

FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD
MEETING MINUTES

June 1, 2018
Suquamish, WA

Board members present: Mr. Art Swannack, Acting Chair; Mr. Leonard Barnes; Mr. John Creighton; Mr. Matt Ewers; Mr. Erik Hansen; Mr. Johan Hellman; Mr. Pat Hulcey; Mr. Tom Trulove, Mr. Bob Watters, and ex-officio Mr. Aaron Hunt.

Board members not present: Chair Dan Gatchet and Secretary Roger Millar

WELCOME

Acting Chair Art Swannack opened the meeting with welcoming comments.

MINUTES

Acting Chair Swannack entertained a motion to adopt the March 16, 2018, minutes as presented. Mr. Trulove so moved to adopt the minutes as presented and Mr. Barnes seconded the motion.

MOTION CARRIED

FMSIB BUDGETS

Director Ziegler discussed the new Operating Budget graph charts: 1) FMSIB 2017-19 Operating Budget by Object and 2) FMSIB 2017-19 Operating Budget vs. Actual. The Operating Budget is on target and the only change is OFM adding the allotment for salary and benefit increases.

Director Ziegler will verify if a Board action is needed in September to approve COLA increase for staff (Note: The Board approved 2017-19 biennium COLA's at their Sept. 15, 2017 meeting). There is money budgeted for the Board to go to Washington, D.C., in 2019, if needed.

Director Ziegler reviewed the changes the Board requested to the Capital Program Delivery Risk Assessment chart shows planned expenditures and forecasts future spending. The chart now includes total project cost and the date it was awarded. He then gave an update to how various projects are tracking. Of particular note is Kent's 228th project, which is the only project with a substantial change in delivery risk from green to yellow. The Board agreed to have Kent attend the September meeting in Walla Walla to discuss the status of the two active projects.

DIRECTOR'S REPORT

Director Ziegler briefly highlighted the below topics. See the meeting packet for the complete Director's Report.

Board Member Appointments~

The Governor's Office goal is to have the new appointments (chair, county, port, city) completed by June 30. The Board will be notified when appointments are made.

Project Status Updates~

City of Seattle, Lander Street Grade-Separation

The city projects a groundbreaking ceremony later this summer.

City of Spokane Valley, Barker Road

In my discussions with the City regarding the scope change on this project, I mentioned that FMSIB would likely be due a refund. They understood. I also asked that the City confirm that the new design (a roundabout) provides similar congestion relief for freight movements as the original design (an interchange). They conducted that analysis and provided me documentation. The freight benefit is slightly lower than mentioned in their original application, but still substantial.

FMSIB Annual Report~

To date FMSIB has received two inquiries about the RFQQ (Request for Quotation and Qualifications) for FMSIB's Annual Report. Proposals are due June 15, after which time the review team will assess and score them for selection. We will then begin negotiations with one consultant for a one-year contract with five, one-year extensions (at FMSIB's discretion).

Codification Legislation~

FMSIB, TIB, CRAB, and WSDOT collaborated on supporting legislation that would have made permanent the 2015 Connecting Washington revenue increases for each of our agencies. The bill did not pass in the 2018 session.

The House bill, HB2896, was heard in Committee 2/5/18 and passed out of committee 2/6/18. The Senate bill, SB 6830, was heard 2/5/18 but never passed out of Committee.

The agencies will collaborate on a strategy in the interim. This will likely include visits with the Transportation Committee Chairs and spending more time obtaining additional bill sponsors in 2019, as these bills will need to be reintroduced.

Coalition for Americas Gateways and Trade Corridors (CAGTC) Activities~

On February 14, the Coalition hosted a conference call to discuss the recent White House Infrastructure Plan release. On March 1, the Coalition released their summary of the testimony provided at the Senate Environment and Public Works Committee hearing on the Administration's proposal. Throughout early March, various congressional committees heard testimony on infrastructure needs and potential revenues, but it does not appear any legislation will be seriously considered this year.

One element of the White House proposal was Permit Reform. CAGTC formed a committee to evaluate the various elements of this proposal and develop a position paper. It was reviewed with CAGTC members in early May; however, there was not sufficient time for review by the FMSIB Board. WSDOT, another CAGTC member, chose not to endorse the draft position paper over concerns about some elements.

On another federal funding issue, WSDOT is still awaiting word on its funding application under the INFRA Program for the Puget Sound Gateway corridors (SR-167 and SR-509 completions).

