

**FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD**  
**MEETING MINUTES**

**May 31, 2019**  
**Stevenson, WA**

Board Members Present: Mr. Dan Gatchet, Chair; Mr. Matt Ewers; Mr. Erik Hansen; Mr. Johan Hellman; Mr. Pat Hulcey; Mr. John McCarthy; Secretary Roger Millar; Mr. Art Swannack; Mr. Bob Watters; and Mr. Ben Wick.

Board Members Not Present: Mr. Leonard Barnes and ex officio Mr. Aaron Hunt.

**WELCOME**

Chair Dan Gatchet opened the meeting with welcoming comments.

**MINUTES**

*Chair Gatchet entertained a motion to adopt the March 15, 2019 Board meeting minutes as presented. Mr. Wick so moved and Mr. Hulcey seconded the motion.*

**MOTION CARRIED**

**FMSIB BUDGETS**

*Operating Budget*

Director Ziegler gave a brief update on FMSIB's Operating Budget. The Operating Budget continues on schedule and approximately 10 percent under plan. At the September Board meeting, the expenditure chart will reflect the new biennium dollar amounts.

*Capital Budget*

Director Ziegler reviewed the current and the 2019-21 Biennium. There has been a similar trend of reappropriations in the 2018 and 2019 Supplemental Budget. Due to two projects not spending as planned, there is \$32 million supplemental in 2019. There is \$42 million authorized to spend in the 2019-21 Biennium. The Board briefly discussed how to minimize reappropriations for projects that are not progressing. Mr. Pate shared that WSDOT's grant agreement is clear that for their freight rail programs, money will be reallocated to other projects if not spent within the time specified.

Several Board members expressed some confusion in understanding the capital funds chart prepared by WSDOT Local Programs, particularly what is real and current expenditures. Mr. Hansen suggested he work with Director Ziegler on developing a new format for the chart that will be clearer for the Board by showing a biennial break down. Mr. Wick commented that future commitments on the current chart are not clear. Chair Gatchet stated this chart is better than it used to be, but there is still some confusion. Director Ziegler offered to add more data to help minimize confusion. He also noted that Mr. Hansen's approach would mirror the LEAP list that FMSIB is now required to submit. Mr. Hansen also suggested that it might be less confusing if completed projects were removed from the chart even though WSDOT projects stay on the list for at least one biennium after the project closes.

Director Ziegler reminded the Board that that Risk Assessment Chart is meant to supplement the WSDOT-provided grant management chart and provide more detail on active projects. Any project changes since the last Board meeting are noted in red. The delivery risk column is a forecast. Chair Gatchet expressed a concern about why FMSIB still has money allocated to the City of Kent S 212<sup>th</sup> Project, which has now been a 15-year commitment. Director Ziegler clarified that the Board took action in 2014 to defer this project, and he does not understand why it was still included in the 2017-19 Biennium, as he did not work on that budget. Director Ziegler explained that many deferred projects on the list are scheduled to be canceled at the November 2019 Board meeting and will not be included on the new biennium list. FMSIB has the authority to cancel projects that have been deferred for six years. FMSIB will notify project sponsors of the cancelation and that they will now have to reapply.

The Board was in general agreement that it is time to be more aggressive with projects completing on time. Mr. McCarthy suggested there should be a differentiation on the chart between projects that are off the ground versus not at all. Chair Gatchet stated that FMSIB needs to clearly communicate with project sponsors and notify them when FMSIB's procedures change. Secretary Millar would like to see FMSIB plan expenditures over five biennia. Director Ziegler pointed out that it is a FMSIB policy question of how patient the Board is going to be with the project changes and delays. Secretary Millar suggested as we move forward that FMSIB's call for project criteria should include project sponsors past performance.

### **ACTIVE PROJECTS THAT COULD BE DEFERRED**

Director Ziegler reviewed the FMSIB active projects that could be deferred. The spreadsheet was included in the May 30, 2019 FMSIB Workshop meeting packet and summarizes total project costs, FMSIB award amount, year awarded, summary of progress, and Director Ziegler's recommendation for possible deferral. He recommended four of the twenty-five projects be considered for deferral. The first five projects on the spreadsheet are under construction and Director Ziegler suggested they not be deferred. Regarding the Port of Seattle Argo Project, Secretary Millar suggested sending notice that if the invoice is not received in 30 days, then FMSIB is going to consider the project complete. Chair Gatchet inquired if Director Ziegler intended for the Board to make a decision on these recommendations. Director Ziegler suggested the Board have the discussion today and take action at the September Board meeting since it was not published as an action item for this meeting. Mr. McCarthy asked why we could not develop a process to let sponsors know there is opportunity to reapply at the construction phase if they have been previously removed from the list. Mr. Wick pointed out that FMSIB's deferral process already does that since with a deferral, FMSIB no longer holds money for that project, the sponsor can request to be reconsidered for active status. Director Ziegler stated that he could invite project sponsors who are being considered for deferral to come to the September or November meeting and present their case to the Board. Any money from deferred projects can then be used for FMSIB's next call for projects. Mr. McCarthy inquired if this process would require a change in statute. Director Ziegler clarified that the statute gives the Board deferral authority. Mr. McCarthy then asked if the money from deferrals is still on the list given to the Legislature. Director Ziegler stated that it depends on when FMSIB makes the deferral. The FMSIB application form includes information on when the sponsor expects to spend the award money. Secretary Millar pointed out that is why an aging analysis is important so we can see when projects are slipping. He also questioned how a project could score so well when it is

