

Washington Transportation Plan Update

Interim Briefing to the Transportation Commission

Freight Systems

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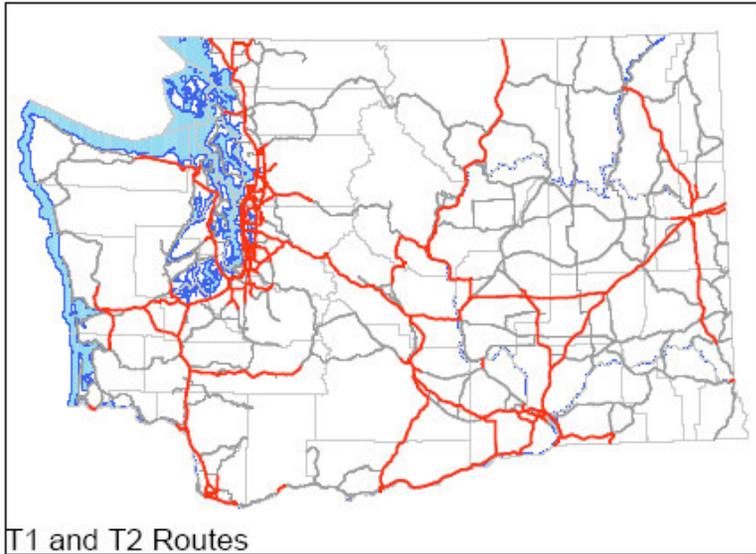
Paula Hammond
Chief of Staff

Commission Retreat
April 22, 2004

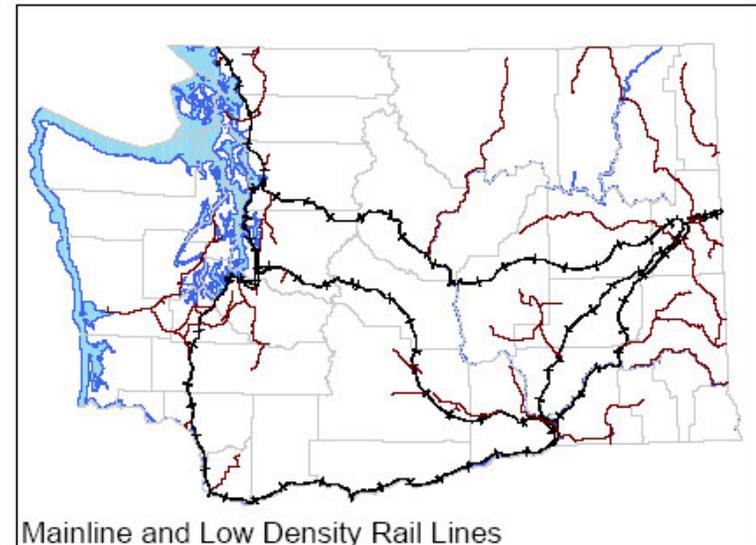
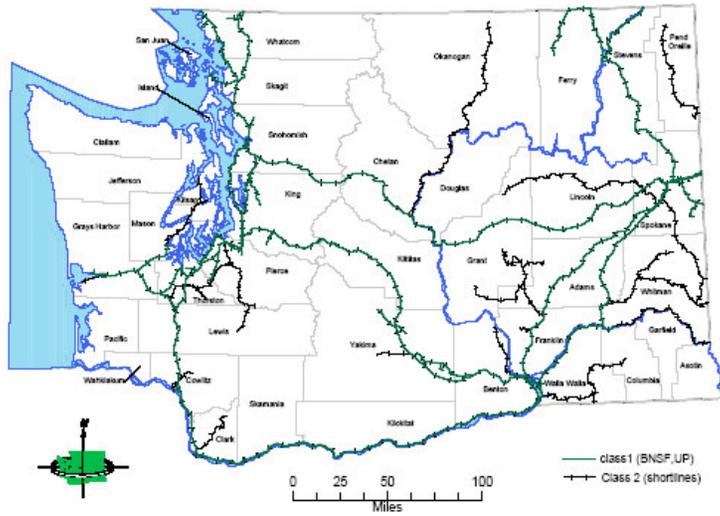
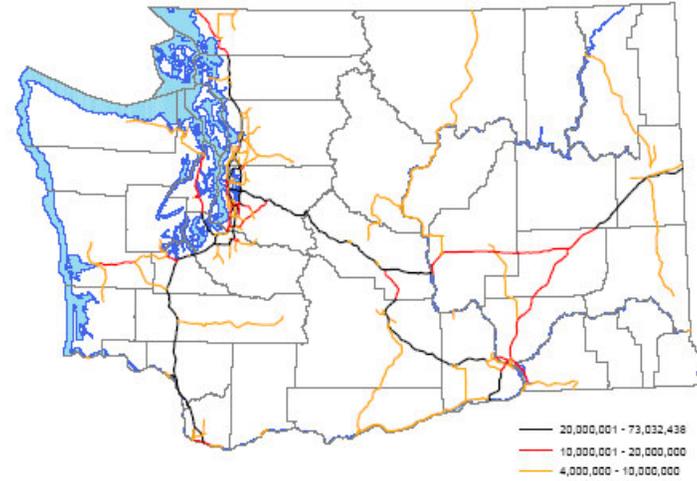