Puget Sound Regional Council Update (PSRC)~

While the PSRC Executive Committee is evaluating whether to reformulate the Freight Roundtable, staff of member jurisdictions continue to meet monthly as a FAST Freight Advisory Committee.

FMSIB Records Management Planning~

FMSIB staff met with the Secretary of State – State Archives Division to learn ways to organize FMSIB’s paper and electronic files. Our goal was to ensure compliance with state records retention requirements while exploring ways to reduce paper and filing confusion.

Washington State Freight System Optimization Study (WSFSOS)~

After completion of the Marine Cargo Forecast (MCF), several freight interests formed a team (WSDOT, FMSIB, WPPA, and WTA) and began discussing how Washington’s landside infrastructure needs could be addressed to support the increased commodity flows identified in the report. The MCF included a short-range mainline freight rail capacity analysis identifying chokepoints that would become problematic. While train volumes will increase over the planning horizon capacity should not be constrained, due largely to the significant investments made by BNSF, UP, and the state.

The MCF did not analyze chokepoints for the trucking mode and some wonder whether we should complete that effort post-MCF publication. This topic has been the focus of the Team meetings over the last several months. The next Team meeting is May 30.

FMSIB POLICY ON COST OVERRUNS & ON EMERGENT PROJECTS

Since FMSIB does not currently have a policy for project cost overruns or for emergent projects, Director Ziegler sought the Board’s direction on these issues.

Emergent Project Funding~

In the 2017-19 Biennial budget, prior FMSIB staff allocated \$2.5 million for an emergency fund with no specific allocation for a project. There is no written procedure for how that money is to be spent. Director Ziegler sees an emergent project process to be almost as staff extensive as a regular call for projects. The acting chair, Mr. Swannack, stated his impression from the Board is that they do not want to have a “mini” call for projects. Mr. Creighton felt it might be trying to solve a problem that really is not there. Mr. Hansen stated that it is not a bad idea to have money available in case a project speeds up. However, since FMSIB is spending about \$32 million out of a \$48 million appropriation, FMSIB already has \$16 million in contingency so the \$2.5 million should be put to use. Acting chair Swannack stated that the sense of the Board was not to have a contingency fund. In summary, the Board considered a policy on emergent funds and chose not to adopt.

No action taken.

Project Cost Overruns~

FMSIB currently does not have a cost overrun policy; however, FMSIB award letters state that funding amount is capped. If project costs increase, FMSIB's participation does not. If project costs decrease, FMSIB's participation is fixed at the percentage shown in the letter. Director Ziegler stated that a clear policy is needed, whether it is to document past practice or to change past practice. He then reviewed with the Board some criteria to consider if the procedures are to change. The Board weighed in on the topic. A few of the Board comments are as follows:

Mr. Watters suggested FMSIB look at each request on a project-by-project basis versus a policy that does not allow flexibility. Mr. Trulove stated there might be some legitimate reason for cost overruns. Since there are multiple sponsors, it would be relatively easy to evaluate those and then consider increasing our percentage if the other sponsors participate, but make it clear there are no guarantees. Mr. Watters agreed but wanted clarification if we are in the same position whether we have a policy or not. Acting Chair Swannack said a policy at the state level might be a way to show equitable treatment. Mr. Hulcey stated that he did not think a policy was necessary and preferred to keep things flexible. Mr. Hansen stated that the cost overrun policy could be as simple as requests are to be brought to the Board and it is then up to the Board to consider an increase depending on where funding is and cash flow, etc. Acting Chair Swannack suggested that Director Ziegler bring the question before FMSIB's legal counsel. Mr. Ewers recommended review of existing TIB and CRAB policies. Mr. Trulove would like to see a draft policy based on the Board's discussion.

Director Ziegler summarized the Board discussion as follows:

- The Board wants minimum policy with maximum flexibility.
- Inquire of the AG as to whether or not the Board can have no policy and still give a cost increase.
- A policy could simply state that the Board is open to considering requests but reviews and/or approves those requests at Board discretion.

Director Ziegler will work with the AG to answer the above question and will bring a minimal policy to the Board for review at the September Board meeting.

No action taken.

CALL FOR PROJECTS –SELECTION AND FUNDING OVERVIEW

FMSIB's 2018 Call for Projects Technical Team & Board Project Selection Committee milestones:

- The Project Selection Committees participated in a webinar March 27 to prepare for receiving the project applications and to discuss the scoring process.
- The Project Selection Committees participated in a second webinar on April 24 to review the collective results of their scoring, reconcile any major differences, and select applicants to interview.
- Project interviews were conducted all day on May 15.

