

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**STAFF BRIEFING**

**Item No.** 7a  
**Date of Meeting** December 09, 2014

**DATE:** November 20, 2014  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Beth Osborne, Manager, Federal Government Relations  
Clare Gallagher, Manager, State Government Relations  
Mike Merritt, Manager, Puget Sound Government Relations  
**SUBJECT:** Annual Government Relations Briefing

**SYNOPSIS**

The Port of Seattle is a public agency that creates jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development. Public policy advocated by Port representatives reflects this mission and the goals of the Century Agenda to:

- Position the Puget Sound region as a premier international logistics hub
- Advance the region as a leading tourism destination and business gateway
- Promote small business growth and workforce development
- Be the greenest and most energy efficient port in North America

The Government Relations Team has an opportunity to annually update the Port Commission on potentially significant public policy legislation in the coming year. The below are federal, state and local policy issues for the Commission's consideration.

**BACKGROUND**

**FEDERAL RELATIONS**

**2014 FEDERAL SUCCESS OVERVIEW**

- Secured a \$20 million award (full request) through the Transportation Generating Economic Recovery (TIGER) program for rehabilitation of Terminal 46 to accommodate super post-Panamax container ships.
- Secured introduction of the Maritime Goods Movement Act for the 21<sup>st</sup> Century in the House of Representatives as companion legislation to Senate bill.

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- Secured federal legislation that recognized for the first time competitive disadvantage of the Harbor Maintenance Tax (HMT) to ports like the Port of Seattle and secured the creation of a new federal eligibility for donor ports that receive substantially less in HMT returns to provide rebates to shippers.
- Secured federal authorization and funding for the deepening study of the federal channel to determine federal interest in the deepening of the federal waterway.
- While no information was available at the time of this writing, it is possible that the Environmental Protection Agency (EPA) will release their final Record of Decision on the Lower Duwamish Cleanup before the end of the year.

## **LOOK AHEAD FOR 2015**

### **2015 Sees Little Change in Washington Congressional Delegation**

Unlike the 2012 election, the 2014 midterms brought little change to the Washington state delegation. Both Senators and nine of the ten House members will return for the 114<sup>th</sup> Congress. The only member not returning is Rep. Doc Hastings (R-WA-4), who retired and will be leaving his post as Chairman of the House Natural Resources Committee. Rep. Hastings will be replaced by Representative-elect Dan Newhouse, a former state representative and state Director of Agriculture.

All Washington's returning members were comfortably reelected with at least 55% of the vote. Several Washington Members will continue to serve on key committees affecting the Port's federal agenda. Rep. Rick Larsen (D-WA-2) sits on the House Transportation and Infrastructure Committee, and is Ranking Member of the Aviation Subcommittee and is a member of the Coast Guard and Maritime Transportation Subcommittee. Rep. Jaime Herrera Beutler (R-WA-3) serves on the House Appropriations Committee, serving on the Transportation Subcommittee. In addition, both Representatives Reichert and McDermott will continue to serve on the House Ways and Means Committee which has jurisdiction over all matters related to revenue and taxes including the highway trust fund. Finally, Rep. Cathy McMorris Rodgers (R-WA-5) will continue as Chair of the House Republican Conference and serve as a member of the House Energy and Commerce Committee which has broad jurisdiction over interstate commerce.

While neither Senator was up for reelection in 2014, the results bring changed roles for both Senator Patty Murray and Senator Maria Cantwell who will now serve in the minority, and lose their gavels for Ranking Member posts on the Budget Committee (Murray), Senate Commerce Aviation Operations, Safety, and Security Subcommittee (Cantwell) and Small Business Committee (Cantwell). As a result of retirements, Senator Murray will likely leave the Budget Committee and the Transportation Appropriations Subcommittee to become Ranking Member of the Health, Education, Labor and Pension

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Committee and the Senate Appropriations Subcommittee on Labor Health and Human Services, Education and Related Agencies. Sen. Cantwell will also continue to serve on the Senate Finance Committee which has jurisdiction over all matters related to revenue and taxes including the highway trust fund. Finally, depending on the outcome of the Louisiana runoff election December 6<sup>th</sup>, Senator Cantwell may elevate to Ranking Member of the Senate Energy and Natural Resources Committee.

