



Joint Study Session Preview September 30, 2014



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1. Why a Joint Study
2. The Ports' Role in the Regional Economy
3. External Threats & Opportunities



# 1. Why a Joint Study

# Section Overview



1. What's in and what's out of the Joint Study



2. Joint **comparative advantages**



3. Together, a globally ranked **PNW Gateway**

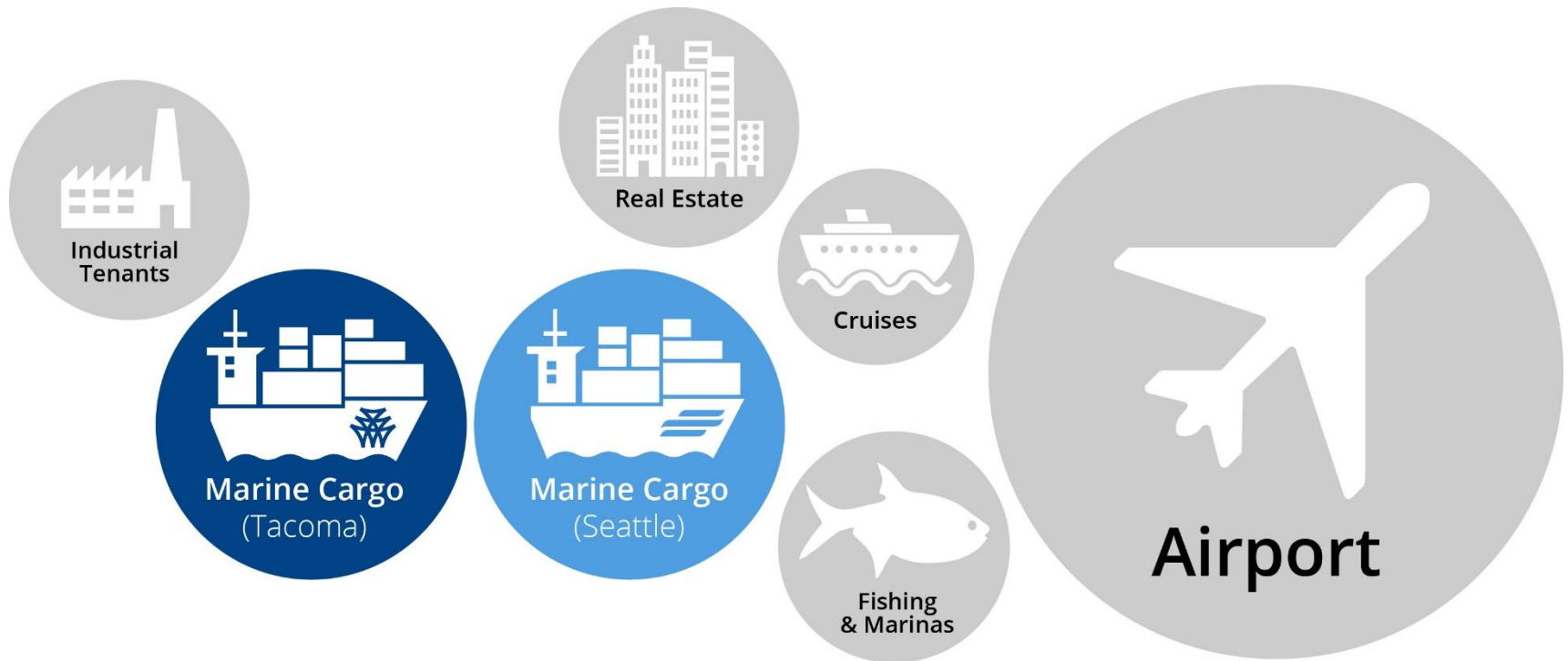
# Why a Joint Study



**Separate studies cannot be added together – results in **double-counting** due to methodology constraints**

# What's In the Study Business Lines

Both ports serve Marine Cargo among other lines of business. In Marine Cargo, they share interests, compete, and collaborate to serve the regional economy.



# What's In the Study Marine Cargo



Int'l Containerized Cargo  
Domestic Containerized Cargo



Grain



Break Bulk



Autos



Logs



Gypsum



Int'l Containerized Cargo  
Domestic Containerized Cargo



Grain



Dry Bulk



Liquid Bulk



Cruises



Fishing & Marinas

# Why a Joint Study



## Together, the Ports

- > Are a **Gateway through the Pacific Northwest** for exports and imports
- > Share waterways, roads and railways to distribute goods and thereby **drive regional infrastructure investments**
- > Influence **major sectors of Washington's economy**, including Manufacturing, Warehousing, Transport & others



