

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

**January 19, 2018**  
**Olympia, WA**

Board members present: Mr. Dan Gatchet, Chair; Mr. John Creighton; Mr. Matt Ewers; Mr. Erik Hansen; Mr. Pat Hulcey; Secretary Millar; Mr. Art Swannack; Mr. Tom Trulove; Mr. Bob Watters and ex-officio Mr. Aaron Hunt

Board Members not present: Mr. Leonard Barnes and Mr. Johan Hellman

**WELCOME**

Chair Dan Gatchet opened the meeting with welcoming comments.

**MINUTES**

*Chair Dan Gatchet entered a motion to adopt the November 17, 2017, minutes as presented. Mr. Trulove so moved to adopt the minutes and Mr. Ewers seconded the motion.*

**MOTION CARRIED**

*Chair Dan Gatchet entered a motion to adopt the January 4, 2018, meeting minutes for the special conference call meeting on codification legislation. Mr. Swannack noted the correction from “polity” to “policy” on page 5. Mr. Trulove so moved to adopt the minutes and Mr. Hulcey seconded the motion.*

**MOTION CARRIED**

**FMSIB BUDGETS**

Director Ziegler reviewed the *Operating Budget*, and it is on schedule for anticipated expenditures. There was a delay in when the staff salary was posted so the report shows that we are currently a little ahead of expenditure but that should correct just fine. The Personal Service Contracts shows an increase in cost. This is in anticipation of increased expenses for next year’s annual report since we have to go to bid this year. Chair Gatchet inquired about why there is a discrepancy in the rent/utilities if it was a fixed rate every month. Director Ziegler indicated FMSIB subleases from TIB and it is likely due to TIB delays in billing FMSIB.

Director Ziegler gave a brief overview of the *Capital Budget*, noting that \$48 million is the planned expenditure for the 2017-19 Biennium. There is also \$1.3 million in Union Pacific contributions allotted for the 2017-19 Biennium, bringing the total anticipated expenditures for 2017-19 to approximately \$50 million. To date, FMSIB has been billed for around 10 percent of the biennial planned expenditures and expenditures should be around 15 to 20 percent.

**DIRECTOR’S REPORT**

Director Ziegler highlighted the below topics from his complete Director’s Report included in the meeting packet:

**Road-Rail Conflicts Study – Phase 2 Update**

MPO/RTPO Data Request - A data request letter was sent to all MPO’s and RTPO’s in Washington. I sent the letter on behalf of the Advisory Committee and asked the regional planning organizations to sort the Top 100 Phase 1 recommended crossings into three categories:

- Tier 1 – Projects that are in design and awaiting full construction funding.
- Tier 2 – Projects that are planned and/or scoped but have not proceeded to engineering or design of any substantial kind.
- Tier 3 – A Road-Rail conflict ranked in the Top 100 from Phase 1 but for which no project has been studied, scoped, or identified in the regional plan for that location.

The letter also requests regional feedback on proposed initial definition of a “Corridor Approach” (as required by the legislation):

1. The railroad is the spine of the corridor, roadway crossings are the focus.
2. Train length and frequency are a factor.
3. Proximity of crossings is important.
4. The mobility concern is primarily focused on vehicle delays that occur at the rail crossings.

The above information was requested by January 31.

Project Schedule - The following project schedule was prepared and attached to the MPO/RTPO data request letter:

**SCHEDULE FOR ROAD-RAIL PROJECT RECOMMENDATIONS**

Last Updated 12/1/17

	2017	2018							
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
<b>TASKS</b>									
Obtain Project Data from MPO/RTPOs		█							
Explore Project Evaluation Criteria	█	█							
Prepare Project Priorities				█					
Finalize Project Recommendations							█		
<b>MEETINGS</b>									
Advisory Committee Meeting		1			2			3	
MPO/RTPO Coordinating Committee			1			2			
FMSIB Board								★	

**Advisory Committee Meeting Topics**

Note: Legislative Deadline is 9/1/18

1. Confirm Project Evaluation Criteria
2. Provide Feedback on Project Priorities
3. Confirm Project Priorities

Phase 1 of this study identified, ranked, and highlighted the extent of the road-rail crossing problem. In Phase 2, the Road-Rail Advisory Committee is now looking into proposed

solutions/costs to solve the problems at each crossing and are relying heavily on MPO/RTPO's for advice, input, and endorsement. The committee has identified a three-step process for reaching out to MPO/RTPO's. Step 1 has just been completed and involved soliciting the MPO/RTPO's to identify all crossings in their regions, which would fit into the above three tiers. The Committee will meet January 29 to develop criteria and prepare them for review by the MPO/RTPO. Director Ziegler will brief the Board at the March and June meetings; however, based on the above schedule, FMSIB will need to hold a special meeting in late July/early August in order to adopt a final report and submit it to the Legislature by September 1, 2018.

