



MEMORANDUM

Date April 24, 2009

TO: Port of Seattle Port Commission
Port of Tacoma Port Commission
Tay Yoshitani, Chief Executive Officer, Port of Seattle
Tim Farrell, Executive Director, Port of Tacoma

SUBJECT: April 30 Special Meeting – Port of Tacoma and Port of Seattle Commissions

The third joint meeting of the Port Commissions of Seattle and Tacoma will be held on Thursday, April 30th, 1 p.m., at the Port of Seattle Commission Chambers at Sea-Tac Airport. In advance of the meeting, we would like to provide you background information related to the work of the four joint staff work groups.

BACKGROUND

Just over a year ago, the commissions from the Ports of Seattle and Tacoma met jointly to address issues that affect Washington's competitiveness in global trade. Over 300,000 jobs in Washington depend on the two ports and millions in business and tax revenues are generated by the cargo that crosses our docks. But the competition for cargo is getting tougher.

In British Columbia, billions in federal and provincial dollars are being invested in road and rail infrastructure to pull cargo away from the Pacific Northwest, and the Panama and Suez Canals will soon offer shippers the ability to ship goods to the US Midwest on all-water routes. As these competitive pressures mount, it's imperative that Seattle and Tacoma work together to protect and promote the jobs and economic growth generated by our ports.

At the initial joint meeting, the Commissioners identified four areas where ongoing staff work is needed. These areas are:

- Transportation Infrastructure
- Air Quality
- Security
- Regional Promotion

Since the initial meeting, the staff groups have been meeting regularly and have made significant progress in developing and implementing strategies related to each area. The Commissioners received an update on this work at its second joint special meeting in October of last year.

OVERVIEW

The April 30th meeting will be a combination of staff updates and Commission discussion. Items to be discussed include:

- I. **Report from Tay Yoshitani and Tim Farrell.** Their comments will include observations about the impact of the economic downturn on the ports of Seattle and Tacoma, highlights from their joint congressional visits in Washington, D.C., and brief updates on the joint Air Quality (memo enclosed) and Security (memo enclosed) working group efforts.
- II. **Regional Promotion Presentation.** The enclosed memo from Phil Lutes, POS and Tong Zhu, POT outlines the issues to be covered in their presentation.
- III. **Transportation Infrastructure Presentation.** The enclosed memo from several Port of Tacoma and Port of Seattle staff members outlines the work underway in prioritizing road/rail projects, shaping legislative policy and securing transportation funding.
- IV. **Commission Discussion.** Port Commission Presidents Bill Bryant, POS and Clare Petrich, POT will lead a discussion with their colleagues regarding the numerous competitive issues facing our ports. They have directed staff to provide ample time on the agenda for the Commissioners to share ideas and perspectives.
- V. **Public Comment**
- VI. **Next Steps and Closing Comments**



The Ports of Seattle and Tacoma: Washington's Gateway to the World



More than
300,000 jobs
across
Washington state
depend on
Pacific Northwest
port activities

The ports of Seattle and Tacoma together form the nation's third largest gateway and have worked together for nearly a century on promoting the deep harbors and natural resources of the Pacific Northwest.

The two ports have cooperated in four primary areas: environmental efforts; regional freight mobility investment; strengthening port security; and promoting the Puget Sound as a business- and trade-friendly region. Through initiatives such as the Northwest Ports Clean Air Strategy—an international partnership with Port Metro Vancouver in British Columbia—and joint promotion and security programs, the citizens of Washington state have benefited from having two thriving ports to drive jobs and economic growth.

But the competition for cargo is getting tougher. To the north, Canada is investing significant federal and provincial resources in the Port of Prince Rupert, and is actively seeking cargo bound for US inland markets. To the south, Mexico recently announced plans to build a mega-port at Punta Colonet on the Mexican west coast with an eye to markets in the Southwest. The improved Suez Canal and an expanded Panama Canal (opening in 2012) will offer shippers an all-water route to US markets.

To keep the family-wage jobs and economic growth that our ports deliver, the US must invest in the road and rail infrastructure we need to keep cargo moving.