# Joint Gateway Comparative Advantages



**Joint expertise, a combined strong efficient labor force and managerial experience**

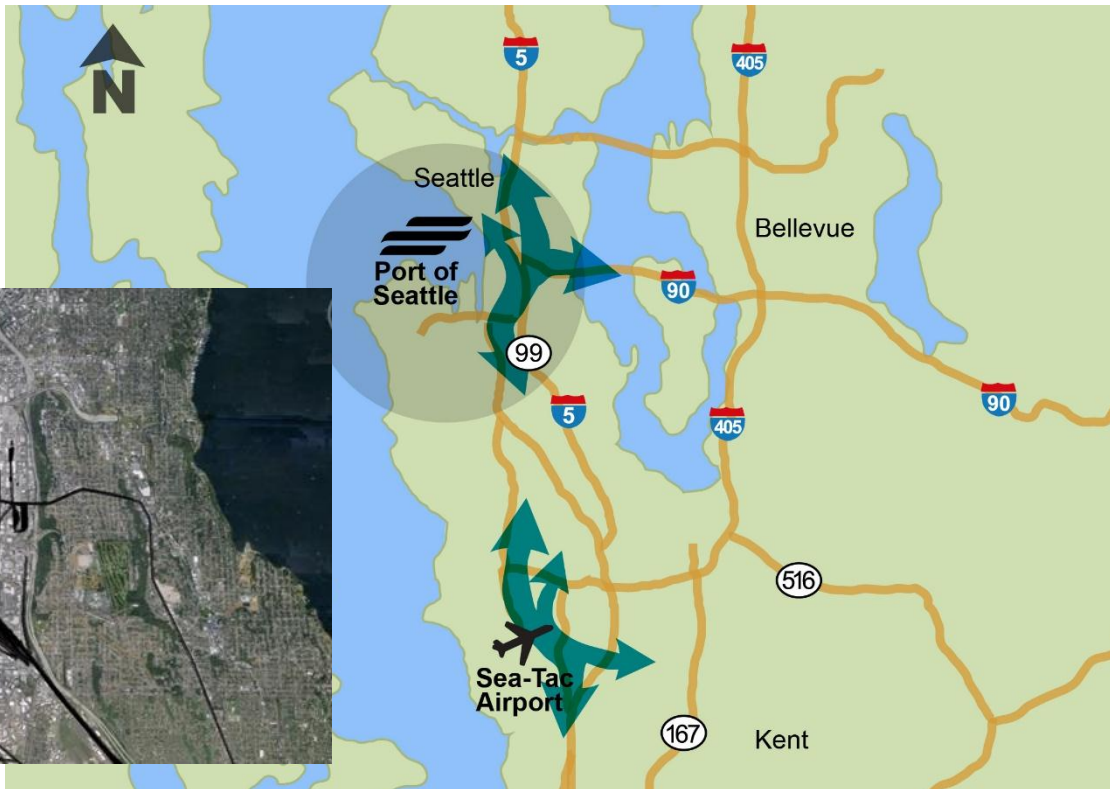


**Efficient modes of infrastructure including:**

- **Marine Infrastructure**
- **Rail Facilities**
- **Trucking**
- **Storage and Warehousing**



**Capability of handling a diverse spectrum of cargo, including goods, grains, minerals and more**



Ports are gateways for exports & imports with shared waterways, roads & railways to distribute goods.

# The Ports' Maritime Activity

Together, the Ports of Tacoma and Seattle rank **3<sup>rd</sup>** among North American Gateways by total TEUs.

Apart, the Ports ranked **9<sup>th</sup>** and **12<sup>th</sup>**. (2013)

## Top GATEWAYS by TEUs, 2013

Rank	Port	TEUs
1	LA/Long Beach	14,599,145
2	NY/NJ	5,467,345
3	Seattle & Tacoma	3,461,672
4	Savannah	3,034,010
5	Vancouver	2,825,475

Source: Association of American Port Authorities, 2014.

Twenty-foot Equivalent Unit (TEU) = Standard unit for describing a ship's cargo carrying capacity



