



Commissioners

Stephanie Bowman
Commission Co-President
Courtney Gregoire
Commission Co-President
Tom Albro
Bill Bryant
John Creighton

Tay Yoshitani
Chief Executive Officer

P.O. Box 1209
Seattle, Washington 98111
www.portseattle.org
206.787.3000

**APPROVED MINUTES
COMMISSION SPECIAL JOINT MEETING SEPTEMBER 30, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, September 30, 2014, together with the Port of Tacoma Commission at the Fabulich Center, 3600 Port of Tacoma Road, Tacoma, Washington. Port of Seattle Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Port of Tacoma Commissioners Bacon, Johnson, Marzano, Meyer, and Petrich were also present.

CALL TO ORDER

The special meeting was called to order at 10 a.m. by Clare Petrich, Port of Tacoma Commission President.

PLEDGE OF ALLEGIANCE

OVERVIEW: JOINT ECONOMIC IMPACT STUDY

Presentation materials provided:

- Presentation [slides](#).
- [Study](#) titled *the Economic Impact of Marine Cargo at the Ports of Tacoma and Seattle* by Martin Associates.

Julie Collins, Director of External Affairs, Port of Tacoma, introduced the joint economic impact study presentation and noted the contributions of Port of Seattle Corporate Budget Manager Michael Tong, who assisted in bringing the study forward. John Martin Associates conducted individual studies for each port, as well as a joint study of the economic impact of the two ports together.

Chris Mefford, President, Community Attributes Inc., presented the joint economic impact study prepared by Martin Associates, including the following key information:

- The joint study is not simply an aggregate of the information in the individual port studies. Economic impacts of the two ports overlap and simply combining the two would result in double counting.
- The joint study was limited to marine cargo and does not account for other lines of business of each port, such as cruise or aviation activities.

- Internationally, the ports of Tacoma and Seattle are viewed as a single Pacific Northwest gateway for exports and imports. Both ports have a shared interest in regional infrastructure and together influence major sectors of the state's economy.
- Advantages to viewing the ports as a single gateway include understanding the joint expertise and managerial experience and a combined regional labor force represented by the ports together. Joint interest in regional marine and transportation infrastructure is also clearer when viewing the ports as a single gateway.
- When viewed separately, the ports rank ninth and twelfth largest in the U.S. when measured by amount of cargo processed in TEUs (twenty-foot equivalent units). When viewed jointly, the ports rank third largest among U.S. gateways.
- Direct economic impacts of the two ports were measured in part through surveys and interviews with over 1,000 businesses and include jobs and activities directly involved in provision of port services. Management of the ports, provision of dock and terminal activities, and shipyard activity are examples.
- Indirect impacts include business-to-business spending for supplies and supporting industries.
- Induced impacts result from the spending of wages of employees engaged in direct or indirect port-related activity.
- In 2014, Washington's gross domestic product (GDP) was reported as \$409 billion. The two ports' marine cargo activity directly generated \$4.3 billion in business revenue statewide. The two ports' combined total marine cargo economic impact through direct and indirect or induced activity was \$138 billion, roughly a third of the state's total GDP.
- There are approximately 18,900 direct jobs associated with the two ports' marine cargo activities.
- Revenue by business category and commodity type were highlighted. By far the largest business category associated with direct port revenue is rail; the largest commodity by far is international cargo.
- There are approximately 11,100 indirect jobs associated with the two ports' marine cargo activities. The figure is proportional to the degree particular jobs are influenced by port activity. Parts and equipment suppliers, fuel, maintenance and repair, and similar services are represented by these jobs.
- Jobs associated with induced port economic impact are estimated at 18,100. These jobs represent spending for housing, food, health care, and similar activities.
- It is estimated that direct, indirect, and induced income from the two ports' activities results in \$4.1 billion in total income.
- Local and state fiscal impacts of maritime cargo activity were described.
- In discussing the relationship between induced port-related income and overall statewide fiscal impact, it was noted that the latter represents slightly less than 10 percent of the former, which approximates the state sales tax.
- Since 2000, TEU volume of the ports of Seattle and Tacoma has remained more or less level, while volume for West Coast ports, including Canada and Mexico, has risen. The resulting market share has dropped from about 15 percent to roughly 9 percent.
- Investment requirements to accommodate ever-increasing container ship size were discussed. The rate of change for increased ship size has accelerated since 2000. The trend toward larger vessels is driven by industry consolidation, rising fuel costs,

- expanded use of the Panama and Suez Canals, trade growth, competitive forces, and the ability to preserve thin margins by reducing the cost per unit shipped.
- Risks for the two ports associated with increasing ship size include investments by competitor gateways to accommodate larger vessels, expanded port competition associated with expanded Panama and Suez Canal use, and the need for regional transportation infrastructure improvements to move cargo from the ports to its intended customers.
 - Opportunities for both ports as a gateway were highlighted.
 - Several comments were made about the need for the state Legislature to pass a transportation improvement package that would help keep the ports connected to domestic and international markets.

Commissioner Johnson noted that induced economic impacts are highly influenced by the level of employees' discretionary income and would be considerably less for workers earning minimum wage than for port-related employees, who tend to earn significantly more.

In response to Commissioner Albro, Mr. Mefford commented on the limitations of the economic impact study to a sphere of influence that tends to be localized to Pierce and King Counties. The effects of port operations on agricultural exporters from eastern Washington is an example of an impact that might not be comprehensively covered by the study.

Commissioner Gregoire pointed out that the direct and indirect economic impacts reported by Martin Associates reflect marine cargo business. They do not account for other port lines of business such as cruise or aviation.

Commissioners Bowman and Marzano commented on the value of the two ports' state fiscal impact of \$231 million in terms of the cost of statewide transportation projects.

Commissioner Albro noted the similarity in the quality of the two ports' economic role to that of a utility in terms of being far-reaching but less obvious from a business perspective.

Commissioner Bryant commented on the urgency involved in completion of SR-167 and SR-509 in order to provide reliable transportation connections that can incentivize shippers not to send cargo through the Suez and Panama Canals.

Commissioner Bacon noted that Harbor Maintenance Tax reform represents another important opportunity for the competitive position of the Puget Sound gateway.

ADJOURNMENT

There being no further business, the special joint meeting was adjourned at 10:56 a.m.

Tom Albro

Secretary

Minutes approved: June 23, 2015.