Secretary Millar noted that the Tier 1-3 criteria seem to be weighted towards construction ready projects and questioned if there is truly the urgency to spend the money in the road-rail study. He also raised the question if the Road-Rail Advisory Committee should be taking a closer look at projects that would have greater impacts to the community (such as, safety and economic development) even if they were not ready to go to construction. Director Ziegler acknowledged Secretary Millar's point and stated that the hope would be that the Legislature would fund projects in all three tiers. Mr. Trulove pointed out that many of these local governments do not have the funds to do preliminary scoping and agrees that we need to be a little broader in our approach, otherwise only Tier 1 projects would ever receive funding. Director Ziegler said that most the prominent factor in prioritizing these projects will still likely be the priority ranking they got in Phase 1 because that identifies the severity of the problem related to mobility, safety, and community connectivity. Phase 1 rankings will still be a high priority criteria but at some point the prioritization has to factor in the cost of any improvements. Even though two crossings rank very high, they may have very different costs to implement any solution so the one with the greatest return would likely be funded first.

Secretary Millar suggested that moving forward maybe FMSIB could make a policy decision based the Advisory Group's recommendation that there could be an agreement to a percentage split (for example, one-third to construction, one-third to planning, one-third to design) of the funding that becomes available between tiers before the project list comes out. Secretary Millar also suggested that maybe the RTPO's and MPO's be asked for their real priorities instead of a laundry list of projects. Director Ziegler agreed and said that we wanted the regions to endorse a priority list without losing a statewide consistent prioritization scheme.

Mr. Watters asked what the process is once the study is completed. Director Ziegler responded that the Legislature generally requests these studies to be delivered right before session begins. The hope is that this study would provide the information needed for the 2019-21 budget process and that those legislators and their constituents who supported the Phase 1 & 2 of this study would advocate for appropriations based on the findings. FMSIB's task ends when we deliver the study to the Legislature. Any further action would require Board decision. Secretary Millar pointed out that he thought these rail crossings was one of the fundamental reasons the Legislature created FMSIB and maybe this study could help inform how FMSIB prioritizes spending and he wondered why the appropriation we might ask from the Legislature is important. Rather than creating another program, one of FMSIB key jobs is rail crossings. Mr. Trulove stated the problem he sees with rail crossings is that FMSIB's focus is on T1 & T2 routes and there are critical crossings that are not on those T1 and T2 routes. It may require

looking at FMSIB criteria. Director Ziegler suggested there be a special board meeting scheduled in July to take a final action before taking the study to the Legislature.

**Project Status Updates**

City of Lacey, Hogum Bay Road Truck Route – In November, the Board voted to cancel Phase 2 of this project, which had been on the FMSIB Deferred List. This cancelation was based on the fact the Phase 2 scope of work (i.e., the addition of a truck slip ramp connecting I-5 southbound to Hogum Bay Road) is not included in the WSDOT design for the Marvin Road Interchange. I called the City of Lacey Public Works Director to let him know that a cancelation letter was forthcoming. The letter was sent December 21.

City of Des Moines, So. 216<sup>th</sup> Street - Segment 1A – The ribbon was cut in August and the final costs have been tallied. It turns out the project was delivered for less than the City originally planned. As a result, FMSIB is due a refund of reimbursements made to the City. Here is the calculation that determines the amount of the refund:

City of Des Moines  
 South 216th Street - Segment 1A  
 Closeout Estimates

FMSIB Contribution = \$ 892,000

<b>REFUND Based on Total Project Costs</b>				
Phase	FMSIB Award Letter Amount	FMSIB Percent	Actual Amount	FMSIB Percent
PE				
RW				
CN (Incl. CE)				
<b>TOTAL</b>	\$ 8,150,000	10.94%	\$ 6,152,124	14.50%

Refund Calculation: \$ 6,152,124 10.94% \$ 673,336.76

(Note: FMSIB participation limit is Actual construction cost times agreed percentage)

Refund amount = \$ 218,663.24

**BOARD MEMBER REPORTS**

Secretary Millar shared that to be compliant with open meetings law, FMSIB members should have open meetings training.

*Board Recommendation to FMSIB Staff:* Run a FMSIB member inquiry to determine who has received mandatory open meeting training and provide online training course link to those who have not taken the training.