**36.1 million**  
short tons of cargo moved  
through the two ports (2013)



**21.2 million**  
short tons were **international** containerized cargo  
(2013)



## 2. The Ports' Role in the Regional Economy

# Section Overview



1. **The Role of Ports** in our Economy



2. **Methodology** of impacts overview



3. Breakout of the **types of impacts** regionally

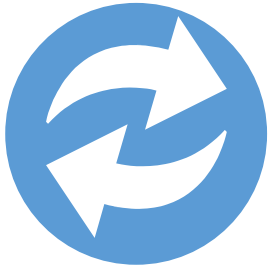


4. **Fiscal impacts** of Marine Cargo on State & Local governments

# Role of Ports in Our Economy



**Ports are critical** infrastructure to facilitate trade, including both imports and exports

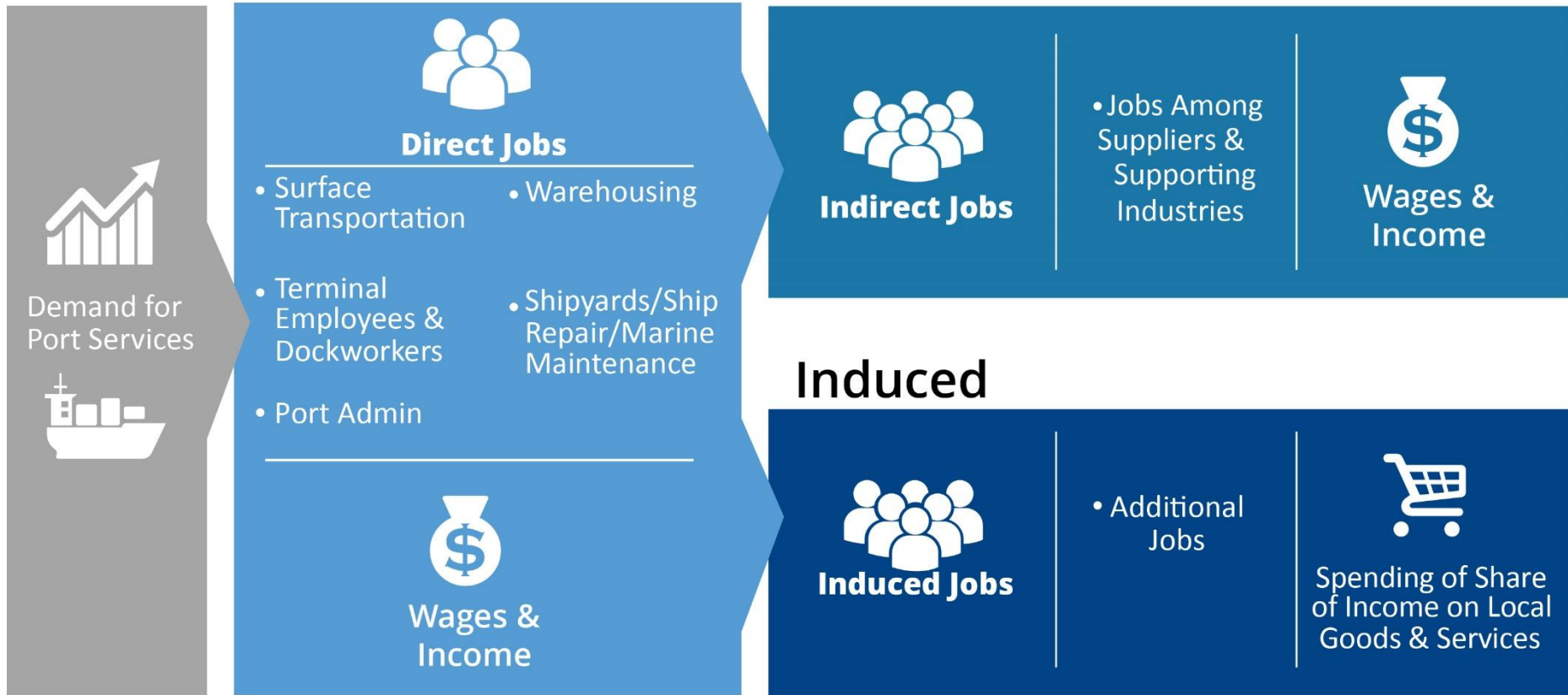


Exports are important because they **grow regional** and national economies



**Global cities** have strong international trade

# Regional Impacts Overview



More than 1,000 businesses surveyed

Custom-built model leveraging business surveys (Martin Associates)

# Regional Impacts Overview

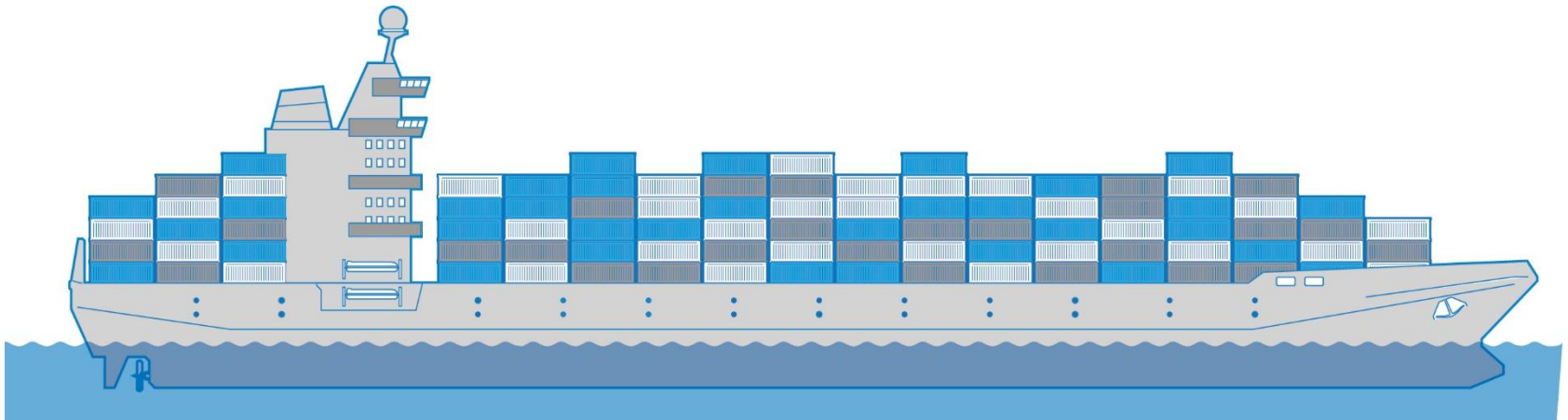
Washington State's reported Gross Domestic Product (GDP) totaled **\$409 billion** in 2013



