

# FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

## MEETING MINUTES

September 20, 2019 • 9:00 a.m. – 1:20 p.m. • Wenatchee, WA

### In Attendance

#### BOARD MEMBERS

Dan Gatchet, Chair	Pat Hulcey	<i>Not Present:</i>
Leonard Barnes	John McCarthy	Roger Millar
Matt Ewers	Art Swannack	Ex officio Aaron Hunt
Erik Hansen	Bob Watters	
Johan Hellman	Ben Wick	

#### FMSIB STAFF

Brian Ziegler, Director  
Gena Workman, Executive Assistant

#### GUEST PRESENTERS

Kjristine Lund, Lund Consulting	Chad Coles & Brandi Colyar, Spokane County
Paula Cox, Chelan County	Dan Ford & Dave Zabel, City of Pasco

### Approval of Minutes

#### **Motion Item:** Adoption of May 31, 2019, Meeting Minutes

Chair Gatchet entertained a motion to adopt the May 31, 2019, meeting minutes as presented. Mr. Watters requested his comment on Page 6 under *TVW Update* read as follows:

“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. McCarthy moved to accept the minutes as amended. Mr. Hulcey seconded.*

#### **MOTION CARRIED**

### FMSIB Budgets

Director Ziegler reviewed the following documents with the Board:

- Washington State Budget Calendar
- Financial Terminology
- Operating Budget Expenditures for 17-19 & 19-21 Biennia  
FMSIB closed the 17-19 Biennium with a \$60,000 balance, mostly in Goods and Services. The 19-21 biennial budget is slightly less than last biennium since the 17-19 budget included funding for the Road-Rail Study.
- Historic (20-year) Operating Budget Graph
- 19-21 Capital Budget (Old Format)

- 17-19 Capital Program Delivery Chart (Old Format)  
The 17-19 Biennium capital budget expended approximately 35 percent of the biennial appropriation. FMSIB almost ended the biennium with 45 percent expenditures, but project sponsors did not submit reimbursement paperwork in time. There was a question if staff should be more insistent with project sponsors to submit their billing in a timely manner. Chair Gatchet pointed out that Director Ziegler does monitor projects through the quarterly reporting process.
- Historic Capital Budget Graph

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## Capital Budget: New Format

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In response to the Board's request at the May 2019 Board meeting, Director Ziegler worked in conjunction with WSDOT Local Programs and Board member Erik Hansen to develop new capital budget reporting formats. Director Ziegler presented four new options and recommended the two formats organized by project age, and the Board agreed. Several Board members noted a preference for continued detailed updates on current project activities, when the projects anticipate being in construction phase, and a Project Deferral List. In the last few years, FMSIB staff provides the Deferred Project List at the November meeting so the Board may take action at that time.

**Staff Action Item:** Director Ziegler will update the current deferred project chart including comments on project status.

*2019 Budget Proviso Discussion:* The Board requested clarification on the impact of the 2019 Legislature's newly mandated LEAP List, reduced fund balance, and prohibition of FMSIB's 2020 Call for Projects. Director Ziegler said the \$14 million reduction in fund balance has left an anticipated \$500 thousand fund balance available for new projects in the 19-21 Biennium instead of the expected \$15 million. Several projects are eligible for deferral, which would free up more money and possibly allow an \$8 million call during this biennium and an \$8 million call for the next. FMSIB no longer has the authority to make decisions on projects (adopt, defer, cancel) without submitting a LEAP list to the Legislature. LEAP List updates can only occur during legislative budget cycles so changes will occur only once a year. Mr. Wick asked if the Board should take action today on Kent's S. 212<sup>th</sup> and Tukwila's 27<sup>th</sup>/Strander Blvd as both projects already agreed to be deferred and should not be on the current LEAP List. Mr. Hansen reminded the Board that it is their role to help guide the Legislature by proposing a future budget plan.

**Recommendation:** Since FMSIB already submitted the 2020 Supplemental Budget, Chair Gatchet suggested the Board stay with the original schedule and take action on all projects eligible for deferral/cancelation at the November 15 meeting.