### **2014 Lamé Duck Summary**

The public can expect to see a flurry of activity through the remainder of the year, with the majority of activity taking place in the two-week period running from December 3 – 11, 2014, before the 113<sup>th</sup> Congress adjourns. The lame duck will include must-pass annual funding and tax extenders legislation, and some talk of another government shutdown.

The “X” factor for the Lamé Duck and potentially bipartisanship in the next Congress will be directly affected by what action the President takes this year on immigration. The President has stated that he intends to issue an executive order or orders related to immigration. Depending on the significance of these and Republicans level of opposition and legislative response, prospects for meaningful action for the remainder of the year are in the balance.

### **Fiscal Year (FY) 2015 Appropriations Overview**

Congress has yet to pass any of the FY2015 spending bills.

There are three current alternatives under consideration prior to expiration of the current spending levels that expire in December:

- FY2015 Omnibus. One massive full-year spending bill incorporating 12 detailed, fleshed-out appropriations bills. This option faces obstacles given the lack of time remaining and key funding and policy differences between the chambers – not least of which includes the prospect of riders blocking funds to carry out Obama’s anticipated executive orders on immigration.
- Short-Term Funding “Continuing Resolution” (CR). Another temporary funding measure, lasting perhaps three months, taking government operations through February at the rate of current spending. This option might also allow Speaker Boehner more leeway to pass a “clean” funding bill without legislative riders this year, such as the language sought by conservatives blocking Obama’s executive orders.
- Omnibus/CR hybrid. A blend of the above two approaches may become the default option. Congress may pass the four bills which have with the most

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bipartisan support, (Defense, Military Construction-Veterans Affairs, Commerce-Justice-Science and Legislative Branch); and only pass continued funding for the measures that currently lack consensus (Labor-HHS, Financial Services, Energy & Water and Interior-Environment. Agriculture, Transportation-HUD, State-Foreign Operations and Homeland Security. Any bills included as a CR are likely to be funded through September 30, 2015, though there is also talk of a 3-month stopgap.

### **U.S. Army Corps of Engineers (USACE) Deepening Study Funding**

One spending item critical to the Port is the continued funding of the study related to deepening the federally-managed navigation channel in Elliott Bay serving Port of Seattle cargo terminals. The Port and USACE have agreed to cost-share the total of the \$3 million study over three years (\$1.5 million each). Each year, the study is funded through the Energy and Water appropriations bill. The study will determine which preferred alternative the Corps of Engineers recommends pursuing deepening the navigation channel to accommodate next-generation containerships with capacities in excess of 10,000 TEUs. It is the Federal Government Relations team's belief that under any of the above scenarios the Corps of Engineers will have the flexibility necessary to continue to support the project that was included for funding in the President's budget request and each of the Chambers' appropriations legislation at the required level of \$200,000, but the Port hopes the General Investigations account includes extra funding, giving the Corps the ability to spend up to \$500,000 on the Seattle project in FY2015. The study is projected to last for three years, the Port will advocate for continued funding of the study in FY2016 and FY2017.

### **ONGOING FEDERAL PORT PRIORITIES FOR 2015**

#### **Federal Aviation Administration (FAA) Reauthorization**

Authorization for the Federal Aviation Administration (FAA) Modernization and Reform Act of 2012" (H.R. 658) expires in September 2015. Committees in both Chambers have already held hearings to discuss reauthorization priorities.

According to incoming House Transportation and Infrastructure Committee Ranking Member Peter DeFazio (D-OR), the FAA reauthorization will likely be the Committee's first priority. Rep. DeFazio cited the ongoing negotiations that have been occurring for almost a year as the reason for the bill's precedence over federal highway legislation that expires May 31, 2015. The Senate Commerce Committee, which will be under new leadership from incoming Chairman John Thune (R-SD), has expressed a similar desire to move FAA quickly in the new year.

