

**Puget Sound Gateway Program
Funding and Phasing Subcommittee
Meeting Summary
March 8, 2018**

Attendees	Organization
Ingrid Gaub, Acting Public Works Director	City of Auburn
Brian Roberts, Asst Public Works Director	City of Burien
Councilmember Matt Mahoney	City of Des Moines
Mayor Daryl Eidinger	City of Edgewood
Mayor Jim Ferrell	City of Federal Way
Desiree Winkler, Dep Public Works Director	City of Federal Way
Councilmember Pat Hulcey	City of Fife
Lora Butterfield	Fife Milton Edgewood Chamber of Commerce
Tim LaPorte, Public Works Director	City of Kent
Chris Arkills, Government Relations M	King County
Mark Howlett, Public Works Director	City of Milton
Executive Bruce Dammeier	Pierce County
City Manager Kevin Yamamoto	City of Puyallup
Shelly Schlumpf	Puyallup/Sumner Chamber of Commerce
Commissioner Peter Steinbrueck	Port of Seattle
Councilmember Joel Wachtel	City of SeaTac
Will Appleton, Public Works Director	City of SeaTac
Mayor Bill Pugh	City of Sumner
Kurtis Kingsolver, Public Works Director	City of Tacoma
Commissioner Dick Marzano	Port of Tacoma
Tom Pierson, President & CEO	Tacoma/Pierce County Chamber of Commerce
Craig Stone, Gateway Program Administrator	WSDOT
Rita Brogan	Independent Facilitator
Steve Gorcester	Independent Grant Strategist
Andrew Bjorn	Independent Economic Consultant

Summary

Craig Stone, Puget Sound Gateway Program Administrator, welcomed everyone to the meeting and asked that attendees introduce themselves.

Craig then provided an overview of the Program's work toward a Construction and Implementation Plan, and a review of benefits that could be realized if the delivery schedule is accelerated. He also noted that in the 2018 Legislative session, the Program received a proviso keeping all proceeds from surplus real estate sales will remain within the Program. He also reviewed the Legislature's direction to consider the Meridian and 188th interchanges if the remaining scope is achievable within the allotted funds.

Next, Steve Gorcester, Independent Grant Strategist, provided an update on grant activities. He provided a brief overview of the concept of a grant-focused strategy as well as the relative amounts the Program is working to achieve through various sources. Finally, Steve reviewed the five primary grant application projects and the funding source and amount being pursued. He also noted that the Fife Interurban Trail project was awarded \$1.4 million through the state budget.

Pierce County Executive Bruce Dammeier noted that the funding toward the Fife Interurban Trail is the first step in tackling the funding challenge for the Program. He remarked that keeping the momentum and support of the group will be essential to further success.

Fife Councilmember Pat Hulcey remarked that the grant-focused strategy requires the Subcommittee members to think outside the box and continue to be entrepreneurial in seeking funding.

Mark Howlett, Milton Public Works Director, asked if the multiple PSRC grant projects would be competing at the regional level. Steve responded that the projects are competing, but that the funding from the grants would not start to come in until 2022 – when the projects are in construction. Given that the projects are underway at that time, the Program needs to be aggressive in pursuing grants and maximizing opportunities. There is not an assumption that all grant pursuits will be successful, but it is important that the process get started.

Next, Andrew Bjorn, the Program's economic consultant, reviewed the partner assessments. The partner assessments provide an overview of each jurisdiction's relative level of benefit once the Gateway Program is built. He noted that there was a qualitative scoring assessment applied to each category, where one point indicates nominal benefit and four points indicates a high level of benefit. He thanked the agencies that already reached out with comments and noted that he continues to refine the assessments based on feedback.

Sumner Mayor Bill Pugh thanked the team for the in-person meeting to review Sumner's assessment. He noted his appreciation for the flexibility in the approach and making sure that the benefits look realistic from the council's perspective.

Des Moines Councilmember Matt Mahoney asked if Des Moines' assignment to Tier 2 is an assurance and that there is not a graduated level of contribution expected. Steve stated that the intent was never that a tier level would correspond directly to a level of contribution, but that a level has emerged based on individual conversations. He indicated that Tier 1 jurisdictions are contributing approximately \$2 million each, with Tier 2 jurisdictions targeting \$1 million each. However, the team will not exclude any partner if there is something of value that they can contribute to the project that will count toward our local funding commitment.

Port of Seattle Commissioner Peter Steinbrueck asked if the size, and ability to pay, factored into tier assignments. Steve indicated that it was discussed, but in looking at benefit levels, the smaller cities were assessed to have lower levels of benefit – thereby eliminating the need for them to contribute matching funds.

Kent Public Works Director Tim LaPorte shared that the benefit assessment category of diversion from local streets really resonated with Kent's Council. He noted that pavement

degradation in Kent is a problem, but with the ability to get trucks off of Kent city streets and onto state routes, the city is going to save a significant amount of money in road maintenance.

Kevin Yamamoto, Puyallup City Manager, asked what does the MOU means in regards to the Meridian Interchange. Steve clarified that the local contribution would be tied to the local nexus project and local contribution would only be required if that component is built.