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## Fund Balance Monitoring

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Director Ziegler reviewed several historic and current fund balance charts illustrating FMSIB's relatively constant fund balances. Although FMSIB increased the number and size of project awards in 2016 and 2018, the most notable increase in fund balance occurred when FMSIB received Connecting Washington money in 2015. Based on the 2020 Budget submittal, by deferring several eligible projects FMSIB could have approximately \$5 million to conduct a 2020 Call if the Legislature lifts its restriction. The Board originally anticipated a \$23 million Call in 2020 before the \$14 million reduction. FMSIB's historic average has been 25 to 30 projects in the portfolio, and Director Ziegler recommends staying at that rate.

**Future Agenda Item:** Director Ziegler will continue to update the Board on fund balances.

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## Reappropriations Report to the Legislature

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The 2019 Transportation Budget included a proviso for FMSIB to provide a report to the Legislature on options to reduce reappropriation amounts. Although the proviso does not direct the Board to choose an option, the Board agrees that they should recommend one, two, or a combination from the options previously identified by the Board. Director Ziegler presented a draft outline for the report. Mr. Hansen and Mr. Swannack commented on the *Request to Reinstate \$14.5 million*. Mr. Hansen suggested the Board be strategic and request the reinstatement of money for the biennium they think the money will be spent. Mr. Swannack did not think it was realistic to get the cash back, but felt it is important for FMSIB to continue receiving Connecting Washington money.

**Future Agenda Item:** Director Ziegler will consider the Board suggestions and provide a draft report for approval at the November 15 Board meeting.

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## Review FMSIB Priorities

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Director Ziegler provided documents that summarized FMSIB historical capital priorities and policy priorities. These documents will be incorporated into the budget proviso report due at the end of the year.

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## Legislative Leadership Briefings

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At the May 2019 Board meeting, the Board recommended Chair Gatchet, Director Ziegler, and Secretary Millar meet with the House and Senate Transportation Committee Chairs and Ranking Members to present the Board's progress in response to the budget proviso and to listen to the legislators. Chair Gatchet shared a brief summary of the meetings:

- Representative Barkis - FMSIB was not singled out in these reductions; Representative Barkis thinks there needs to be better clarification of how the state's project selection process works.
  - Senator King - Supports FMSIB's mission; FMSIB should manage their projects without legislative approval.
  - Senator Hobbs - FMSIB is headed in right direction with reduction in reappropriation options; happy with a solution that satisfies the House; House has disproportionate interest in FMSIB.
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- Representative Fey - Is taking a step back to see how freight investments should be made; asked how small cities with limited staff could compete with large cities; asked if any projects would be held up if the restriction for FMSIB's Call for Projects is not removed; looking at whole structure of FMSIB and if it should be reporting to WSDOT.

Chair Gatchet suggested the Board be strategic about reaching out to Friends of Freight and gathering support. FMSIB's Day on the Hill will be critical time to share FMSIB's story.

Chair Gatchet invited Representative Fey to address the Board. A summary of Representative Fey's key points are as follows:

Representative Fey is in the 27<sup>th</sup> District. He supports freight interests as his record indicates, for example, he was the lead on the Puget Sound Gateway Project. The question is not if we need to fund freight, but of how to get the money spent and the projects done. FMSIB's process allows money to sit for a long time. Representative Fey is looking for ways to improve the system, which is why he wanted to attend FMSIB's meeting and learn about the process. The Board has a lot of expertise, and he wants to make sure it is being used in a way that benefits freight the most. Representative Fey observed FMSIB spending a lot of time discussing budgets and questions if that is the best use of the expertise when they could be discussing which projects are a priority to fund and the best way to get the money spent in a timely manner. Representative Fey will likely attend the November meeting in Fife. He is committed to freight and wants to see improvements.