Freight – Lynchpin of Economic Sustainability

- Critical to key state regions
- International and national supply chain artery

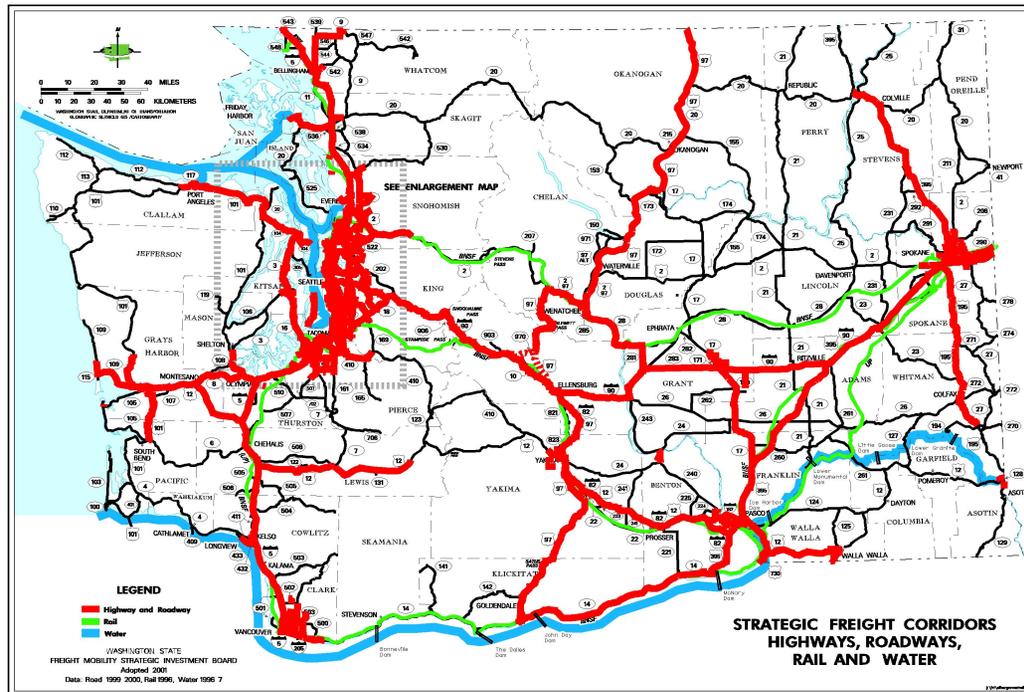
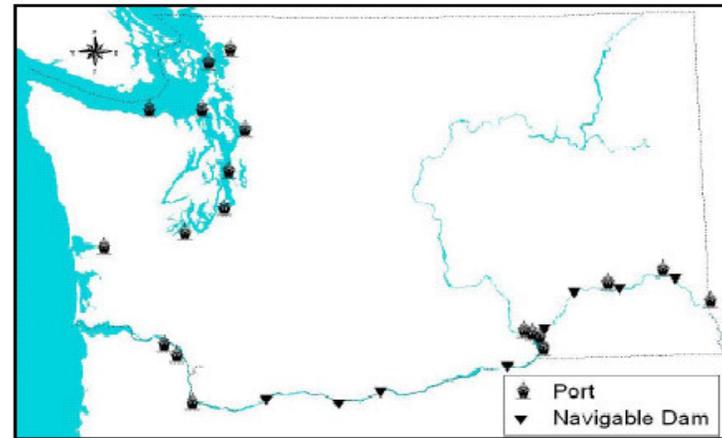


Annual Tonnage on T1 and T2 Freight Routes





MARINE PORTS AND NAVIGATION



Taking the Pulse of Freight Around the State

What we've been hearing...