The FAA Reauthorization debate will have a direct impact on the Port of Seattle's ability to cost-effectively execute the airport's capital plan because changes to several important

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federally authorized airport user fees and financing tools occur through the FAA bill. These tools include the Airport Improvement Program (AIP) and whether to modernize the \$4.50 federal cap on Passenger Facility Charges (PFCs). All airports depend on AIP grants, the total value of which will be worth half of its peak value by 2015, and with the program's declining value, small and medium sized airport increasingly get the short-shrift as larger airports often present more compelling applications. PFCs are passenger user fees set by airports locally and used for targeted infrastructure investments that benefit passengers such as airport capacity, safety, security, and improving the environment. While the decision to levy a PFC – and at what level – is local and, for Sea-Tac, would require Commission approval, Congress has not adjusted the PFC cap since 2000, meaning the \$4.50 cap imposed in 2000 has lost half of its spending power. In 2001, under the PFC framework, the Port Commission voted to collect the maximum amount of the PFC, which has helped build Concourse A, undertake noise mitigation projects, reconstruct the satellite transit system and pay the debt service on the third runway project. Looking into the airport's future needs and growing economic impact in the region, modernizing the PFC would provide the Port with significantly great cash flow for capital projects, allowing us to allocate them to the International Arrivals Facility, NorthStar, Baggage Optimization and other projects, thus reducing the amount of debt issuance, Federal Inspection Service fees on arriving international passengers and rates and charges increases for all airlines.

Other major issues that may surface are conversations surrounding Next Gen, air traffic control privatization and drones.

### **Water Resources Reform and Development Act (WRRDA) Implementation**

The President signed WRRDA into law in June 2014. In general, WRRDA authorizes flood control, navigation, and environmental projects and studies by the Army Corps of Engineers. Funding for each project is done through the annual appropriations process. Of particular interest to the Port in the 2014 WRRDA bill are two HMT reform provisions:

- Section 2102 authorized HMT funds for a limited number of expanded uses that will allow naturally deep ports like Seattle and Tacoma to benefit more from the HMT. The new authorized uses are a) berth maintenance dredging and b) dredging and disposal of contaminated sediment associated with navigation maintenance dredging.
- Section 2106 authorizes \$25 million in additional funding for “donor ports” such as Seattle and Tacoma, including funding for an HMT rebate program for shippers using those ports. Although the funding level is small, this program is a significant first step in addressing our HMT cost disadvantage relative to Canadian ports.

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The top WRRDA-related priority in the months ahead is to advocate for funding from Congress for Section 2106. This provision would not be funded from the Harbor Maintenance Trust Fund and therefore needs a separate appropriation from Congress. Another priority is to engage the Corps of Engineers as they write the regulations that will determine how these provisions are implemented. The Ports of Seattle and Tacoma have submitted a joint letter urging the Corps to expedite this rulemaking process for both provisions. The letter also included a number of technical comments to make the rebate and expanded uses programs relevant to needs in Puget Sound.

### **Harbor Maintenance Tax**

The Port continues work with partners, Congress and the Administration to educate on needed reforms to the HMT, which creates a competitive disadvantage to Pacific Northwest ports due to their proximity to the Canadian border and lack of HMT collection there. The Federal Government Relations team believes that this is an increasingly national economic competitiveness issue as Mexico and Canada aggressively ramp up port and freight infrastructure strategies and spending.

As part of this effort, the Port worked with the Washington delegation to get S. 1509, the Maritime Goods Movement Act for the 21<sup>st</sup> Century (“MGMA”) introduced on September 17<sup>th</sup>, 2013. The companion bill, H.R. 4105, was introduced in the House in February 2014. The MGMA is a comprehensive overhaul of the HMT that focuses on full expenditure of the Harbor Maintenance Trust Fund and a fair tax structure that would ensure a level playing field for all U.S.–bound international cargo through a competitive grant program to fund critical infrastructure projects that benefit international maritime cargo directly.

