FREIGHT MOBILITY STRATEGIC INVESTMENT BOARD

MEETING MINUTES

June 2, 2017

Suquamish, WA

Board members present: Mr. Dan Gatchet, Chair; Mr. Leonard Barnes; Mr. John Creighton;

Mr. Matt Ewers; Mr. Erik Hansen; Mr. Johan Hellman; Mr. Pat Hulcey; Mr. Tom Trulove;

Mr. Roger Millar; Mr. Art Swannack and Mr. Aaron Hunt.

Board Members not present: Mr. Bob Watters

WELCOME

Chair Dan Gatchet opened the meeting with welcoming comments.

MINUTES

Chair Dan Gatchet entered a motion to adopt the March 17, 2017, minutes. Mr. Trulove moved to approve the minutes and Mr. Ewers seconded the motion.

*MOTION CARRIED*

FMSIB BUDGETS

Director Ziegler made several changes to simplify the format of the budget report. Director Ziegler and Gena Saelid met with WSDOT staff to familiarize themselves with the operating budget. Director Ziegler also met with WSDOT to review the capital budget. Both budgets are on target for the end of the 15-17 biennium.

DIRECTOR’S REPORT

During his first weeks with FMSIB, Director Ziegler visited the offices of the Transportation Committee Chairs. He also met with the WSDOT Budget Office; Accounting; Local Programs; Printing; and the Rail, Freight, and Ports Division.

Director Ziegler familiarized himself with the Road-Rail Conflicts Study which included meeting with the relevant Joint Transportation Committee and Association of Washington Cities staff.

Director Ziegler also attended the following meetings: Washington Public Ports Association Annual Meeting; Sheri Call of the Washington Trucking Association; Federal Highway Administration Talking Freight webinar; Washington Transportation Commission presentation on the State Freight Rail Plan Update; and the MPO/RTPO/WSDOT Coordinating Committee to discuss a potential role for them in the Road-Rail Conflict Study.

Administrative support to FMSIB has historically been provided through a job-share of three part-time employees. Effective May 1, that position became fulltime and is now filled by one employee. Director Ziegler recommended the job titles for FMSIB staff be updated to *Director* and *Executive Assistant* and the Board agreed with the updated titles. Two new Administrative Assistant 5 part-time positions will be created to provide administrative support during an absence of the Executive Assistant.

WASHINGTON FREIGHT ADVISORY COMMITTEE (WAFAC) UPDATE (PowerPoint)

Director Ziegler provided a copy of House Bill 5096, Section 311, Program Z Appropriations and Provisos; the Prioritized Freight Project List that was submitted to OFM and Senate and House Transportation Committees; and a document signed by former Secretary of Transportation and former FMSIB Executive Director which outlines the WAFAC Committee role and membership. Director Ziegler gave a brief background on the FAST Act as being the federal act that authorizes federal highway trust funds to be provided to states for transportation issues. This is five-year act (Federal Fiscal Years 2016-20) was appropriated to WSDOT and included two new freight programs, one is a competitive and the other is a formula program. The formula amounts are appropriated by the state Legislature. During the first two years of the FAST Act, the amount was about $40 million a biennium and the congressional expectation was for the money to go to the highest priority projects in the Freight Plan that the state has adopted. The Freight Plan was created under MAP 21. Director Ziegler stated that the WAFAC played a significant role in developing the priority freight project list. Secretary Millar stated that the overseer is WSDOT and that WAFAC is advisory to WSDOT and is to look beyond the first and last mile. Secretary Millar further stated that WSDOT formed the WAFAC by entering an agreement with FMSIB in which FMSIB staffs the committee and the majority of the committee is comprised of FMSIB members plus additional interested parties. Director Ziegler stated that this is a good opportunity to revisit if WAFAC is working the best way it should and the way it was intended.

Chair Gatchet stated that when WAFAC was established, there was contention about if FMSIB or WSDOT should take the lead role. The industry, along with FMSIB and WSDOT should weigh in on how to move forward from here.

