

AGENDA MEMORANDUM

Item No.

7b

BRIEFING ITEM

Date of Meeting

June 27, 2017

DATE: June 20, 2017
TO: Dave Soike, Interim Executive Director
FROM: Mick Shultz, Program Manager, Public Affairs
Ryan McFarland, Manager, Federal Government Relations
Lindsay Pulsifer, Managing Director, Maritime Division
SUBJECT: Ballard Locks Economic Impact Study Results

EXECUTIVE SUMMARY

The Port of Seattle has helped fund an economic impact study of the Hiram M. Chittenden (Ballard) Locks, the most frequently transited locks in the U.S. Army Corps of Engineers managed system. Staff has worked with our partners, the Lake Washington Ship Canal Users Group, to gather critical information on the Ballard Locks in order to help federal elected officials, the U.S. Army Corps of Engineers and stakeholders, better understand the significance of the 100-year old infrastructure and why it needs improvements.

CONTEXT

The U.S. Army Corps of Engineers and our community are celebrating the centennial of the locks, but a dozen components at the locks need major repair or replacement. The method the Corps uses to determine funding priority does not address the type of use typical to our locks and is unlikely to result in the funding necessary to bring the locks to an acceptable state of good repair. Up to \$60 million of additional funding is needed to address the condition of the most outdated components of the locks.

For decades, the Corps' approach to prioritizing funding for the approximately 200 locks systems they operate around the country has disadvantaged the Ballard Locks. The Corps uses cargo tonnage as the most important factor. The Ballard locks consistently have the highest number of annual vessel transits of any Corps locks but cargo tonnage is comparatively low.

A group of private and public stakeholders, including the Port of Seattle, joined forces to fund an economic impact study to demonstrate the true value of the locks and advocate for the funding needed to make identified non-routine improvements.

The Users Group hired the McDowell Group to conduct the study. McDowell has extensive knowledge of the commercial fishing and marine transportation industries that make up the bulk of the commercial users of the locks. We very much appreciate the work performed by McDowell Group in researching and developing the report.

Meeting Date: June 27, 2017

Stakeholders met with representatives of the McDowell Group to help define the scope of the study and suggest which companies, associations and individuals should be interviewed and what kind of information the interviews should emphasize. Stakeholders also reviewed early drafts of the study and offered suggestions on revisions.

KEY FINDINGS

The study revealed that the locks are the keystone of a maritime economic system contributing \$1.2 billion to the regional economy annually. The economic impacts include, but are not limited to:

- (1) \$545 billion in annual commercial fishing harvests by vessels dependent upon the locks
- (2) Three thousand (3000) full-time equivalent jobs
- (3) \$120 million in annual payroll
- (4) \$480 million in annual sales
- (5) \$40 million in annual spending by 1.25 million visitors

More than 1 million tons of cargo move through the locks each year, including supplies and materials for public transportation infrastructure and private construction projects.

In addition, the locks are an important environmental control for the vast watersheds around Seattle, are critical to meeting federal responsibilities under treaties to safeguard tribal fishing, and are a vital piece of public safety infrastructure.

COMMUNICATIONS AND OUTREACH PLAN

Stakeholders worked together to create a Communications and Outreach Plan to communicate the findings of the study. The primary focus of outreach is on the congressional delegations of Washington and Alaska and the U.S. Army Corps of Engineers. Additional outreach will focus on raising awareness of the importance of the locks with news media, incorporating the study's findings into ongoing Port of Seattle events, activities and planned locks centennial celebrations. We will continue to work with stakeholders to raise awareness of the value of the locks and to generate support to fund identified improvements.

NEXT STEPS

The members of the team are scheduling briefings to the Seattle, Kenmore and Kirkland city councils. Government affairs staffers from the port and from other study funders and stakeholders will share the study in meetings with members of the Washington and Alaska congressional delegations and the Corps of Engineers. The Lake Washington Ship Canal Users Group will ask the Corps for \$6 million to \$8 million annually for up to eight consecutive years to cover the non-routine maintenance and replacement items identified in the study.

Meeting Date: June 27, 2017

THE LAKE WASHINGTON SHIP CANAL USERS GROUP

The Lake Washington Ship Canal Users Group includes the following stakeholders:

American Waterways Operators, Ballard Alliance, Ballard Oil Company, City of Kenmore, King County, City of Kirkland, City of Seattle, Coastal Transportation, Covich-Williams, CSR Marine, Ferguson Terminal, Foss Maritime Company, Fremont Dock Company, Kane Environmental, Kirby Offshore Marine, Lake Union Drydock Company, Malone Law Group, Nautical Landing Marina, Northwest Marine Trade Association, Northwest Yacht Brokers Association, O'Hara Corporation, Pacific Fishermen Shipyard, Port of Seattle, Puget Sound Ports Council Maritime Trades Department AFL-CIO, Seattle Marine Business Coalition, Stabbert Marine, Vigor Industrial, and Western Towboat.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides
- (2) Economic Impacts of the Hiram M. Chittenden Locks (Study)
- (3) The Ballard Locks: Keystone of Puget Sound's Maritime Economy (Flyer)
- (4) McDowell Group Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None