**LEGISLATIVE VISITS**

Mr. Trulove gave an overview of FMSIB’s Day on the Hill. Of the FMSIB Board members who participated, consensus was that legislators were supportive of FMSIB and receptive of codifying the new Connecting Washington revenues for FMSIB. Mr. Ewers expressed the importance for FMSIB to continue to meet with members and staff every year.

**PROJECT UPDATES (City of Marysville, SR-529/I-5 Interchange)**

Director Ziegler again reviewed the issue on this project, and that is, whether the \$5 million commitment to the city of Marysville should continue given the Connecting Washington funding that appears to have fully funded the interchange project. In November, the Board provided direction to the Director to investigate whether OFM's budget assumptions included the FMSIB commitment or not. OFM staff confirmed that the 2015 Transportation Budget assumptions did not include any local contribution from the city (i.e., FMSIB funds). This would have been indicated by a "Local Funds" amount in the budget and none was evident. Director Ziegler provided the following options to the Board:

- 1) The Board can choose to commit the original \$5 million to the project. This will require cancelation of the current agreement with Marysville and creating a new one with WSDOT.
- 2) The Board can choose to cancel the \$5 million commitment to Marysville, in which case the 2018 Call for Projects will increase by \$5 million.
- 3) Regardless which option the Board chooses, it is clear the originally planned freight mobility improvements are likely to be implemented.

Mr. Hansen stated that with further investigation, it was verified that WSDOT had originally estimated the project cost at \$55 million. It appears they were not aware of the \$5 million FMSIB contribution. When combined with the other WSDOT I-5 project, the concern is whether WSDOT thinks the \$5 million is still needed. Secretary Millar confirmed that from WSDOT's perspective, it has always been a \$55 million project and in talking to the project team, they believe they are going to need the \$5 million to complete the project. Secretary Millar proposed the possibility of WSDOT and FMSIB entering into an agreement in which WSDOT agrees the FMSIB money would be the last money spent so if the \$5 million or a portion of it is not needed, it would go back to FMSIB. Secretary Millar pointed out that with Connecting Washington, if they put a project out to bid and it comes in over the \$50 million, they would have to reject all bids. WSDOT does not have ability to move the money. At that point, WSDOT would have to re-scope the project or go back to the Legislature.

*Secretary Millar moved the Board to direct staff to enter into an agreement with WSDOT to spend the \$5 million on the project with the stipulation being that it is the last dollar spent. The agreement would further stipulate that at the first indication of whether or not WSDOT would need the \$5 million would be at the point in the design-build process when a final project cost is determined. Further, there would be a second review at project closeout. Mr. Ewers seconded the motion. Secretary Millar recused himself from voting.*

**MOTION CARRIED**

## **PROJECT DELIVERY ISSUES**

At the November Board meeting, Secretary Millar expressed a concern about the bow wave of spending with FMSIB projects. In response to this concern, Director Ziegler conducted research on FMSIB's spending and presented the following charts:

1. Current and historical charts on FMSIB's future and committed capital revenues,
2. 2017-19 planned expenditure for FMSIB projects
3. 2017-19 capital program delivery risk assessment sorted by size,
4. 2017-19 capital program delivery risk assessment sorted by risk,
5. Historical spending for both the operating and capital budget
6. Historical year-end balances of two accounts, the FMMA and FMIA.

Based on the assumptions contained in the charter titled "2017-19 capital program delivery risk assessment sorted by risk," it appears FMSIB may under-expend by about \$14 million this biennium. This rate of delivery (i.e., sixty-six percent) is not the best or worst FMSIB has done historically. Director Ziegler will track the \$48 million planned in future biennium to see if the forecast is close. Mr. Ewers asked why the "red zone" flag is not zero if it does not look like the project will be completed. Director Ziegler clarified that in order to be in the green, project sponsors need to have completed design, be ready to go to advertisement, be fully funded, ready to go to construction, and are likely finished in this biennium. There still may be monies spent in in this biennium, even though they are not going to make anticipated completion date. Director Ziegler pointed out that historically FMSIB has budgeted green, yellow, and red projects each biennium, which provides maximum flexibility to project sponsors but does over estimate biennial expenditures. One alternative may be to remove red projects in the budget for that biennium. Mr. Swannack suggested there might be some value in changing the capital revenue chart by splitting the green bars by biennium to show when the money was committed.