The list of prioritized projects that WAFAC agreed upon were submitted to the Legislature last fall. The Legislature appropriated the $43.8 million in Program Z and asked that the projects be validated. Director Ziegler raised the question about the intent of “validation.” Secretary Millar stated that WSDOT’s interpretation is for the projects to be validated by freight benefit. WSDOT plans to send out a questionnaire to assess the freight benefits of the projects on the list and report to WAFAC.

Secretary Millar pointed out his concern that the money is available July 1, and he doesn’t want to lose construction season because we couldn’t figure out what to do. At the same time, he doesn’t want to issue checks just because a project is shovel ready. The Secretary addressed two options, one being to do a quick validation of freight benefit so some money could be spent now on projects and then continue to develop the strategic plan or the other option is to hold off until there is a better plan in place. Director Ziegler stated that of the prioritized list, $36 million of the $43 million are already FMSIB projects or related projects and have been, in a sense, validated. The Secretary pointed out that means $36 million are all first mile/last mile projects, but WAFAC needs to think about the entire system.

Secretary Millar said there is need for strategic investment which should include preservation and projects with a balanced approach.

Chair Gatchet summarized that over the next six months, criteria need to be developed to rank the projects and preservation is as equally important as other projects. Let’s not redo the current list but start spending based on what we have in front of us for this cycle.

Director Ziegler stated the Board could recommend to enter into grant agreement per WAFAC recommendations for the first fiscal year of the biennial appropriation (10 percent is multimodal and the rest is roadways). Then Federal FY 18-19 would be subject to reprioritization based on WAFAC criteria yet to be developed.

Secretary Millar summarized we have $43.8 million for the biennium and he proposed to cut that in half, part to FY18 and part of it to FY19, $10 million for preservation, 10 percent for multimodal, and the rest to the highway projects on the prioritized list in the current priority order. WAFAC would then continue to work with WSDOT to develop the plan and criteria for future distributions of the money.

Chair Gatchet asked if a WAFAC meeting needed to be scheduled soon to present Secretary Millar’s proposal. Director Ziegler and Secretary Millar agreed a WAFAC conference call is needed to discuss the proposal. (Note: This meeting occurred by conference call on June 20, 2017)

Secretary Millar stated that WSDOT will be sending a questionnaire to ascertain the status and freight benefit of the projects and then will report the results to WAFAC.

Mr. Hansen asked for clarification if the first 12 projects on the Tier 1 list were intended to be the top priority projects. Director Ziegler stated that WAFAC members believed the first 12 projects to be the top priority projects.

Director Ziegler asked if we are prepared to go forward on this validation to rerack the list as it would be a time consuming process.

Director Ziegler attempted to summarize the discussion as follows: Take first fiscal year of biennial appropriation and enter into grant agreement pursuant to WAFAC recommendations, 10 percent is multimodal and the rest is roadways for the state Fiscal Year 17-18. Fiscal Year 18-19, would be subject to reprioritization based on WAFAC’s assessment of freight benefit criteria yet to be developed.

Mr. Ron Pate, WSDOT, requested clarification on the roles of WAFAC and WSDOT. Secretary Millar stated the WAFAC is advisory to WSDOT; however, absent any glaring discrepancies, WSDOT will accept WAFAC’s recommendations.

Secretary Millar expressed the need to have narrative on the freight benefit for any project receiving funds and the questionnaire WSDOT is developing will help provide that. WSDOT will provide the results to WAFAC for the committee’s review.

ROAD-RAIL CONFLICT STUDY (PowerPoint)

Director Ziegler gave a presentation on the legislative background, study results, new legislative direction and next steps for the Road-Rail Conflict Study. The 2017 Phase 2 of the Road-Rail Conflict Study provisos $60,000 dollars to identify and recommend a statewide list of projects using a corridor based approach. The Road-Rail Study Advisory Committee will reconvene to develop preliminary criteria for identifying crossing project elements, such as scope, schedule, budget, benefits, etc. Director Ziegler recommended retaining the TranspoGroup to work on Phase 2, and he thinks the MPO/RTPO Coordinating Committee engagement will be crucial in helping develop this next phase.