far from having the needed funds. Secretary Millar suggested that “seed” money should be treated differently with a two-tiered system and a different application process for first money in and last money in.

*Secretary Millar asked Chair Gatchet if it would be appropriate to make a motion so the minutes can reflect that the Board directed Director Ziegler to contact the four project sponsors on the possible deferral list and let them know they are welcome to come to the Board meeting in September and explain why they should not be deferred.* Director Ziegler expressed a concern about taking a motion that was not noted on the agenda. Chair Gatchet agreed that Director Ziegler should contact the four projects listed as “maybes” to defer and let them know they can come to the September or November meeting. Mr. Ewers asked why FMSIB could not cancel some of these projects. Director Ziegler pointed out that FMSIB does not have statutory authority to cancel a project until it has been deferred for six years. Mr. Watters expressed it is still a legislative issue since the project will still be on the books. Director Ziegler pointed out that, if canceled by the Board, the project would be removed from the legislative list for the next budget. *Mr. Wick stated that he would second a motion for the four project sponsors to come in September.* Secretary Millar stated there has been a lot of discussion on this topic and that it is important to have clear direction by making a motion, having discussion on the motion, and voting on the motion and having the minutes reflect that. Chair Gatchet suggested the motion be made again and then the Board can finish the discussion and take a vote.

Director Ziegler suggested the Board go through the list for feedback to make sure we are making the right choices. Chair Gatchet asked the Board for input on Director Ziegler’s recommendations on possible deferrals. There was not any objections to Director Ziegler’s recommendations. Mr. Hansen pointed out that FMSIB’s deferral policy is okay for now, but FMSIB really needs to look at the application process and possibly make it clear that unless the sponsors can spend the money in six years, then they should not apply. Mr. Watters agreed with Mr. Hansen that FMSIB needs to deal with future projects differently than current ones.

*Secretary Millar restated the motion for the Board to direct Director Ziegler to contact the sponsors of the four projects listed as “maybe” and tell them that the Board will be taking action at the September meeting on deferring the projects, and they are welcome to come to the meeting and make an argument to not be deferred.* Mr. Wick seconded the motion. Chair Gatchet requested clarification if the sponsors come in September, will the Board take action then or in November. Mr. Swannack suggested it would be apparent at the September meeting and the Board should be able to take action at that time.

Director Ziegler wanted clarity on how this process of deferring will work with the new LEAP list requirement. Chair Gatchet suggested that be part of the conversation with the transportation chairs. Secretary Millar stated that the LEAP list could be modified. Mr. Hansen pointed out that changes can be made during the supplemental budget. Director Ziegler pointed out the need for a clear procedural process for an action item that was not included in the agenda. Mr. Swannack stated that an agenda item with action could be added at the meeting. The agenda should be amended at the meeting in order to add the action item. *Secretary Millar amended his prior motion and moved to amend the agenda for this meeting to take action and the action be for the Board to direct Director Ziegler to contact the sponsors of the four projects listed as*

*“maybe” and tell them that the Board will be taking action at the September meeting on deferring the projects, and they are welcome to come to the meeting and make an argument to not be deferred. Mr. Swannack pointed out that the above motion has to be two separate motions: the agenda has to be amended first and then the other motion can be taken.*

*Secretary Millar moved to amend the May 31, 2019 Board meeting agenda and add an action item on deferred projects. Mr. Ewers seconded the motion. Mr. Hulcey recused himself.*

**MOTION CARRIED**

*Secretary Millar made a motion to for the Board to direct Director Ziegler to contact the sponsors of the four projects listed as “maybe” and tell them that the Board will be taking action at the September meeting on deferring the projects and they are welcome to come to the meeting and make an argument to not be deferred. Mr. Wick seconded the motion. Mr. Hulcey recused himself.*

**MOTION CARRIED**

**OPTIONS FOR REDUCING REAPPROPRIATIONS**

Director Ziegler presented an updated list of options for reducing reappropriations based on Board input at the May 30, 2019 Workshop. Two additional options were added as well as miscellaneous issues for Chair Gatchet, Director Ziegler, and Secretary Millar to discuss with transportation legislative leadership this summer.

