

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7a

Date of Meeting January 7, 2014

DATE: December 31, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Patricia Akiyama, Director, Public Affairs
Beth Osborne, Federal Government Relations Manager
Clare Gallagher, State Government Relations Manager
Mike Merritt, Manager, Government Relations-Puget Sound/Washington
SUBJECT: 2014 Government Relations Briefing

SYNOPSIS

In advance of Congress and the State Legislature reconvening in January, and a new mayoral administration in the City of Seattle, Port staff will review the current status of issues, and assess conditions going forward for 2014.

BACKGROUND

2014 FEDERAL LOOK AHEAD

With mid-term Congressional elections on the horizon in November and a divided House and Senate, gridlock continues to be a consistent theme. However, the Port succeeded in advancing some important priorities over the past year. Examples include the President's Fiscal Year (FY) 2014 budget including a port priority to ensure we are "big ship ready," the introduction of comprehensive Harbor Maintenance Tax Reform legislation in the Senate, and a provision in the budget deal requiring the Transportation Security Administration (TSA) to staff exit lanes at airports.

As in years past, many federal Port priorities are ongoing and will be carried forward into 2014 and beyond. The Port's federal representatives in Congress hold key positions in Senate leadership and Appropriations, Senate Finance, House Ways and Means, and Transportation and Aviation Subcommittees.

Looking ahead, the passage of the budget compromise struck between Washington's Senate Budget Chair Senator Patty Murray and House Budget Chair Representative Paul Ryan sets the stage for some compromises. The Murray-Ryan agreement paves the way for Congress to replace the ongoing Continuing Resolution with FY2014-specific appropriations bills. This would give renewed hope to advancing the U.S. Army Corps study in the President's budget to update the depths authorized in the federal channels serving the Port's container terminals.

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Additionally, the House and Senate are in conference negotiations on the Water Resources Development Act (WRDA), which might include some aspirational Harbor Maintenance Tax reforms and a long-advocated provision called Section 214, which gives permanent authority to the U.S. Army Corps to receive funds from ports to process permits.

There are upcoming opportunities to advance port priorities. Preliminary discussions are underway on MAP-21 Reauthorization, and conversations are set to begin on Federal Aviation Administration (FAA) Reauthorization and potentially even tax reform; but with a full schedule, it is likely that these discussions will serve only as a basis for legislation voted on in the next Congress or beyond. Additionally, legislation on the horizon includes Coast Guard Reauthorization, and Railroad Reauthorization.

Ongoing federal priorities and ongoing areas of port interest

- Comprehensive reforms to the Harbor Maintenance Tax (HMT) that, among several principles, include a level playing field for U.S. container ports.
- Sustainable security and infrastructure funding for airports that improves economic development and passenger safety.
- U.S. Army Corps of Engineers deepening studies to ensure the port can meet demands of larger container ships.
- Partnership with the Lower Duwamish Waterway Group to advocate for an Environmental Protection Agency (EPA) cleanup plan.
- Water Resources Development Act reauthorization legislation, including previously identified priorities, and provisions to improve the competitiveness of the seaport.
- MAP-21 (federal surface transportation legislation) implementation and reauthorization, including provisions to improve freight mobility.
- Trade legislation that increases international commerce and includes 21st century environmental and labor standards.
- Efficient and secure passenger and cargo screening, including adequate Customs and Border Patrol staffing.
- Efforts to improve the visa waiver process or to facilitate the process of obtaining visas for business and tourist travel to the U.S.
- Federal funding opportunities including TIGER, and joint planning and land-use redevelopment of airport property.

Possible legislation with potential to include port-related policies

- Conference report for the Water Resources Development Act Reauthorization
- FY2014 or FY2015 Appropriations and Budget legislation

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- 2014 Coast Guard Reauthorization
- 2014 Railroad Reauthorization
- 2015 MAP-21 Reauthorization
- 2015 Federal Aviation Administration Reauthorization
- 2015 Tax Reform Legislation
- Trade agreements

STATE GOVERNMENT LOOK-AHEAD

It will be a short session convening on January 13, meeting for 60 days and requiring only supplemental budget activity. Revenues for the state continue to meet or slightly exceed forecasted levels, minimizing the need for budget adjustments from what was adopted in 2013.

Leadership in state government remains divided between the longtime Democratic majority in the House and the Majority Coalition in the Senate. The Coalition reinforced its majority by adding a new Republican member to an open seat, and looks to continue the same structure for the upcoming session.

Some of the biggest issues facing the state are the statewide transportation package, regulations around water quality standards, and the outcome of the Boeing 777X manufacturing site selection. Each of these impacts the Port to varying degrees, and the overall health of the state's economy. The policy activity related to each is ongoing.

Transportation

After a year's worth of work developing an ambitious package of transportation improvements and funding sources, transportation advocates—led by Rep. Judy Clibborn—were unable to secure a vote by both chambers on a new statewide package of transportation investments. The House passed a 10.5 cent gas tax proposal in June that contains important improvements for freight mobility across the state, but the Senate has not yet voted on any proposal. Negotiators from the House and Senate met through the year, making substantial progress, but did not get to a successful compromise package.