Spokane

| 52,000 Jobs Rely on Freight | | |
|------------------------------------|-------------|---------------------|
| | Jobs | Average Wage |
| Agriculture | 1,768 | \$19,413 |
| Manufacturing | 18,035 | \$38,203 |
| Wholesale/Trade | 11,122 | \$34,766 |
| Transportation/Utilities | 7,549 | \$37,281 |
| Construction | 9,354 | \$32,581 |
| Military | 3,900 | na |

What transportation investments are most important to Spokane manufacturers?

- I-90 Snoqualmie Pass to avoid winter weather closures
- I-405 Renton to Tukwila to ease congestion to Puget Sound
- I-90 Spokane – East: Correct pavement rutting
- Develop local truck route program

Spokane Manufacturers Major Markets

| | |
|-------------|-----|
| Puget Sound | 20% |
| Midwest | 5% |
| Canada | 5% |
| Combination | 60% |

79% of Spokane manufacturers are very satisfied with current freight system performance.

56% say on-time delivery is the most important freight service.

26% say price is the most important factor.

South East Washington

15,000 Jobs Rely on Moving Grain to Columbia River Ports

| | Jobs | Average Wage |
|--------------------------|---------|--------------|
| Agriculture | 10,462 | \$16,817 |
| Manufacturing | 8,096 * | \$29,498 |
| Wholesale/Trade | 3,847 | \$31,561 |
| Transportation/Utilities | 1,646 | \$35,233 |

* Jobs may not be grain related but are freight related.

SE Washington Grain Annual Value

Wheat: \$410 million

Barley: \$ 30 million

What transportation investments are most important to producers and shippers in South East Washington?

- Columbia/Snake River channel and lock maintenance and preservation
- I-90 Snoqualmie Pass to avoid winter weather closures
- Year-round freight corridor on county/state system
- Adequate grain storage at the right locations

Key Issues

- 92% of SE WA wheat is shipped to Columbia River ports (51% by truck/barge; 19% by bulk rail, 30% truck to storage or non-bulk rail)
- Modal choices at risk: Barge due to environmental issues and federal policies, shortline rail due to abandonment, and truck due to weight restrictions on local roads during spring thaw.

Only 40% of South East Washington grain assns. are highly satisfied with current freight system performance.

47% say price is the most important freight service.

33% say on-time delivery is the most important factor.

Columbia Basin

| 87,500 Jobs Rely on Freight | | |
|------------------------------------|-------------|---------------------|
| | Jobs | Average Wage |
| Agriculture | 42,013 | \$16,665 |
| Manufacturing | 22,993 | \$33,779 |
| Wholesale/Trade | 8,467 | \$31,051 |
| Transportation/Utilities | 13,984 | \$38,469 |

Key Issues to Columbia Basin

- TriCities benefits as a thruport route
- Manufacturing jobs are associated with food processing
- Specialized equipment not at right location when needed, e.g. controlled atmosphere containers, superchassis & refrigerated cars.

What transportation investments are most important to industry in Columbia Basin?

- Solution to reposition specialized equipment
- I-90 Snoqualmie Pass to avoid winter weather closures and to improve road condition
- Develop Hwy 97 to California markets – Toppenish bypass
- Local roads program to improve access from highways to industrial areas
- Grade separations at high-impact crossings

50% of growers/processors surveyed said that additional capacity in refrigerated trucks, rail cars and cold storage is their company's most important requirement of the freight system.

Only 66% of growers/processors are very satisfied with current freight system service.

Major Markets

| | |
|-------------|-----|
| Puget Sound | 13% |
| Midwest | 17% |
| California | 7% |
| Canada | 7% |
| Combination | 43% |

Mode Choice

| | |
|-------------------|-----|
| Truck to customer | 87% |
| Truck to ship | 7% |
| Truck to air | 4% |

Vancouver Metro

| 48,000 Jobs Rely on Freight | | |
|------------------------------------|-------------|---------------------|
| | Jobs | Average Wage |
| Construction | 11,275 | \$39,666 |
| Manufacturing | 23,939 | \$47,679 |
| Wholesale/Trade | 5,756 | \$41,242 |
| Transportation/Utilities | 7,141 | \$42,229 |

Key issues for Vancouver Metro Region

- Nexus of NAFTA and Asia-US freight corridors, freight to double by 2030
- Corridor constraints at Columbia River Bridges
- Rail capacity
- I-205 additional interchanges to improve access to Portland Airport
- Columbia River channel deepening
- SR-14 through the Camas/Washougal area

Central Puget Sound

| 484,000 Jobs Rely on Freight | | |
|-------------------------------------|-------------|---------------------|
| | Jobs | Average Wage |
| Construction | 92,406 | \$36,551 |
| Manufacturing | 202,988 | \$44,625 |
| Wholesale/Trade | 94,311 | \$41,883 |
| Transportation/Utilities | 94,040 | \$44,752 |

What transportation investments are most important to industry in Central Puget Sound?