Over the last year, the Port, working in close collaboration with the Port of Tacoma, has conducted nationwide outreach touching all aspects of the supply chain to solicit input and work toward consensus on HMT reform based on the key principles of the MGMA. This activity will be a major continued focus in 2015 as the ports work with the delegation on reintroduction of the legislation that incorporates stakeholder feedback. The fact that WRRDA passed with some HMT reform provisions changes the political landscape for Congress and other stakeholders. It will be important to continue to seek solutions that other ports support as well as broaden stakeholder support.

### **Federal Surface Transportation Programs**

Federal surface transportation programs known as the Moving Ahead for Progress in the 21st Century Act (MAP-21) expire on May 31<sup>st</sup> of this year, when simultaneously the Highway Trust Fund is also expected to run out of funding. To reauthorize programs, Congress must find a sustainable revenue stream due to the fact that the current gas tax can no longer support trust fund expenditures.

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Several policies supported by the Port were included in MAP-21, including the creation of a national freight policy, development of a national freight strategic plan, and requirement for reports on the performance of the national freight network. The Port has engaged U.S. Department of Transportation on the activities associated with the implementation of these policies, including designation of the Primary Freight Network, the National Freight Advisory Committee, the previously mentioned freight performance reports, and the Projects of National and Regional Significance program. In reauthorization discussions, the Port will join various associations in urging Congress to strengthen these provisions by creating a sustainable revenue stream for freight and requiring the nation's strategic freight planning to be multi-modal.

Going forward, with Republicans winning back the Senate, the odds of a gasoline tax increase remain low. However, the odds have gone up for a tax reform package that produces transportation revenue sought by both the White House and Republicans from taxing overseas holdings of U.S. multinationals at a one-time "transition rate" as they move to a new international tax regime.

### **Fishing Fleet Recapitalization**

The coming year may present several opportunities to advance policies that will help the local fishing industry rebuild the aging fleet, including:

- The Port joined the State of Washington in commenting on a National Oceanic Atmospheric Administration /National Marine Fisheries Service proposed rulemaking to allow financing for the cost of new vessel construction and refurbishing via a federal Fisheries Financing Program. A draft rule may be out before the end of the year.
- Continue to increase loan authority for the oversubscribed Fisheries Finance Program (FFP direct loans). Sen. Murray and Rep. Herrera Beutler worked together on increased funding for FY2014-FY2015. More work will be needed for FY2016 and beyond.
- The Coast Guard bill – which at the time of this writing had not yet passed into law–includes provision that would eliminate the federal statutory limitation on funding for new or refurbished vessels over 165 feet in length. While there may be a scurry to see if this legislation can move forward before the end of the year, it seems more likely to move in the next Congress. Sen. Cantwell and Rep. Larsen have worked together on this issue.
- Passage of "REFI" Pacific Act to reduce interest rates on federal loans and fees and extend the term of loans was been included in the Magnusson Stevens reauthorization legislation, which was also punted to the next Congress. The REFI act is led by Sen. Cantwell and Rep. Herrera Beutler.

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- Address the aging Hiram Chittenden Locks and support federal funding for repairs. Replacing aging parts will be an ongoing U.S. Army Corps of Engineers project spanning multiple years.

### **Trade**

As a critical node in the U.S.-Asia international trade gateway, the Ports of Seattle and Tacoma have an interest in successful trade agreements. The trade agenda slowed in 2014 because the President has not been able to secure Trade Promotion negotiating authority from Congress to conclude and move trade legislation, such as the Transpacific Partnership Agreement. Many are watching whether the Republican control of both Houses of Congress, may be an opportunity for bi-partisan agreement, allowing the President to conclude negotiations and present for ratification the Trans Pacific Partnership Agreement among others.

The Port will continue to increase understanding among policy makers that freight issues should be considered part of the trade agenda, and that better federal freight planning and funding will help increase exports and U.S. global economic competitiveness.

### **Other**

Other federal issues that the Port consistently tracks include tourism and travel visa policies associated with immigration reform, Transportation Security Administration exit lane technology and pre-check programs, Customs and Border Patrol Staffing, Export-Import Bank reauthorization, Diesel Emissions Reduction Act funding, Terrorism Risk Insurance Act reauthorization, and Port Security funding.

