive \$18.1 million in federal freight funds for FFY 2018. WSDOT then expects the state to receive roughly \$20.4 million in FFY 2019, for a total of \$38.5 million for the 2017-19 biennium. The state won't receive its FFY 2018 allocation until October 1st at the earliest. After getting advice from a few FMSIB members at the June meeting and discussing it with the Transportation Committee Chairs, the DOT decided to move quickly to award the FFY 2018 funds now, with the FFY 2019 funds awarded through the freight plan update process.

Mr. Pate went on to describe the "freight benefit" methodology employed by WSDOT staff, then discussed List No. 2. Mr. Ziegler asked if the WSDOT staff had applied any of the "geographic equity" factors the Secretary mentioned. Secretary Millar replied saying not on list No. 1, but yes on list 2 (one project per jurisdiction was the limit).

Mr. Charlie Howard said it seems both lists are "over-prescribed" and he wanted to know what the thinking was there. Secretary Millar said that in the end the WSDOT may adjust allocations to individual projects or change schedules in order to financially balance.

Mr. Pate reviewed the proposed Advantages/Disadvantages of List No. 2.

Secretary Millar said we have some options:

1. Pick one of the two lists
2. Develop some combination of the two lists
3. Wait until the 2017 freight plan is updated and approved by FHWA, hopefully by the December 4th deadline, and award all of the funding then.

He stated unequivocally that the current WAFAC/WSDOT list and a \$40 million appropriation is not an option anymore.

Mr. Howard asked why the WSDOT's Floating Bridge Cable project match is so small. Ms. Allison Camden responded by saying that was because of Washington's percentage of federal lands, the required match for projects on the Interstate under the sliding scale is less than the normal 10 percent match requirement.

Secretary Millar said that he is looking for advice, since WAFAC is an advisory committee. Mr. Pate said they are looking for advice on two fronts, the lists and the programmed overrun. (Note, it was discussed that the total for both lists is more than the \$18.1 million estimated to be available in FFY 2018. WSDOT asked for advice on how that should best be handled.)

Mr. Howard said that for project sponsors, funding certainty is a good thing and don't put decisions off to the future. We should be ready to go and get the money out. He said that while there was some expectation that the projects at the top of the list would get funding, the second list looks pretty well vetted as far as legitimate freight projects. Secretary Millar said that when WAFAC prioritized the list last year they didn't have the same data on freight benefits that WSDOT now has.

Mr. Ziegler said that while it is good that WSDOT and others want to get the money spent so Washington doesn't lose it, relationships with the freight community have suffered due to perceived agreements and changing expectations. We need to find a way to get everyone back on the boat again.

Secretary Millar apologized again for any expectations created by the list WAFAC and WSDOT created last year. He felt it was created for legislative consideration, the Legislature did consider it and then told WSDOT to validate the list and to "make everyone happy." Secretary Millar said the Chairs have told him to spend the money based on freight benefits.

Chair Gatchet said that in his view the WAFAC can comment on the Freight Plan easily, but setting project priorities is much more difficult.

Secretary Millar added he didn't think the intent was for WAFAC and WSDOT to rank projects based on the smallest match, but more appropriately, according to biggest freight benefit.

Mr. Howard said that the Secretary is in control of this funding and wanted to know what the Secretary wants. Secretary Millar responded saying he wants to spend the money now. He also says he wants to help the "Liberty Lakes" of the world to get funding. He went on to ask "should Seattle have two projects when others have none?" He said he wants WAFAC to have the Secretary's back on this. He said he will converse with the Chairs and the Governor's Office, and they will be asking "are you talking to the Freight community?"

Mr. Herman commented that the "freight community" just got the list yesterday and needs some time to consider it. He cited the example of the Port of Kalama who was on the original list, and they thought the timeline was 2018. Mr. Herman said he thinks this process needed to be more collaborative. Secretary Millar responded and acknowledged the Tier 1 projects on the 2016 list were to be "Ready to Go" by June 2018 but these WSDOT proposed lists are based on November 30, 2017 to get projects going. He further added that the "Ready to Go" determination was made last year by FMSIB staff and that some of the projects had funding by FMSIB. (Note: The assessment last year by FMSIB staff was strictly determining match amount commitments, not NEPA or R/W Certifications).

Chair Gatchet stated that the WSDOT was not getting much feedback here today. Secretary Millar responded saying he hoped this is the only time we have to go this way. He was here to get advice and asked for WAFAC members to reach out to him or his staff to share any additional comments on the two lists and which approach WSDOT should take.

Mr. Ziegler reviewed the Action Items from today's meeting:

- Members provide input on criteria for the freight plan to Mr. Scott and Mr. Beloso by July 28.
- WSDOT to pull FMSIB criteria and compare to HNTB proposal.
- Staff to create meeting minutes by next week.
- Questions, comments, advice? Call WSDOT with input.

Meeting was adjourned at 12:05 p.m.