**\$4.3 billion** in statewide business revenue generated by the Ports (Direct Revenues)

The ports' economic activity is affiliated with a combined total of **\$138 billion in total economic activity** to the state, which is **one-third** of Washington's GDP (2013)

Sources: Martin Associates; Washington State Dept. of Revenue, 2014.





# Direct Jobs Impact



**18,900**

Direct Jobs  
Joint Maritime  
Cargo Activity



Surface  
Transport:  
**5,500 Jobs**



Truck  
(3,690)

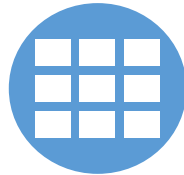


Rail  
(1,831)

Terminal & Dist.  
Activities: **7,900 Jobs**



Warehouse  
(2,184)



Distribution Centers  
(1,834)



ILWU/  
Dockworkers  
(2,069)



Terminal  
(1,801)

Marine Cargo  
Services: **5,500 Jobs**



Shipyards/  
Ship Repair  
(1,692)



Port Authority &  
Government  
(1,871)



Barge/Bunkers  
(352)



Agents &  
Forwarders  
(741)

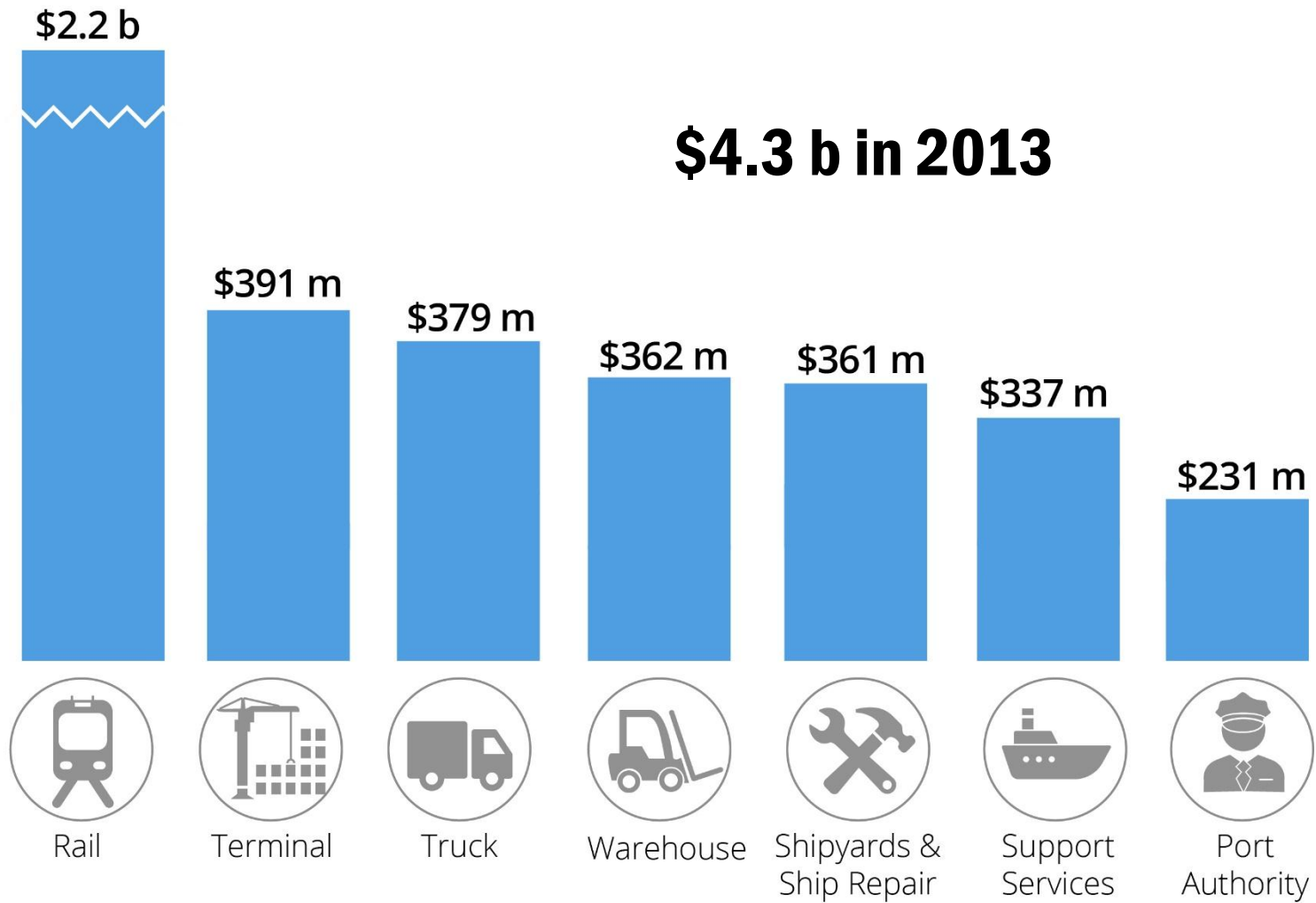


Towing & Pilots  
(279)

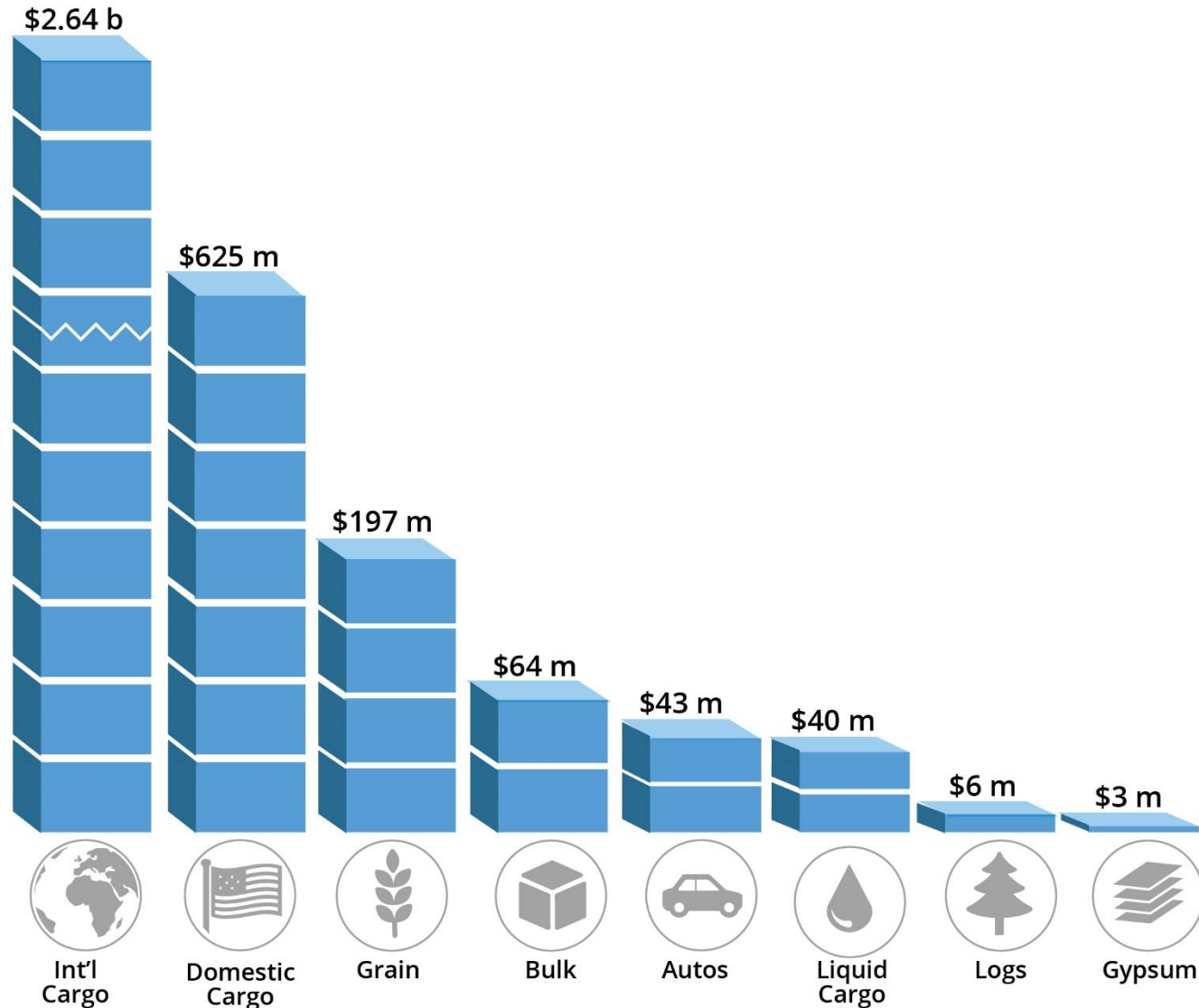


Surveyors/Chandlers  
/Misc. Services  
(542)