In response to a concern about FMSIB possibly being at risk of a fund balance sweep, Director Ziegler reviewed the last 10 years of FMSIB's fund balances. Based on his review, Director Ziegler did not think FMSIB was at high risk. Mr. Hansen stated that from a pure budgetary standpoint, it is never good to have extra money in the budget; however, it is hard for local agencies to deliver. The Board could look at the possibility of over-programming project, but in the nine years since Mr. Hansen has been at OFM, they have never looked at FMSIB as an account to sweep. That does not mean it could not happen in the future. Mr. Hansen said it is important to be able to manage projects and answer OFM or legislative staff about where the project is at (green, yellow, and red), where we are at in spending the money, and what would the impacts be if the money were taken.

Mr. Gatchet suggested the possibility of scoring projects but not awarding funding until they have other fund sources. Secretary Millar stated that maybe it could be a two-step process where you score a project and allow it into the program but not actually award the grant until all other money is available. Mr. Hansen said that before our next call for projects, maybe FMSIB should discuss requiring a certain percentage of funding before stakeholders can apply. Mr. Trulove expressed a concern if the threshold is too high, then smaller local government will be eliminated for any chance to qualify.

### **MARINE CARGO FORECAST UPDATE-CHRIS HERMAN, WPPA, PRESENTATION**

Mr. Herman gave an overview of the results of the Marine Cargo Forecast. He also discussed WPPA's participation in Great Northern Corridor Coalition since 2013, and how it identifies new business opportunities linking Washington all the way to Chicago. This coalition allows collaborative effort to increase competitiveness through targeted infrastructure spending. It also allows Washington the opportunity to weigh-in on issues that may be occurring in other states along the corridor. Next steps include the Road-Rail Conflict Study (Phase 2), which is underway, and the possible collaboration to develop a Washington State Freight Transportation Network Optimization Strategy. The Optimization Strategy would look at multi-model strategic plan for how freight moves in the state. Secretary Millar stated that WSDOT brought this idea to FMSIB several years ago. He then asked if this Strategy was a WPPA priority. Mr. Herman confirmed that it was a WPPA priority. Secretary Millar asked if they have funding for it and Mr. Herman said they do not. Secretary Millar asked if WPPA was going to ask for funding for it. Mr. Herman responded they are not currently asking for funding. Secretary Millar then asked Mr. Herman who he thinks should fund it: WSDOT, WPPA, or some other entity. Mr. Herman thinks it should be joint effort, perhaps look to WSDOT as the agency that has the most expertise.

Director Ziegler asked the Board what they would like highlighted in the letter that will transmit the Marine Cargo Forecast report to the legislature. Mr. Swannack said the letter should highlight the Harbor Maintenance Tax. Secretary Millar stated that since WSDOT brought this freight strategy concept to FMSIB, he would not be happy if it was presented as a WPPA/FMSIB initiative. Mr. Herman pointed out this is a scientific-based study and the bulk of the cargo forecast components were defined up front. The question today is about next steps for the MCF. He added that the Optimization Strategy has been discussed for three or four years. Secretary Millar stated that he has a serious problem with his organization being left out of this process, but does support the Optimization Strategy.

### **CALL FOR PROJECTS UPDATE**

Director Ziegler stated that the FMSIB 2018 Call for Projects started January 15. In preparation for the call, FMSIB has done outreach through AWC, MPO/RTPOs, Washington Association of Counties, and WPPA. The application is available on the FMSIB website. FMSIB has a range of \$15 million to \$35 million dollars to grant. Mr. Hulcey will chair the Project Selection Committee and Mr. Ewers, Mr. Watters, and Mr. Trulove will serve on the committee. The Technical Team includes representatives from Trucking, AWC, WSDOT, WPPA, CRAB, and BNSF. FMSIB is offering an informational webinar to interested parties on January 25. There will be a committee webinar on May 1 and project interviews on May 15. Final adoption of the projects will occur on June 1. Secretary Millar requested Director Ziegler prepare recommendations to the Board on award money based on the cash balances in the two funds.

**LEGISLATIVE PANEL**

Representative Judy Clibborn and Ed Orcutt spoke to the Board about the 2018 Legislative session and issues dealing with transportation and freight. Both representatives expressed their ongoing support for FMSIB and appreciated hearing about freight issues that affect Washington State.

**NEXT MEETING**

*Chair Dan Gatchet requested a motion to hold the next FMSIB Board meeting on March 16, 2018, in SeaTac, WA. Mr. Ewers so moved and Mr. Hulcey seconded the motion.*

**MOTION CARRIED**

Chair Dan Gatchet adjourned the meeting at 1:15 p.m.

**MEETING ADJOURNED**



Dan Gatchet  
Chair



Attest: Brian Ziegler  
Director