The unresolved issues remain around proposed new funding sources for transportation projects; support for transit and non-motorized projects; and reforms in project management and other areas to assure efficiency and high performance for these substantial new capital programs.

The dialog will continue in the 2014 session, likely moving from the current negotiations to new proposals developed through the legislative committee process. Throughout 2013, the Port consistently and visibly supported adoption of a package, and added a crucial trade and freight mobility perspective to the broader King County message of support. The Port will continue that role in the coming year, emphasizing the importance of the movement of trade and trade-related jobs in this state.

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Water Quality

In addition to working directly with the Department of Ecology on stormwater runoff from marine terminals, the Port is following state and federal activity to define new water quality standards. Governor Inslee has engaged a roundtable of affected interests, in part to discuss how to balance human health criteria for citizens with standards that can be achieved by permittees, without significantly harming economic growth in the state.

Ports, as permit holders and with marine terminal tenants, are one of several directly-affected parties in the state, along with cities and counties with municipal wastewater treatment facilities. The Washington Public Ports Association is the lead for statewide port interests on this work, and has participated in a broader delegates' table organized by Ecology.

Manufacturing, Trade and Job Growth

The impact of the expansion by the Boeing Company of the 777X model line brings together a number of policy issues around the state's business climate. The state is a leader in innovation and manufacturing, but faces increasing competition. Advances in aerospace, high-tech, bio-tech, and marine construction, and keeping that work in Washington state into the future, overlap with key areas of growth for the Port, including seaport and airport cargo business, international air service, maritime manufacturing, industrial growth and trade.

The Port's continued focus will be to enhance the state and region's competitive position in these economic sectors, both in legislative and regulatory activity. Specific to this is investment in transportation, job growth, tax incentives related to trade, land use and other regulatory protections for industrial areas.

Ongoing state priorities and areas of port interest

- Transportation infrastructure investment, including supporting equitable benefit for freight mobility projects, and opposing funding for projects which disproportionately tax freight conveyors and impact the gateway's competitiveness.
- Environmental policy and funding, including supporting the dedication of MTCA funds first and foremost to clean-ups of contaminated lands, supporting achievable water quality standards.
- Tax policy and regulation, including opposition to tax policy proposals that adversely affect port competitiveness in maintaining and increasing trade through the Puget Sound gateway.
- Economic growth, including supporting economic development through tourism and business growth, and monitoring business growth and workforce issues that directly affect port facilities.

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Possible state legislation involving port-related priorities

- Transportation infrastructure funding and project selection
- Washington tourism funding and industry engagement
- Derelict vessel management and disposal

LOCAL GOVERNMENT

A new Seattle mayor takes office this month promising a far closer relationship with the maritime, manufacturing and industrial communities than we saw over the past four years. The Seattle City Council will welcome just one new member, and approval of the initiative to elect the council by district has the potential to reshape the dynamics of the Port's relationship with the city.

The Port's local-government and regional transportation agenda remains focused on fostering job-generating economic development opportunities for the Port's lines of business, promoting improvements in the transportation system to move cargo and passengers, and supporting environmental clean-up efforts in partnerships with other agencies.

To achieve the Port's goals, it works in partnership with stakeholders in the maritime, fishing, and manufacturing sectors throughout the region.

In support of Commission initiatives, the Port is working with the Seattle City Council and Mayor Murray to develop a focused economic-development strategy to create jobs and support a strong middle class. Elements of this strategy will include addressing potential for incentives to spur new investment in the maritime, industrial, manufacturing and fishing sectors. The Port will look closely at zoning, utility and other regulatory obstacles to job expansion.

The Port will continue to focus significant attention on the City of Seattle's review of development permits and other entitlements for the proposed sports and entertainment arena in south Seattle. Moving in tandem with the arena project is a proposed vacation of a segment of Occidental Street, an important route for freight and general-purpose traffic.

The City Council may also consider staff recommendations for land-use changes for the Stadium Transition Overlay District that would permit residential development on a site just east of Terminal 46. Residential development would be incompatible.

The Port endorses another set of staff recommendations that would strengthen protection of industrial lands outside the stadium area, however.

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The Port will continue its close involvement with the City and State on construction of the SR 99 bored tunnel, the Alaskan Way surface street, the new waterfront public spaces and the Elliott Bay seawall construction.

On-going port priorities:

- Freight planning
- Heavy Haul corridor
- SR 99, I-90, and regional tolling
- Great Northern corridor planning
- Stormwater utility rates
- Street vacations
- PSRC transportation grants
- City, King County and regional economic development

ATTACHMENTS TO THIS BRIEFING

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- February 5, 2013 – Staff Briefing: Potentially significant legislative issues
- February 14, 2013 – Policy Roundtable: Warehouse and Distribution Centers
- February 14, 2013 – Commission motion: Oppose State House Bill 1719