# Business Revenues by Major Category



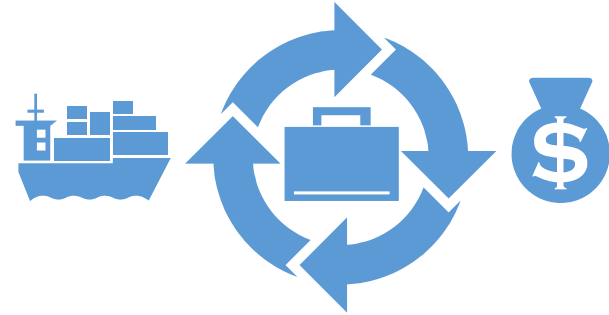
# Business Revenues by Major Commodity



# Indirect Impact



**11,100**  
Indirect Jobs  
(2013)



**Impacts Across Washington**

## Types of Indirect Spending



**Parts & Equip.  
Suppliers**



**Business Services**



**Office Equip.**



**Maintenance  
& Repair**



**Fuel**



**Communications  
& Utilities**

# Induced Impact



**18,100**  
Induced Jobs  
(2013)

Jobs supported by spending from **direct** employment by ports businesses.

## Types of Induced Spending



Housing



Food



Transportation



Restaurants



Home  
Furnishings



Health Care



Entertainment

# Every dollar of income to Port-related direct jobs correlates to an additional **\$2.70** in income in the Seattle & Tacoma area

The Ports generate ....



**\$1.1 b**  
Direct  
Income



**\$554.3 m**  
Indirect  
Income



**\$2.4 b**  
Induced  
Income



**\$4.1 billion**  
in Total Income  
& Re-Spending  
(2013)

# Regional Fiscal Impacts (2013)

## Maritime Cargo Activity



**\$231 m**  
Washington  
State



**\$148 m**  
Counties &  
Cities



### **3. External Threats & Opportunities**



# Section Overview



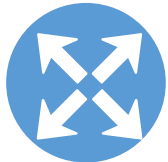
1. Gateway container **declining market share**