Regional Promotion

Recently, the Brookings Institution released a report demonstrating the importance of US metropolitan areas to our nation's economic success. Interlinked metropolitan economies, like that of the Puget Sound, are integral to the success of the many cities they include.

To that end, the ports developed a suite of marketing materials to promote the Puget Sound region to shippers in other parts of the world, which commissioners from Tacoma and Seattle used during a trade mission to China in fall 2008 and to the United Arab Emirates in early 2009.

The ports also are conducting joint surveys of customers and potential customers to understand the region's competitive advantages and disadvantages to identify other areas to work together.



Regional Transportation

Staff members from both ports have developed a priority list of regional freight mobility transportation projects that benefit local cities, counties, commuters and visitors as well as cargo moving through both ports. Many of these projects take a statewide approach and include the Washington cities of Vancouver and Ellensburg. The ports also are working together to identify funding for the projects.



But we need a dedicated federal funding source for freight projects. When matched with local resources, federal funds can be leveraged so that more projects are built faster and more efficiently. The Puget Sound region's FAST Corridor coalition has completed seven projects so far, leveraging \$568 million in public and private funds to build key freight mobility projects throughout the region. Only \$190 million of those funds were federal; the rest came from state, port, local and private funds.

Freight interests remain willing to invest in infrastructure improvements when they receive a direct benefit from that investment.

Together with the Washington State Department of Transportation, the Washington Public Ports Association recently conducted a marine cargo forecast. The study predicts that waterborne trade through Washington's ports will increase 37 percent by 2030. In order to realize that growth, and create the jobs that cargo brings, Washington must invest in the rail and roadway infrastructure necessary to move goods and people efficiently.

Port Security

Seattle and Tacoma began working cooperatively on security issues in the days following 9/11. In 2002, the two ports participating in Operation Safe Commerce, a global supply chain security initiative. In addition, the ports have applied jointly for port security grants, combining efforts for greater efficiency and effectiveness.

Currently, security staff members are working together on the implementation of the Transportation Worker Identification Credential (TWIC) in the two harbors. Together with the US Coast Guard, the ports of Seattle and Tacoma continually train in emergency operations, crafting response and recovery protocols and procedures for the Joint Harbor Operations Center.



Environmental Efforts

Air quality, by its very nature, is a regional issue. It makes sense to take a team approach to enhancing air quality by sharing and adopting best management practices.



The ports of Tacoma and Seattle partnered in 2007 with Port Metro Vancouver in British Columbia to reduce seaport-related air emissions in the region. The Northwest Ports Clean Air Strategy marks the first such international cooperative effort in the port community.

The strategy is a regional plan to reduce diesel and greenhouse gas emissions in the Georgia Basin-Puget Sound air shed by establishing 2010 and 2015 air emission goals for trucks, trains, ships, cargo-handling equipment and harbor service vessels. To meet these goals, the ports work with customers and tenants to use cleaner-burning fuels, filters, engines and other alternatives.

The ports worked together to qualify for an \$850,000 grant from the U.S. Environmental Protection Agency in January 2009 to retrofit cargo-handling equipment at both facilities. The grant, along with matching funds from the ports and Puget Sound Clean Air Agency, will retrofit more than ten percent of the ports' fleets.



Port 
of Seattle

The Port of Seattle plays a key role in bringing international trade and transportation to the region. Port transportation facilities are responsible for over 200,000 jobs in Washington state—jobs responsible for nearly \$9.5 billion in wages. In addition, Port activities generate \$867 million annually in state and local tax revenues. Home to a thriving cruise business, the Port of Seattle will welcome 211 cruise ships this year, with each ship call generating \$1.7 million for the local economy. For more information about how the Port leads in economic development and environmentally sustainable business, visit www.portseattle.org.

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The Port of Tacoma is an economic engine for South Puget Sound, with more than 43,000 family-wage jobs in Pierce County and 113,000 jobs across Washington state connected to Port activities. A major gateway to Asia and Alaska, the Port of Tacoma is among the largest container ports in North America, handling more than \$33 billion in annual trade and almost 2 million TEUs (20-foot equivalent container units). The Port is also a major center for bulk, breakbulk and project/heavy-lift cargoes, as well as automobiles and trucks. To learn more about the Port of Tacoma, visit www.portoftacoma.com

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