There was some discussion on whether or not the Board should talk with transportation leadership about expanding Board membership. Mr. Hansen suggested any discussion on Board membership should be brought to the Governor’s Office. Mr. Watters agreed this was an important step. Mr. Hellman pointed out Board membership is a legislative decision, not FMSIB’s. Several other Board members agreed this is the Governor’s and legislative decision. Secretary Millar suggested FMSIB is under the spotlight right now and should consider if it wants to have the changes made to it or show some leadership and suggest changes. Chair Gatchet stated that this topic could not be ignored and felt it should be added to the September meeting agenda for further discussion and that the focus of the legislative meetings this summer should be on FMSIB’s reappropriation options.

Secretary Millar suggested that at the September Board meeting we look at the FAST Act and its recommended composition of a freight advisory committee at the state level. Having a freight advisory committee is optional. If you have one, the legislation says (Secretary Millar read the legislation) the membership might include but is not limited to representation from the ports; freight railroads; shippers, freight forwarders; carriers, including carriers operating on their own infrastructure (such as railroads and pipelines); freight-related associations; third-party logistics providers; freight industry workforce; the transportation department of the state; MPOs, councils of government; federal agencies; independent transportation authorities, such as maritime port and airport authorities of varying sizes, toll highway authorities; safety partners and advocates; state and local environmental and economic development agencies; other private infrastructure owners, such as pipelines; hazardous material transportation providers; representatives of environmental justice populations potentially affected by freight movement; and university transportation centers and other institutions of higher education.

Mr. Hellman suggested there are other ways to bring other interests to the table without changing composition of the Board. He has never seen other interests attend FMSIB's open-to-the-public meetings. There may be other ways to bring outside voices, particularly when we are looking to fund projects. Mr. Swannack suggested if the legislative leadership brings up FMSIB's membership during the meetings, then we should ask what their objectives are in adding to the membership and report to the Board in September.

Director Ziegler asked if FMSIB should consider what a desirable WAFAC is and consider if there are benefits to FMSIB being more like WAFAC in terms of membership. There might be some value in not having two freight committees and the confusion it causes. Secretary Millar stated that Director Ziegler gets his intent to have one freight committee. He noted that FMSIB is made up of seasoned white men. Mr. Ewers pointed that it is not FMSIB making those appointments, but the Governor's Office.

### **DIRECTOR'S REPORT**

Please see the meeting packet (posted at [www.fmsib.wa.gov](http://www.fmsib.wa.gov)) for the complete Director's Report. Director Ziegler briefly reviewed the following:

#### **FMSIB Member Appointments**

One County position remains vacant on the FMSIB Board. The Association of Counties was to have sent four names to the Governor on February 23.

#### **Project Status Updates**

##### *Port of Seattle – East Marginal / Diagonal / ARGO Rail Yard*

The final phase of this multiphase project was completed this spring. Director Ziegler visited the project on January 31 and provided an update to the Board March 15. He completed a second project tour on April 30.

##### *Spokane County - Bigelow Gulch Road*

Director Ziegler visited Spokane County offices to discuss progress on the six phases of this corridor project. He toured the corridor to review construction progress and view proposed extensions of the corridor alignment.

##### *City of Spokane Valley –Barker Road Corridor*

The Board approved a phasing of this corridor into three segments. This approval prorated FMSIB's participation in each of the three phases. The city has since requested to begin construction on the first phase and not request FMSIB reimbursement until Phases 2 and 3. After discussing this with WSDOT Local Programs at HQ and Eastern Region, we have concluded the city can do this and still be assured of full FMSIB reimbursement on the corridor.

#### **FMSIB 20<sup>th</sup> Anniversary Recognition**

FMSIB's freight partners funded and TVW produced a 30-second promotional spot on the TVW network. This spot has been airing since the beginning of the year. Our contract with TVW calls for approximately 350 airings throughout 2019. The quoted TVW fee for this sponsorship is \$25,000. More details will be provided under the agenda item on this topic.

In addition, at the March meeting, the Board authorized development of a HistoryLink.org article chronicling the history of FMSIB. HistoryLink has designated an editor and signed a contract writer. The goal is to finish the article before June 30.

### **Calls of Concern Regarding FMSIB's 2019-21 Budget**

After the Legislature adopted FMSIB's biennial budget, Director Ziegler received calls from project sponsors concerned about the funding status of their projects. Since the Board has not met to discuss a response to the legislative revenue reduction, the Director was not able to make any commitments to the project sponsors. FMSIB's traditional freight supporters (i.e., WTA, AWC, WPPA, and WSAC) discussed how they might respond to the FMSIB revenue reduction as well. Those discussions continue.