### **Budget and Fiscal Issues**

Looming in the background of all these measures in 2015 will be another fight over the debt ceiling, technically due by March 15, 2015. Yet in reality Treasury could conceivably get by until late summer/early fall, depending on the timing and level of incoming April tax receipts. This timing is a bit nerve-rattling in the sense that it could line up once again with expiration of government funding next September, as well as action on highways, taxes, and potentially a sleeper fight over what to do with Social Security's Disability Insurance trust fund, which is projected to run out of cash in 2016.

## **STATE GOVERNMENT RELATIONS**

### **2014 SUCCESS OVERVIEW**

- The Port and other members of the SR509 Coalition successfully positioned the SR509 Completion project in both proposed transportation packages, participated



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- in legislator visits and continued to consolidate support for the combined Puget Sound Gateway freight package. Although ultimately a bill was not passed, the ports of Seattle and Tacoma had a joint letter to legislators, a joint panel presentation at the start of session and other comprehensive efforts to keep members focused on the issue of competitiveness and infrastructure investment.
- The Port of Seattle worked with legislators and other stakeholders to modify a bill related to derelict vessels, to remove fees and other new work impacting marina staff.
  - The Port worked for passage of tourism funding legislation and contracting legislation in support of our legislative priorities.
  - The Port is partnering with the Seattle Chamber, the Governor's maritime sector lead and other interests to form the new Maritime Federation.
  - The Port supported including marine tourism as an important component of the state's recreation task force preferences. As a result of that stakeholder work, the marine tourism proposal is included in the task force recommendations for the Governor's 2015 legislative consideration.

## **2015 LOOK AHEAD**

### **Overview of the Coming Legislative Session**

There likely will be a discussion to identify possible sources of new revenue, and how much. There is no agreement among leadership that new taxes will be pursued, but how best to respond to the *McCleary* mandate while balancing competing needs will be the primary driver. The Legislature may also consider whether to suspend Initiative 1351, which would require a two-thirds vote of members, as well as to evaluate whether new education spending could satisfy both *McCleary* and I-1351. A significant budget gap likely will remain, however, because of the other contributing factors and slow economic growth in the state.

Although it may look similar to last session, with narrow control of the Senate by the Republicans and (now) a slim Democratic margin in the House, it's too soon to say how negotiations will proceed. Last year saw wide, bipartisan votes to adopt the proposed operating budget, but the biennial budget is much more significant and the budget constraints harder to address.

There likely will be a discussion to identify possible sources of new revenue, and how much, there is no agreement among leadership that new taxes will be pursued, but how best to respond to the *McCleary* mandate while balancing competing needs will be the primary driver. The Legislature may also consider whether to suspend Initiative 1351, which would require a two-thirds vote of members, as well as to evaluate whether new education spending could satisfy both *McCleary* and I-1351. A significant budget gap likely will remain, however, because of the other contributing factors and slow economic growth in the state.

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The budget discussion will be the framework for the session; in addition, two major policy discussions with financial impact will be around a transportation infrastructure package and legislation around climate change.

### **Transportation Package and Regional Transportation Funding**

The Port has worked with many stakeholders, especially since the 2013 session, in support of a statewide transportation revenue package. With significant infrastructure investment in Southern California and Canada, not to mention ports on the Gulf Coast, Washington state is behind in making a coordinated investment in the state's economic corridors, especially as the funding from earlier packages begins to go next year almost entirely to bond debt rather than new projects. The increasingly competitive positioning in global trade and commerce has seen market share increase at other gateways on the West Coast, at the expense of Puget Sound ports.

With the ports of Seattle and Tacoma, and many freight stakeholders, advocating for completion of long-delayed freight mobility projects on SR 509 and SR 167, proposed packages from both the House and Senate have included these projects as the top freight projects. The projects are now tied together, often referenced as the "Puget Sound Gateway" and are well-supported by legislators and Governor Inslee. The recent announcement of the ports' Seaport Alliance hugely reinforced the strategic positioning on transportation investments that both ports have pursued, and is a first-hand illustration of the competitive pressures articulated in port advocacy.

