



October 31, 2016

David Schumacher, Director
Office of Financial Management
PO Box 43113
Olympia, WA 98504-3113

Senator Curtis King, Chair
Senate Transportation Committee
PO Box 40414
Olympia, WA 98504-0414

Representative Judy Clibborn, Chair
House Transportation Committee
PO Box 40600
Olympia, WA 98504-0600

Re: Prioritized Freight Project List

Dear Director Schumacher, Senator King and Representative Clibborn,

Freight is important to Washington's economic competitiveness; the health of the state's economy depends on an efficient and effective intermodal freight system that extends beyond the network of highways and local roads, mainline and short line railroads, navigable waterways, and airports. The freight system also includes the rail terminals, ports, air cargo facilities, weigh stations, border crossings and other infrastructure involved in the movement of goods and commerce.

On a per capita basis, Washington is the most trade-dependent state in the nation (followed by Texas and Louisiana) with total imports and exports valued at \$137.5 billion and gross business income for freight-dependent industry sectors valued at \$550.5 billion in 2015. Also in 2015, there were 1.36 million Washington jobs in freight-dependent industries (including wholesale, retail, manufacturing, construction, transportation, and agriculture/timber and wood products).

Proviso Requirements

ESHB 2524, Section 218 (4) (b) requires that: "The department, in conjunction with the stakeholder group, must provide a list of prioritized projects for consideration for funding in the 2017-2019 fiscal biennium. The prioritized list must have approval from all impacted stakeholders. The prioritized list must be submitted to the office of

financial management and the transportation committees of the legislature by November 1, 2016.”¹

With guidance from the Washington State Freight Advisory Committee, the Washington State Department of Transportation collaborated with the Washington State Freight Mobility Strategic Investment Board and coordinated with the Metropolitan Planning and Rural Transportation Planning Organizations across the state in developing the solicitation process, recommendations for consideration, and prioritized project list.

Freight Project Solicitation Process

During four meetings between May and October 2016, WSDOT consulted with the Washington State Freight Advisory Committee on the solicitation process, schedule and prioritization criteria for developing a freight project list.

- On May 31, 2016, WSDOT and FMSIB initiated a call for National Highway Freight Program (NHFP) eligible projects with an Aug. 31 submission deadline. Cities, counties, ports, and tribes were encouraged to coordinate with Metropolitan Planning Organizations and Regional Transportation Planning Organizations in submitting freight projects. WSDOT also identified freight priority projects on the state highway system.
- In September 2016, WSDOT and FMSIB reviewed all projects submitted based on completeness of project information and the following eligibility screens:
 - Regional screen consisting of regional plan support or letter of support from MPO/RTPOs;
 - Network screen consisting of eligible project type and eligible component of the National Highway Freight Network;
 - Schedule screen consisting of year scheduled for preliminary engineering, right-of-way, and construction activities; and
 - Funding screen consisting of project cost and funding gap
- On Sept. 27, 2016, a verified project list was provided to WAFAC for review and consideration, with projects ready for funding in the 2017-2019 biennium. WAFAC requested several prioritization criteria to be sorted for further analysis and organization of projects.
- On Oct. 11, 2016, WAFAC reviewed the sorted projects and approved a prioritized freight project list for submission.

¹ <http://lawfilesexternal.wa.gov/biennium/2015-16/Pdf/Bills/Session%20Laws/House/2524-S.SL.pdf>
ESHB 2524 Chapter 14, Laws of 2016, Section 218 for the Department of Transportation – Transportation Planning, Data, and Research – Program T – paragraph (4) (b)

Tiered Freight Project List Overview

A total of 168 state and local projects were submitted for NHFP funding consideration, with a total funding request of over \$6.9 billion. These projects were reviewed and screened by WSDOT and FMSIB; 33 projects with \$615 million in funding requests were determined ineligible. WSDOT categorized projects meeting eligibility screening criteria into three tiers based on scheduled year for preliminary engineering, right-of-way, or construction activities:

- Tier 1 is composed of projects that are scheduled July 2016 to June 2018 (101 projects with \$1.89 billion in funding requests)
- Tier 2 is composed of projects that are scheduled July 2018 to June 2020 (21 projects with \$3.90 billion in funding requests)
- Tier 3 is composed of projects that are scheduled July 2020 to June 2035 (13 projects with \$501 million in funding requests)

Note: Tier 2 and Tier 3 submittals are outside the scope of the budget proviso for project funding, but assist with the update of the Freight Mobility Plan also required by ESHB 2524 and the Fixing America's Surface Transportation (FAST) Act (P.L. 114-94).

Washington State Freight Advisory Committee Recommendations

WAFAC recommended all submitted projects to be listed to ensure transparency in the process. NHFP funding for the 2017-2019 biennium is forecast at approximately \$38 million, and is intended to improve the efficient movement of freight on the National Highway Freight Network. WAFAC made the following recommendations for prioritizing the freight project lists:

- Use 10% of NHFP funding for Tier 1 eligible freight multimodal² projects as permitted under the FAST Act, and the remainder to fund roadway projects.
- Prioritize Tier 1 freight multimodal and roadway projects based on the following criteria:
 - 1) Sort projects based on their project phase: projects ready for construction activities first, projects ready for right-of-way activities second, and projects ready for preliminary engineering activities third.
 - 2) Sort projects within the same phase based on funding match: projects with a partial funding match first, and projects without a funding match second.
 - 3) Sort projects within the same phase and with a partial funding match based on their funding gap, from low to high.
- Include Tier 2, Tier 3, and ineligible projects based on percent of funding request to total project cost, low to high.