2. Industry changing significantly to **ever larger ships**



3. Other global infrastructure expansions

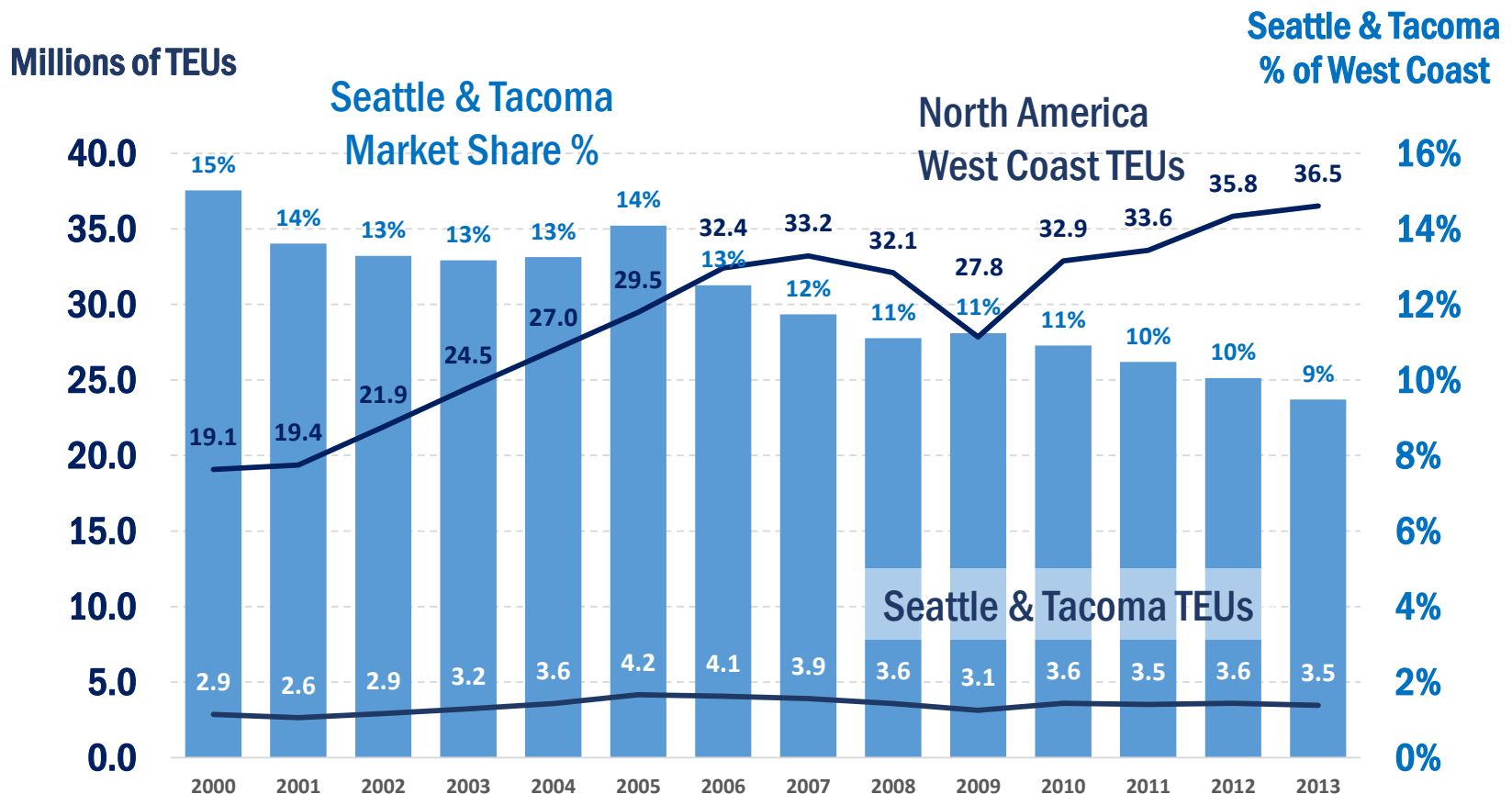


4. Our opportunities and role as the **PNW Gateway**

# Seaport Industry Challenges

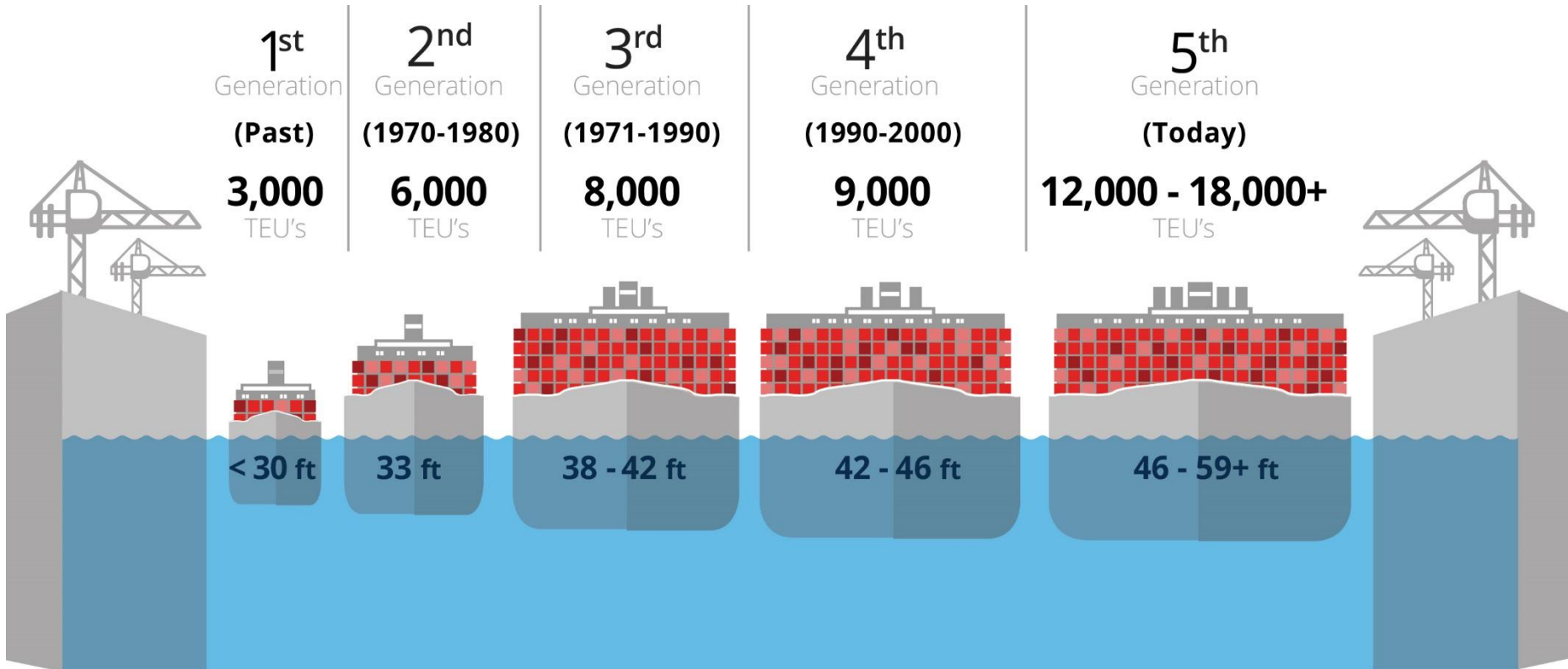
## Market Share

Container volumes on North America's West Coast have increased more than Seattle & Tacoma's share