While there is renewed urgency on the part of legislators to define and adopt a transportation revenue package to benefit the state in the face of declining gas tax revenues and a possible federal gas tax increase next year, several key issues remain. Of particular focus are proposed reforms for project management, use of sales tax from transportation projects, local tax options, as well as a large unknown regarding the Governor's upcoming carbon emissions reduction policies.

The need for education funding in the same budget year will reinforce sensitivities to the overall tax burden in the state, and at this point, it's unclear how the Legislature will proceed. Regardless, the port and other stakeholders will continue to work hard for the Legislature to pass a package that includes the Puget Sound Gateway project and investment in freight mobility, to improve the economic competitiveness of our state and to increase jobs and tax revenue through economic growth.

### **Other Policy Drivers**

Governor Inslee has pursued a focus on climate change since the beginning of his administration. This year he delivered an executive order on a number of policy proposals and considerations, including evaluation of carbon emission reduction

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strategies. The Governor's task force released a report in November that evaluated both cap-and-trade and carbon tax programs, but didn't recommend one approach over the other. In the absence of any specific policy direction from the Governor, the anticipated impacts of possible scenarios complicate other gas tax and revenue policy discussions that need to occur this session. Governor Inslee is expected to report back on developments from last spring's executive order, but has not articulated when policy proposals would be transmitted.

### **ONGOING STATE PORT PRIORITIES FOR 2015**

Along with continued advocacy for a transportation infrastructure investment package, the port will support tourism initiatives, including the marine tourism proposal to allow longer stays in state waters, and an industry-funded model for tourism across the state.

As part of the due diligence work related to the Seaport Alliance, Seattle and Tacoma will coordinate legislative efforts even more closely than in the past and work together on common areas.

One area of continued focus is preservation of remedial action grants, from the Model Toxics Control Account, or MTCA. The port of Seattle has several clean-up projects supported by MTCA funds and directed by Agreed Orders with the Department of Ecology. This fund has been swept during a past budget cycle, and it is important to communicate to legislators the community benefits by keeping these clean-ups funded.

The statewide ports association is closely following possible policy related to rail initiatives, environmental regulation and a bill related to greater flexibility for use of the port industrial development levy. A complete discussion will occur during the upcoming annual meeting in preparation for next session to begin January 12.

### **LOCAL GOVERNMENT AND REGIONAL TRANSPORTATION**

#### **2014 SUCCESS OVERVIEW**

- The Port, the Manufacturing Industrial Council, the Pacific Maritime Shipping Association, Seattle Colleges, the Labor Council, the state Department of Commerce collaborated with Mayor Ed Murray on the first-ever Maritime and Industrial Summit, and are partnering on follow-up initiatives related to economic development, regulatory changes and communications.
- The Port of Seattle is partnering with the City of Seattle to complete a first-ever freight planning program, the Freight Access Project, and the launch of the Freight Master Plan.
- The Port and City of Seattle reached agreement on city funding for Bell Harbor Marina capital improvements with a \$2 million payment.

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- The Port is proceeding with creation of a Stormwater Utility following negotiation of a tentative cooperation agreement on with the City of Seattle.
- King County Council has approved early completion of its \$15.8 million payment obligation to the Port for the purchase of the Eastside Rail Corridor in 2015.
- The Port and maritime-industrial stakeholders successfully negotiated updates to the City of Seattle's Shoreline Master Plan that will enable economic development on Port and other maritime properties.
- After several years of negotiations, the Port achieved agreements with the Muckleshoot Indian Tribe and the Suquamish Tribe to return to the tribes Native American cultural materials unearthed during development of Port projects.
- The Port, in cooperation with the City and SODO businesses and property owners, successfully launched the SODO Business Improvement District, which is now developing its work plan.

### **2015 LOOK AHEAD**

The first year of Mayor Ed Murray's administration was marked by improved relations and new partnerships with the Port and the maritime-industrial community, which are expected to continue into 2015.