US 2 WEST CASHMERE BRIDGE PROJECT (PowerPoint)

In response to Senator Hawkins’ and Senator King’s letter inquiring about West Cashmere Bridge Project’s eligibility under FMSIB’s project criteria, Director Ziegler gave a presentation on the history and current status of West Cashmere Bridge Project. Upon review by the Board, it was determined that although the project does not meet the T-1 or T-2 requirement directly, improvements to the SR-2 (T-2 roadway) project may meet the FMSIB criteria. Mr. Trulove made a motion for Director Ziegler to draft a response letter to Senators King and Hawkins stating that the project may be competitive for FMSIB’s next Call for Projects due to the potential SR-2 improvements, and that there is no obvious reason to prevent the county from applying. Mr. Hulcey seconded the motion.

*MOTION CARRIED*

GUEST PRESENTATIONS

*Tim Leonard, Port of Seattle*, gave an update on East Marginal Way Improvements and Argo Yard Truck Roadway Projects. There have been a number of accomplishments in this project, including the new WSDOT structure, a new grade structure in place, new street improvements on East Marginal Way, and the private roadway. One of the final steps in this project will be the Argo Freight Yard automated gate system improvements funded by UP money.

*Eric Strauch, City of Seattle*, gave an overview of the Lander Street Project and its freight benefits. The final design was completed May 2017 and anticipates to begin construction early 2018.

*Chris Herman, Washington Public Ports Association*, gave a brief update on the Marine Cargo Forecast that is complete and almost ready for print. Some changes for this year’s report include more robust modeling on the rail network and reorganizing the structure of how the data is divided so it can be given to MPO/RTPOs as part of their regional updates. A few highlights regarding container traffic at the Seaport Alliance, China’s share of traffic grew from 34 to 52 percent from 2000 to 2015 whereas Japan, South Korea and Taiwan, have decreased collectively from 45 to 28 percent. Asia accounts for about 80 percent of Washington’s trade volume. The Pacific Northwest Ports have nearly doubled the amount of tonnage for non-containerized traffic. China’s traffic share has grown from 3 to 30 percent while other northeast Asian markets have dropped. Southeast Asia has grown about 4 percent and Latin America about 5 percent. Mr. Herman was invited to present at FMSIB’s September 15 meeting for another update.

BOARD MEMBER REPORTS

Since being at WSDOT, Secretary Millar has been participating in the American Association of State Highway and Transportation Officials (AASHTO). AASHTO has recently undergone a reorganization. The new organizational structure includes the Board of Direction and the Strategic Management Committee in which Secretary Millar serves. Some other changes included the development of the Transportation Policy Forum and creation of modal councils for highway, rail aviation, waterways, and active transportation. A special council on freight has also been created. Secretary Millar was asked to chair the committee on freight and Mr. Ron Pate will serve as the secretary.

Secretary Millar gave an overview of WSDOT’s new organizational chart and plans to start implementing July 1.

SEPTEMBER WORKSHOP TOPICS

Director Ziegler gave an overview of the regular FMSIB Workshop topics over the last 3 years and, Director Ziegler suggested it may be a good time to discuss the Marine Cargo Forecast and the WAFAC criteria/prioritization. Chair Gatchet suggested the workshop include time for strategic planning discussion to be sure FMSIB stays within its scope of focus for the future.

NEXT MEETING

Chair Dan Gatchet entered a motion to hold the FMSIB workshop and Board meeting on September 14-15, 2017, in Tri-Cities, WA. Mr. Swannack so moved and Mr. Ewers seconded the motion.

*MOTION CARRIED*

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

*MEETING ADJOURNED*

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Dan Gatchet Attest: Brian Ziegler

Chair Director