Tacoma Public Works Director Kurtis Kingsolver thanked Craig and Steve for the work and analysis. He noted that Mayor Woodards really appreciated the thoughtful process that's been done so far. He also noted that the Mayor is concerned that the group will lose momentum as the process unfolds. He explained that he is framing the conversation for his council around the need for improved capacity into Tacoma, and by supporting these projects, Tacoma can avoid funding individual capacity projects and can rely on the Gateway Program and local nexus projects to provide capacity and redundancy into the City of Tacoma.

Peter Steinbrueck inquired if the counties are scored in Tier 2. Andrew Bjorn responded that it is harder to assess the benefits for the counties as compared to cities. Steve clarified further that Tier 1 jurisdictions are driven by direct access to the facilities and sales tax revenue – two categories that are more difficult to measure on a macro scale such as a countywide view. Pierce County will receive greater benefits when Canyon Road North Extension is completed.

Chris Arkills, King County, also noted that for King County to assess all the benefits, it would be a very complex endeavor and the characteristics should be different than for the cities. He indicated that the County is particularly interested in how these projects could affect existing transit operations on SR 509 and I-5.

Steve then reviewed the timing and sequence of grant applications.

Peter Steinbrueck asked if the local contributions would need to be addressed in CIPs. Steve explained that they should be included in the CIPs and that local contributions wouldn't be "locked in" until interlocal agreements are executed between WSDOT and partner agencies.

Steve then reviewed the combination of local match funds and grant applications that would get to a total of \$130 million. The contributions and grant goals as presently defined add up to \$135 million.

Peter Steinbrueck asked about the likelihood that the MOU would be successful and completed by July 1. Steve remarked that the team is making good progress with local agencies and cities toward commitments to local contributions. He also noted that not every agency presently involved will sign the MOU, especially if there is no financial contribution.

Councilmember Pat Hulcey asked about the Puyallup Tribe of Indians' level of involvement and potential contribution. Steve noted that at the beginning of the process there was an assumption of Tribal participation, but upon further conversations, the Tribe is heavily involved in design and environmental considerations, and that is where their focus with WSDOT is at present time.

Kevin Yamamoto, asked about sales tax and the timing for contributing sales tax revenue to the Program. Steve clarified that there is no expectation that agencies and cities will turn over their

sales tax revenue. He noted some agencies have more sales tax benefit than others and are using that as a justification for their match funds with their councils.

Tim LaPorte noted the recent rise in construction costs due to inflation. He expressed concern over ensuring that requests for local contributions will only be made once, and as costs may increase, there are not return requests of local jurisdictions. Craig Stone explained that cost estimates are being updated presently and will be presented at the end of March. He also clarified that if the \$130 million from local jurisdictions can be realized and demonstrate that their commitment has been fulfilled, then it may allow the Legislature to determine how to react to future cost increases. Our goal is to meet the \$130 million commitment and not come back again to the partnership.

Next, Rita Brogan, Independent Facilitator, reviewed the elements and timing for the MOU development process. She also reviewed the draft areas of content for the MOU and noted that a draft would be circulated to the committee in the coming days.

Bruce Dammeier expressed the importance of including some language that indicates that there will not be future asks of the local partners should costs increase. He noted that the inclusion of that language will be very helpful in discussing this with local councils and ultimately gaining their approval.

SeaTac Councilmember Joel Wachtel indicated his appreciation for the work that has gone into the grant strategy. He noted that the grants are complex with not much clarity. Kurtis Kingsolver noted that for those at the staff level, grants are the primary way to fund projects and get things done in cities. He expressed his comfort with this approach due to his own familiarity with the process.

Peter Steinbrueck asked for clarification regarding the termination language in the MOU. He indicated that it might be necessary to adjust the scope of the projects if money is not coming through. Steve indicated that all the elements of the projects are important to overall operating quality, and that the scope should be maintained for optimum performance. However, some scope elements may be tied to local contributions if we're not successful in raising all of the funds.

Bruce Dammeier also suggested having a legal review of the MOU done by WSDOT before the draft is circulated. He indicated that it could save review time on behalf of the jurisdictions. He also noted that he is appreciative of the work of the staff and committee to further this effort.

Rita then opened the discussion to determining how best to keep the momentum around this effort and ensuring the success of the Program. The Subcommittee, as a whole, contributed the following thoughts:

- The longer we wait the more expensive things will become.
- Develop collective messaging to raise awareness locally and in Washington DC.
- Make sure Gateway is on our legislative agenda every session.
- Communicate regularly to our constituencies to keep it at the top of their mind.
- Sustain a sense of urgency.
- Keep momentum of work/study on I-5 and make sure we're analyzing what happens in the middle.

- Provide support during FMSIB process.
- Share message of family wage jobs supported by the project.
- As we see successes, share that among the Subcommittee.
- Continue to look for creativity for funding within the project scopes.
- Get councils on board sooner rather than later – gain momentum.
- Success begets success – need to be able to communicate success externally.
- Continue to support each other at a staff level.
- Important to keep eye on the future and the benefits.

Craig concluded the meeting by reviewing next steps. He noted that there will be a Steering Committee meeting on March 28, followed shortly thereafter by an Executive Committee meeting on April 5. He noted that meeting topics will include updates on cost, progress of the Construction and Implementation Plan, tolling scenarios and introductory information, and a first look at what benefits may be realized by accelerating the delivery schedule. He indicated that Secretary Millar and local Legislators will be invited to the April 5 meeting.