A major change in the City's political landscape will take place in 2015 with the advent of district elections. All nine council seats will be up for election. Seven councilmembers will be elected by district to four-year terms, and two will be elected at-large to two year terms. In 2017, the two at-large seats will be elected to four-year terms.

With election by districts, council members are expected to devote increased attention to local transportation, public safety and economic development issues, creating the potential for a new dynamic in the relationship between the Port and maritime employers in several council districts.

Following the Mayor's Maritime and Industrial Summit in the spring, the Port has been engaged with city departments to develop initiatives to create incentives for industrial development, plan for freight-transportation improvements and strengthen land-use protections for industrial lands. We expect progress on these topics in 2015.

Two important local transportation planning efforts are now underway: The completion of the Freight Access Project planning for freight projects in the north and south industrial areas, and the launch of the Freight Master Plan.

In specific, the Port is seeking greater definition to key Seaport priorities related to improved access to container terminals, connections of the industrial areas, rail yards and transload centers. The key elements of this strategy are implementation of a Heavy Haul

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Corridor in 2015 and the start of planning for improvements to East Marginal Way and a new east-west grade-separated connector in the Duwamish industrial area.

In addition, the Port is working with the city to plan for improved access to the Pier 66 cruise terminal to accommodate increased passenger demand and the associated provisioning and ground-transportation needs of the industry.

The City will be considering changes to its Comprehensive Plan in 2015 as part of a major update. As part of that update, the city will consider recommendations of a stakeholder panel calling for stronger protections of industrial areas against encroachment by incompatible commercial and residential uses. The Port participated in that process and endorses the recommendations.

The City also is considering changes to the development regulations in the area around the CenturyLink and Safeco Field sports stadiums. An advisory committee has made recommendations to remove the stadium area from the Duwamish Manufacturing Industrial Center, and to permit residential uses on a parcel east of 1<sup>st</sup> Avenue, recommendations which the Port will continue to oppose.

In 2015, the City is expected to continue review of development plans for the proposed 18,000-seat sports arena south of Safeco Field. The Port has called on the City to grant no entitlements or make decisions about the vacation of Occidental Street at this time, as the developer has not secured an NBA team or answered key questions about transportation impacts and effects on Port operations resulting from arena activities. The Port will continue its advocacy for alternative sites that do not create the negative impacts of a SODO location in the heart of the region's industrial area.

Creation of the Seaport Alliance in 2015 will create opportunities for a bringing a larger regional ports' perspective to bear on local economic development, transportation planning and funding and land-use policies.

## **ONGOING LOCAL GOVERNMENT PRIORITIES FOR 2015**

### **Alaskan Way Viaduct and Seawall Replacement, and Waterfront Seattle**

There are three key projects underway in the Central Waterfront area:

- Washington State's Alaskan Way State Route 99 Viaduct replacement program
- Seattle's Seawall Replacement Program
- Seattle's Central Waterfront public access program

### **Viaduct replacement**

- Partners are Port of Seattle, City of Seattle, King County and WSDOT in \$3.1 billion program.

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- A two-mile tunnel beneath downtown Seattle constructed by Seattle Tunnel Partners joint venture.
- A mile-long stretch of new highway that connects to the south entrance of the tunnel, near Seattle's stadiums.
- A new overpass at the south end of downtown that provides direct truck access to the Port's Terminal 46 from the freeway system allows traffic to bypass train blockages
- Demolition of the viaduct's downtown waterfront section.
- A new Alaskan Way surface street along the waterfront that connects SR 99 to downtown.

The Port Commission agreed to provide up to \$300 million to the program. With credits for earlier Port projects that benefit the system and Port staff expenses, the net contribution will be \$267.7 million. The Port is scheduled to pay \$120 million on May 1, 2015 and \$147.7 million May 1, 2016. The contribution is anticipated in our plan of finance and is funded by the Port's property-tax levy.