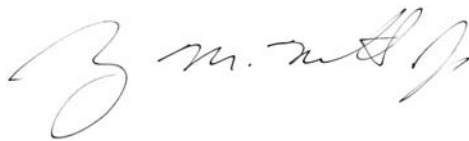
² Multimodal projects include freight intermodal and freight rail projects per FAST Act. See FAST Act Section 1116 NHFP Questions and Answers, Eligible Projects Question & Answer 4 for details:
http://www.ops.fhwa.dot.gov/freight/pol_plng_finance/policy/fastact/s1116nhfpqa/index.htm.

As a result of these WAFAC recommendations, the prioritized freight project list is provided in the appendix as three parts:

- **Tier 1 Freight Multimodal Projects** (Appendix A): The first freight project list contains multimodal projects eligible for the FY 2017/2019 biennium.
- **Tier 1 Roadway Projects** (Appendix B): The second freight project list contains roadway projects eligible for the FY 2017/2019 biennium. WAFAC recommends funding projects from this list with the remaining NHFP funding.
- **Tier 2, Tier 3 and Ineligible Projects** (Appendix C): The third freight project list includes projects ready for funding beyond the 2017-2019 biennium, and projects ineligible for NHFP funding. WAFAC does not recommend funding projects from this list.

Looking Ahead

WSDOT in coordination with the Washington State Freight Advisory Committee will continue to improve project screening and validation in the future that result in enhanced data to support project prioritization and selection, including during the federal freight mobility plan update in 2017. We look forward to working with you to further analyze how prioritized projects benefit freight across the state.



Roger Millar, PE, AICP
Secretary of Transportation



Dan Gatchet, Chair
WA State Freight Advisory Committee

Appendix A: Tier 1 freight multimodal¹ projects (funding request at \$712 million)

| No. | Project Name | Brief Description | Project Owner | Region | Project Type | Submitting Authority | Construction Phase | Total Project Cost | Total Funding Gap | % request of total cost |
|----------------------------|--|---|----------------------------|-------------|--------------|----------------------|--------------------|--------------------|-------------------|-------------------------|
| Tier 1 Construction | | | | | | | | | | |
| 7 | Improvements to Tradewinds and East Wind Roads required to support the development of the Kalama Methanol Manufacturing and Exporting Facility | Improvement to local roads to include: Road "A" will be a new, 680-foot long road that will provide access to Air Liquide, an existing Port tenant, and to the Port's wastewater treatment plant. The new road will also provide emergency response access to the methanol plant. Road "A" is needed because the existing access road will be taken out of service to accommodate the new methanol plant footprint. Road "B" will be a 3,100-foot long improvement to an existing gravel road that today is not capable of handling general road or bike traffic. | Port of Kalama | West | Multimodal | SWRTPO | 1 | \$1,200,000 | \$700,000 | 58% |
| 12 | Port Community Technology System | Implement an electronic platform that allows for the secure exchange of information between the NWSA and private, as well as public, sector stakeholders to improve the efficiency of the NWSA-related supply chain. This will cover NWSA terminals, trucks, rail and waterways; and their interactions with each other. | Northwest Seaport Alliance | Puget Sound | Multimodal | PSRC | 1 | \$10,000,000 | \$3,000,000 | 30% |
| 15 | Terminal 5 Access Improvements | The project includes truck gate, ITS and intersection improvements in the S. Spokane St/East Marginal Way/Hanford corridor to facilitate truck access and minimize traffic impacts. | Northwest Seaport Alliance | Puget Sound | Multimodal | PSRC | 1 | \$5,000,000 | \$4,000,000 | 80% |
| 45 | Port of Longview Multi-Cargo Modernization Project (Berth 6/7) | Project will rehabilitate and modernize 1500 lineal feet of Berth 6 & 7 bulk and breakbulk cargo facilities to optimize increased cargo handling omni-dock operations. The terminal improvements include installation of a dual wastewater and storm water collection system, strengthening decking and piling to withstand dual pick, breakbulk heavy loads, upgrading on-dock rail systems, and deepening the berths to take advantage of the recently deepened federal navigation channel. | Port of Longview | West | Multimodal | CWCOG | 1 | \$31,400,000 | \$10,000,000 | 32% |
| 23 | Kalama Methanol Manufacturing and Exporting Facility (KMMEF) - Dock | The new export dock is designed to accommodate both the existing fleet and future generations of methanol carriers. The dock would generally be 530 feet long and 36 feet wide and would be designed to accommodate vessels ranging in size from 45,000 deadweight tonnage (DWT) to 127,000 DWT, measuring from 600 to 900 feet in length, and 106 to 152 feet in width. The dock would consist of a transition platform, trestle, and turning platform. From the access trestle, the berth face of the dock would extend approximately 530 feet downstream, and would consist of an approximately 100- by 54-foot transition platform, a 370- by 36-foot berth trestle, and a 104- by 112-foot turning platform. | Port of Kalama | West | Multimodal | SWRTPO | 1 | \$21,500,000 | \$10,750,000 | 50% |
| 25 | South Terminal Modernization Project II | Strengthen the remaining 560-feet of the South Terminal, install 700-feet of crane rail to support 2, 100-foot gauge gantry cranes, and construct a double rail siding to support the cargo operations. | Port of Everett | Puget Sound | Multimodal | PSRC | 1 | \$55,000,000 | \$20,000,000 | 36% |

¹ Multimodal projects include freight intermodal and freight rail projects per FAST Act.