*WAFAC Discussion:* Chair Gatchet noted that he and Secretary Millar have a meeting scheduled in December to discuss the structure of WAFAC. As chair of WAFAC, Chair Gatchet would like Board consent to get feedback from WAFAC stakeholders. No Board members objected to this. Any WAFAC questions brought to FMSIB will be referred to Chair Gatchet as the WAFAC chair. Mr. Pate noted that every state has an advisory committee to the secretary of transportation and that Secretary Millar believes FMSIB should be a part of it, but the administration of WAFAC should change it in order to find a way to get real freight at the table. Mr. Swannack suggested that if WAFAC is not a legislative mandate, then maybe FMSIB should let WSDOT do it. Chair Gatchet said freight interests should be able to weigh-in and that clarification is needed.

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## Executive Session

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Chair Gatchet determined Executive Session was not needed as this meeting.

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## 2019 FMSIB Annual Report

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Based on interviews with the Board, Kjristine Lund presented her concepts for this year's annual report:

- Key audience: elected officials, congressional delegation, and as a resource for prospective project sponsors
- More user friendly: pictures, graphics, hyperlinks, less words

- FMSIB point of transition: important to start from the basics of FMSIB’s original purpose to help small cities and local government—state’s interest in freight corridors, leveraging partners, bring local, state and private investments
- Graphics: to depict how much FMSIB does in the project selection process to analyze and solve problems
- Simplify project stories and focus on key projects: highlight the problem, the goal, the solutions, and how it worked
- Humanize freight movement: everyone served by freight, diversity, and inclusion
- Communicate and relate important legislative issues: environmental benefits and family wage jobs in the freight industry
- Emerging issues: truck parking, industrial land preservation, electrification for trucking
- Next generation of freight voices: who is going to be entering this field and what can we do to get younger people involved

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## Director's Reports

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Please see the board meeting packet for the complete report on Director Ziegler’s activities since the May 2019 Board meeting.

*Board Member Appointments:* Director Ziegler announced that the Governor has selected a candidate for FMSIB’s County position, and we should receive official notice soon.

The below Board members’ terms expire in June 30, 2020, and are eligible for reappointment:

Art Swannack	Erik Hansen	John McCarthy
Roger Millar	Bob Watters	Matt Ewers

Director Ziegler reminded the members to contact the Governor’s Office for reappointment at:

<https://govforms.dynamics365portals.us/application-form/>

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## Board Member Reports

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*Mr. Swannack:* Senator Murray, Senator Cantwell, and Representative Beutler signed a letter of support for Section 7001 to improve turning basin capacity on the Lower Columbia River.

*Mr. Hellman:* Recently attended a Connect Oregon meeting, in which FMSIB was discussed as a model. Mr. Hellman is more frequently hearing these similar discussions where areas outside Washington are looking to FMSIB as a model.

*Mr. Hulcey:* Attended the Sumner Traffic Avenue project groundbreaking on September 5.

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## West Cashmere Bridge Project Update

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Paula Cox, Chelan County, gave an update on the West Cashmere Bridge Project that FMSIB awarded in 2018.

- Right-of-Way and environmental in progress
- Final design will be completed in October 2019
- Anticipate construction to begin in spring of 2020
- Anticipate project completion in November 2021

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## Deferred Projects Review

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Director Ziegler provided a list of potential projects that the Board will vote to defer or cancel at the November 15 Board meeting. At the May 2019 meeting, the Board made motion to have Director Ziegler contact four project sponsors being considered for deferral and request they present to the Board why they should not be deferred. The Tukwila Project has since been canceled by its city council. The City of Fife will present their updates at the November Board meeting in Fife. Spokane County is providing an update at today's meeting.

Currently, the Board can choose to place a project on the Deferred Project List if it determines the project is not advancing as anticipated. Once the Board votes to place a project on the Deferred Project List, the money is available for other projects. State law requires that the Board cannot cancel a deferred project sooner than six years after deferral. At the end of six years, time, the Board can choose to cancel the project or the sponsor may make a case to remain on the deferral list.

Mr. Watters suggested using an automatic process for putting sponsor on notice for deferral. Mr. Hansen pointed out that if the six-year deferral is not working, then come up with something that does and have that conversation with the Legislature. RCW's can be changed. Mr. McCarthy wanted to know how FMSIB's project delivery compares with similar organizations.