### **FMSIB Admin Committee Meeting to Discuss CAGTC Reauthorization Position**

The Coalition for America's Gateways and Trade Corridors (CAGTC) has developed position papers describing the Coalition's position on various aspects of the reauthorization of the FAST Act (the federal surface transportation act). In the timeline provided by the Coalition, we were unable to convene a full Board meeting in February to review and endorse these position papers. Therefore, Director Ziegler communicated our appreciation to CAGTC for their work and our regrets that the Board was unable to convene and discuss the CAGTC policy positions.

On March 25, CAGTC sent an urgent request to their members asking that we contact our two senators and convey to them our support for the CAGTC reauthorization principles. The Senate Environment and Public Works (EPW) Committee had asked for senator positions on reauthorization and CAGTC believed it was an opportunity for CAGTC members to reinforce these reauthorization principles with senators. However, the timeline for communicating with our senators was very short, April 4.

Director Ziegler was able to convene a FMSIB Administrative Committee meeting (Chair Dan Gatchet, Art Swannack, and Leonard Barnes) on April 3 to discuss three specific CAGTC positions. The Administrative Committee was able to support one of the three CAGTC positions, and the Director communicated that to the offices of Senator Murray and Senator Cantwell.

### **PROJECT UPDATE: ARGO YARD OPERATIONS**

Director Ziegler gave a PowerPoint presentation on the history of all stages of the Argo Yard Project. The first phase took 13 years before FMSIB money was spent. This project is a great example of FMSIB having first and last dollars in.

### **TVW AND HISTORY LINK UPDATE**

#### **TVW Update**

Director Ziegler reviewed sponsorship contributions that have been received and asked the Board if they wanted to fund the remaining \$5,000. The agreement with TVW does not require FMSIB pay the balance; however, the length of showings could possibly be reduced to 10 months if the full \$25,000 is not received. Secretary Millar did not think it would be a good use of FMSIB funds to pay the balance. Mr. Watters felt that to the extent that we have been able to get outside

contributions is great, but it is not a good use of state money and Mr. Hellman agreed. Mr. Swannack suggested shortening exposure time from 12 to 10 months.

*Mr. Swannack made a motion not to put any of FMSIB state money towards the TVW spot. Mr. Watters seconded the motion.*

**MOTION CARRIED**

Chair Gatchet presented an appreciation award to Mr. Hellman, as the BNSF representative, for the generous contribution to FMSIB's TVW spot.

**HistoryLink Update**

HistoryLink has assigned a writer and Director Ziegler will share the draft essay with the Board when he receives it. FMSIB will be billed \$2,750 before the end of the biennium.

**EXECUTIVE SESSION**

The Board convened Executive Session from 11:25 a.m. to 11:55 a.m. FMSIB staff and guests excused themselves from the conference room during this time.

**BOARD MEMBER COMMITTEE APPOINTMENTS**

Chair Gatchet asked if any Board members would like to be involved in one of the FMSIB committees. Mr. Wick requested to be added to the Project Selection Committee. Secretary Millar and Mr. Wick requested to be added to the Legislative Committee.

*No action taken.*

**ESTABLISH 2020 MEETING SCHEDULE**

The Board discussed various options for meeting locations and dates. In particular, Chair Gatchet asked if the January Board meeting could be postponed from the traditional first week of session to the second week. If not, he will not be able to attend. The Board did not see any reason why that would not work. Ms. Workman will verify if the DoubleTree contract dates for January can be amended. Chair Gatchet suggested McMenamins for the March 20 Tacoma meeting. Ms. Workman will inquire about the cost of meeting space at McMenamins and check availability at the Fabulich Center. Mr. Eagan, Seaport Alliance, offered to arrange a port tour for the Board at the March meeting. Mr. Ewers suggested having the Spokane meeting in November at the airport.

*Mr. Ewers made the motion to adopt the below FMSIB 2020 Meeting Schedule. Mr. Hulcey seconded the motion.*

**FMSIB 2020 Meeting Schedule**

January 23	Day on the Hill
January 24	Olympia (DoubleTree Hotel)
March 20	Tacoma
May 28	Stevenson (Workshop)
May 29	Stevenson
September 18	Walla Walla
November 20	Spokane

**MOTION CARRIED**

**FMSIB DELEGATIONS**

Based on the Executive Session, Chair Gatchet recommended the Board postpone the delegation authority discussion until the September meeting.

**NEXT MEETING**

*Chair Gatchet entertained a motion to hold the next FMSIB Board meeting on September 20, 2019 in Wenatchee, Washington. Mr. Hulcey so moved and Mr. Ewers seconded the motion.*

**MOTION CARRIED**

**MEETING ADJOURNED**

*The meeting adjourned at 12:30 p.m.*

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Dan Gatchet  
Chair

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Attest: Brian Ziegler  
Director