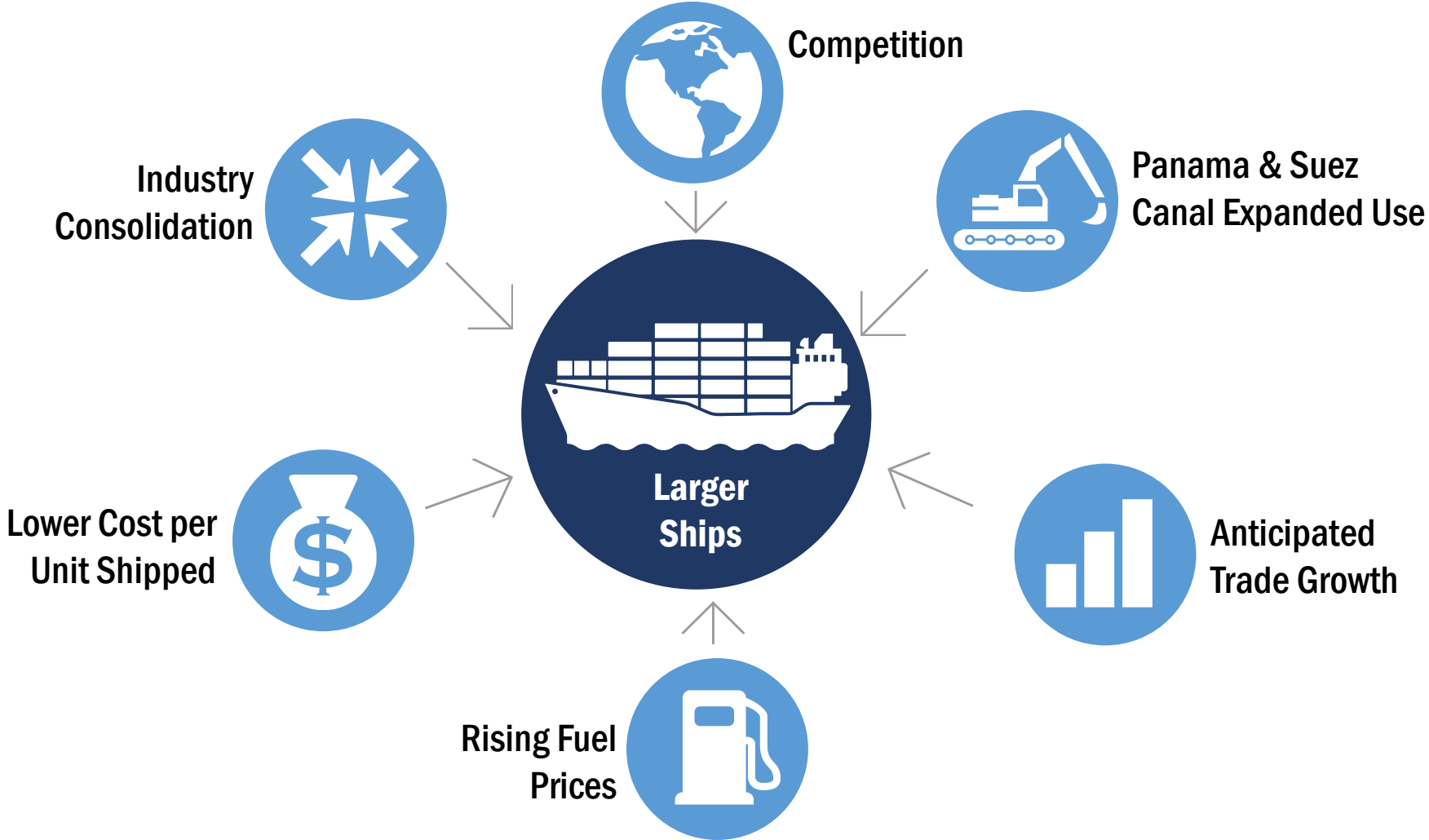


# Ships Have Gotten Bigger

*Ultra Large Container Ships (ULCS)*  
require major investments at ports



# Why The Big Ships



# External Threats Include ...



## **Other ports' big ship infrastructure investments**

- LA / Long Beach
- Prince Rupert & Vancouver
- East Coast & Gulf Ports



**Regional and local transportation infrastructure needs are critical for the ports and the regional economy**



**Expanded use of the Panama & Suez canals add to competitive pressures**

# Opportunities



Invest in regional infrastructure projects to improve freight mobility: **SR 167 & SR 509**



Leverage the strengths of the two ports as the **3<sup>rd</sup> largest** gateway in North America



Facilitate goods flow to and from the **Midwest United States** and Canadian destinations

**73% of port cargo** flows to the Midwest states

Ports cargo reaches at least 41 US states



Foster growth in Asia markets, Washington State exports and manufacturing