Mr. Wick pointed out that everyone wants to be last dollars in and wonders if it will hurt our state if no one is willing to be patient with first money in. Mr. Swannack cautioned the Board on taking the approach to accelerate projects too far because it is not both sides of the isle saying that.

Director Ziegler shared that FMSIB's average project delivery has been eight years, and it is now forecasted at four years so already the delivery time has been reduced.

**Staff Action Item:** Director Ziegler will query TIB and CRAB about their project delivery timelines.

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## Bigelow Gulch Corridor Project Update

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**Request:** Chad Coles and Brandi Colyar of Spokane County, requested FMSIB not defer the Bigelow Gulch/Forker Road Realignment Project Phases 5 and 6.

These phases were awarded in 2010 and are part of a multiphase project. Phase 5A is complete. Phase 5 is fully funded and design is complete with plan to begin construction in spring 2020. The county is funding the \$3.8 million gap but still seeking other funding sources on Phase 6 and anticipates going to ad late summer/early fall 2020 with a 2022 completion date.

**Resolution:** The Board chose not to defer the project based on the project progress and the county's assurance to spend the money this biennium. The Board requested the county provide a project update at the November 20, 2020, Board meeting in Spokane.

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## Lewis Street Project Reconsideration

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**Request:** Dave Zabel and Dan Ford of City of Pasco, requested FMSIB reconsider awarding \$4.4 million to the City's Lewis Street Project.

The project scored third in FMSIB's 2011 Call but was not selected because FMSIB was first dollars in. FMSIB would now be last dollars in with the city's Connecting Washington money and an anticipated \$5 million contribution from the Transportation Improvement Board (TIB). The city will not be able to confirm TIB's award until November. Mr. Wick asked for clarification why the *unsecured* amount increased by \$1 million from the time the Board meeting packet was printed to today's presentation. Mr. Ford stated that the city recently re-estimated the project costs. The city is prepared to fill the funding gap, if necessary.

The project design is complete and they anticipate going to bid in early December. The project will be completed in two years.

Director Ziegler said there are funds available in the Supplemental Budget Request to cover the cost of this project. He will have to work with WSDOT Local Programs and OFM to construct a letter stating any contingencies.

**Motion Item:** Authorize a \$4.4 million FMSIB award to the City of Pasco's Lewis Street Project

*Mr. Ewers made a motion to authorize a \$4.4 million FMSIB award to the City of Pasco's Lewis Street Project with the following two contingencies:*

- 1) Legislature approves modifying the LEAP List
- 2) FMSIB contribution must be last expenditure of dollars

*Mr. Watters seconded the motion.*

### **MOTION CARRIED**

**Staff Action Item:** Director Ziegler will prepare an award letter.

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## Truck Parking Update

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Due to time constraints, WSDOT agreed to give the Board an update at the next meeting.

**Future Agenda Item:** "Truck Parking Update" delayed to the November 15 meeting agenda.

Mr. Swannack inquired about an update on the Connell Project, and Mr. Pate offered to provide an update at the November 15 meeting.

**Future Agenda Item:** "Connell Project Update" added to the November 15 meeting agenda.

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## FMSIB Director COLA

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The Board planned to discuss and vote on Director Ziegler's annual cost of living adjustment (COLA). Since the COLA can be approved retroactively, the Board chose to postpone this agenda item.

**Future Agenda Item:** "FMSIB Director COLA" delayed to the November 15 meeting agenda.

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Next Meeting

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**Motion Item:** Adopt location of the November 15, 2019, Board Meeting in Fife, WA.

*Chair Gatchet entertained a motion to hold the next Board meeting in Fife on November 15, 2019.*

*Mr. Ewers so moved and Mr. Watters seconded.*

**MOTION CARRIED**

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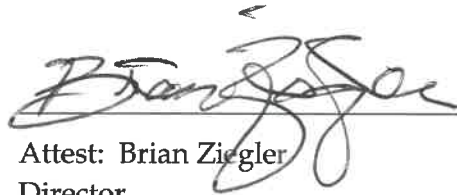
Meeting Adjourned

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Chair Gatchet adjourned the meeting at 1:20



Dan Gatchet  
Chair



Attest: Brian Ziegler  
Director