Earlier this year, the massive boring machine was severely damaged after tunneling about 1,000 feet from its south-end starting point. To repair the damaged seals and main bearing, a 120-foot rescue shaft is being excavated. The cutting head and bearings will be detached and lifted to the surface for repairs. The contractor's schedule calls for resuming tunneling in March 2015, with completion set for late 2016. The Port has no financial responsibility for the cost of repairs or delays.

Port staff continues to be involved in oversight of the design and construction of the tunnel and portals to ensure the program satisfies the conditions of the funding agreement with Washington State and to minimize construction conflicts with Port operations.

### **Seawall Replacement**

The Elliott Bay seawall was built partly out of old growth timber piles that have been slowly eaten away by time, wave action and marine borers. A severe earthquake could collapse the seawall, resulting in massive damage to the roadway and nearby structures, as well as the Viaduct itself.

- The first phase of the project extends from Pioneer Square to the Seattle Aquarium at Pier 59 (Pike Street), with completion in 2016.
- The second phase will complete the waterfront to Sculpture Park, but is it not funded.
- The project involves removing the old timber structures and injecting jet grout to stabilize the soil, and constructing a new concrete seawall face, replacing utilities and building the new sidewalk superstructure.
- Cost is about \$300 million funded by a city bond issue.

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### **Central Waterfront Public Access**

The City is developing a waterfront concept plan for Alaskan Way generally between Colman Dock and the Seattle Aquarium:

- 26 blocks of park spaces and a pedestrian promenade;
- Habitat beach, with a bike path running throughout;
- Plaza connecting the Pike Place Market to the waterfront that supports the expansion of the Seattle Aquarium
- Public piers redesigned for a variety of cultural and recreational activities; and more accessible east-west connections to adjacent neighborhoods.
- Cost for the public-access portions – promenade, Market connection, pier improvements and habitat – was estimated at about \$400 million, to be funded by the City, property-owner assessments and philanthropy. Construction would commence after completion of the Viaduct replacement.

The Port staff will continue to review and comment on the Central Waterfront design to ensure compliance with the Port's funding agreement with Washington State related to Alaskan Way's function as a major truck route and access to Port cruise operations, among other conditions.

### **Tolling and other user fees**

The Port participated in the Advisory Committee on Tolling and Traffic Management that recommended options earlier this year for tolling the bored tunnel to raise up to \$400 million as required by state law. WSDOT will not seek tolling authorization in 2015 as earlier anticipated, however.

WSDOT is also conducting a review of tolling Interstate 90 between I-5 and I-405 to manage traffic and provide funding for construction of the unfunded SR 520 Program from I-5 to Medina. WSDOT needs roughly \$1.4 billion to complete SR 520.

While the Port recognizes additional funding is needed for transportation improvements, we urge the state to consider carefully the impacts of particular tolling options:

- **Import/Export commodities:** I-90 is the primary route for trucks originating from Eastern Washington and Eastern King County destined for the Port of Seattle. Tolls could drive trucks to other ports or out of the region entirely.
- **Tolling nexus:** I-90 tolls would be unlikely to result in direct benefits to truck operators, since SR520 is not a freight route unless some of the toll revenue is used to support (freight mobility) improvements in the I-90 corridor
- **Tolling rates for trucks:** We suggest an alternative that would lessen the charge for multi-axle trucks to reduce impacts on commerce through the Port.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

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The Port has participated in the advisory committee of the state's Road User Charge Assessment (RUCA) study to determine the feasibility of transitioning from the gas tax to a road user assessment system to pay for transportation improvements.

### **Regional Planning**

The Port is a major participant in regional, state and multi-state planning efforts related to transportation and land use that affect the Port's businesses. They include:

- Puget Sound Regional Council Industrial Lands study
- Washington Transportation Plan 2035
- Washington State Freight Mobility Plan
- Great Northern Coalition and Pacific Northwest Gateway Corridor Coalition
- Sound Transit Long Range Plan

### **ATTACHMENTS TO THIS BRIEFING**

- None

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- February 5, 2013 – Implementation of New Bylaw: Potentially Significant Legislative Issues
- February 26, 2013 – Passenger Facility Charge Policy Briefing
- November 27, 2012 – Federal and State Legislative Briefing