Allocation of FMSIB money for the next four biennium:

- 17-19 Biennium: \$48 m (with \$2.5 m currently set aside for emergent funds)
- 19-21 Biennium: \$13 m
- 21-23 Biennium: \$17 m (next call for projects)
- 23-25 Biennium: \$28 m

FMSIB received a total 16 applications for the 2018 Call for Projects. The Committees interviewed 10 of the 16 applicants. Director Ziegler gave a brief overview of the 10 projects. Based on those interviews, the Technical Committee and Board Committee came to consensus on funding seven of those projects which allows for \$8 million available for FMSIB’s 2020 Call for Projects and \$20 million available for 2022 Call for Projects. The Committees recommendation to the Board is to fund the below projects in the designated biennium:

FMSIB #	Lead Agency	Project Title	From FMSIB	Requested Biennium		
				19-21	21-23	23-25
2018-5	City of Fife	70th Ave. East Freight Bottleneck Relief	\$5,000,000	\$5,000,000		
2018-16	Port of Kalama	Industrial Rail Additions	\$2,400,000	\$2,400,000		
2018-11	Spokane County	Bigelow Gulch - Phase 3	\$2,270,000	\$1,135,000	\$1,135,000	
2018-1	Chelan County	West Cashmere Bridge	\$3,000,000	\$1,500,000	\$1,500,000	
2018-3	City of Spokane Valley	Barker Road Corridor Widening - Spokane River to SR-290	\$1,680,000	\$1,680,000		
2018-14	City of Seattle	East Marginal Way Heavy Haul Corridor Improvements	\$6,100,000		\$3,000,000	\$3,100,000
2018-2	City of Sumner	Stewart Road	\$3,000,000		\$2,000,000	\$1,000,000
Total			\$23,450,000	\$11,715,000	\$7,635,000	\$4,100,000

Mr. Trulove so moved to accept the Committee’s recommendations to adopt the above projects for the specified funding amounts in each biennium. Mr. Watters seconded. Mr. Hulcey recused himself from the vote.

MOTION CARRIED

Director Ziegler noted that the project sponsor letters would include an explanation as to why the project was adopted at a reduced rate, why the project was not adopted at all, or in some cases, encouraging the project sponsors to resubmit for a future call.

ROAD-RAIL CONFLICTS STUDY UPDATE

Director Ziegler gave a brief PowerPoint update on the Road-Rail Study. The study continues to be on schedule, and the next Advisory Committee meeting is scheduled for June 11. The Board will then take action to adopt the Committee’s recommendation on July 24. The final study will be submitted to the Legislature by September 1.

FMSIB BOARD MEMBER 2018-19 SUB-COMMITTEE APPOINTMENTS

The Board agreed to the below FMSIB Sub-committee appointments with the understanding that the FMSIB Chair is able to assign new members to various committees:

Board & Executive

Chair ~ Dan Gatchet

Leonard Barnes

Matt Ewers

Erik Hansen

Johan Hellman

Pat Hulcey

Roger Millar

Arthur Swannack

Bob Watters

Aaron Hunt, Ex-Officio

Cities (Vacant)

Counties (Vacant)

Ports (Vacant)

Project Selection

Chair ~ Pat Hulcey

Matt Ewers

Tom Trulove

Bob Watters

Outreach

Chair ~ Bob Watters

Leonard Barnes

Legislative

Chair ~ Leonard Barnes

Matt Ewers

Dan Gatchet

Johan Hellman

Pat Hulcey

Bob Watters

Administrative

Chair ~ Dan Gatchet

Leonard Barnes

Art Swannack

No action taken.

2019 MEETING SCHEDULE

Acting Chair Swannack proposed a motion to adopt the 2019 Meeting Schedule as stated below. Mr. Watters so moved and Mr. Ewers seconded.

*January 18 Olympia
March 15 Kalama
May 30-31 Stevenson
September 20 Wenatchee
November 15 Fife*

MOTION CARRIED

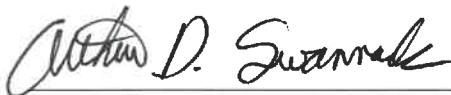
NEXT MEETING

Acting Chair Art Swannack entertained a motion to hold the next FMSIB Board meeting on September 21, 2018, in Walla Walla, Washington. Mr. Watters so moved and Mr. Ewers seconded the motion.

MOTION CARRIED

Acting Chair Swannack adjourned the meeting at 1:15 p.m.

MEETING ADJOURNED



Art Swannack
Acting Chair



Attest: Brian Ziegler
Director