- Complete major freight corridors by connecting:
 - Hwy 167 to I-5 in South Sound
 - SR 18 to Hwy 167 in Auburn
 - SR 509 to I-5
- Alaskan Way Viaduct
- I-405/Hwy 167 interchange
- Capacity improvements on I-5, I-405 and Hwy 167
- Port connections to rail, I-5 & intermodal yards
- Grade separations at high-impact crossings - FAST
- Local truck route programs for thruput & metro delivery systems
- SR 18 to I-90
- Cross Base Hwy

4/30/2004

Key Issues to Central Puget Sound

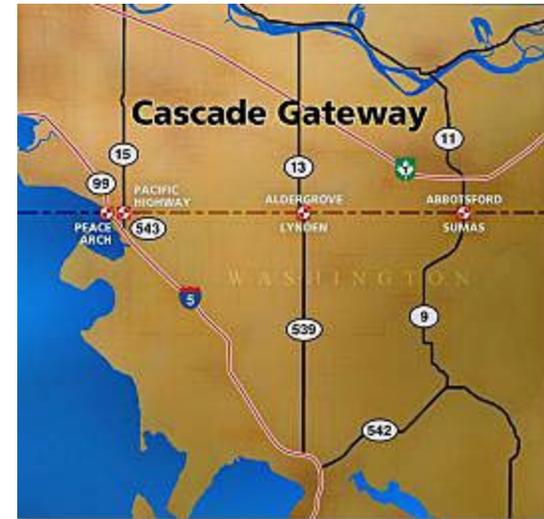
- Ports of Seattle & Tacoma combine to form the second largest marine container terminal gateway in North America. Land use conflicts in congested urban area to be resolved.
- 75% of total trucking moves in Puget Sound are less than 50 miles. Reliability is key service requirement of freight system.
- Rise of mega-retailers has transferred power within supply chains, created super distribution centers and shorter on-time delivery windows for producers and carriers.
- Growing regions seek economic development that has significant impact on the freight system. For example, Sumner has more than 700 acres of raw land prepped for development and waiting for more tenants like Costco, which opened a distribution warehouse there in 2000. Since the city landed its first industrial clients, the tax base has grown from \$200 million to \$1 billion.
- Congestion and new hours of service are driving development of dual distribution centers, north and south of metro area, for many companies.
- 95% of Washington State air cargo moves through SeaTac and King County Airports. I-5 congestion directly impacts reliability and on-time performance of air cargo system.

Skagit, Whatcom

| 31,000 Jobs Rely on Freight | | |
|-----------------------------|--------|--------------|
| | Jobs | Average Wage |
| Construction | 7,985 | \$39,556 |
| Manufacturing | 14,353 | \$39,428 |
| Wholesale/Trade | 4,268 | \$33,969 |
| Transportation/Utilities | 4,551 | \$34,004 |

Freight Issues in Skagit/Whatcom region

- Border issues. New security requirements provide window of opportunity to improve logistics efficiencies.
 - Blaine crossing ranks fourth nationally by truck volume and processes over 2,000 trucks per day.
 - Since passage of NAFTA, southbound truck volumes have increased 113% and northbound 79%
- Accommodating thruput growth on NAFTA I-5 corridor
- Feasibility of eliminating vertical clearance obstructions for high cube double stack trains on mainline rail to be determined.
- Additional N-S capacity feasibility study underway; Commerce Corridor study.



Washington's Ports and Land Bridge Issues

Marine Port Improvement

Recommendations:

- Additional mainline rail capacity via increased speed, passing tracks, and/or longer trains.
Solutions to address:
 - Bottlenecks
 - Off-mainline staging
 - Port terminal access
- Connections to freight highway corridors such as I-5, and inter-modal yards.
- Grade separations at high-impact crossings – FAST.

Port Facts (*Marine Cargo Forecast, 2004*)

Washington's port traffic predicted to grow to 125 M tons by 2020, a 66% per year increase.

Port generated rail traffic will grow from 28 M tons in 2002 to 56 M tons in 2020.

BNSF & UP are concentrating investments on mainlines, leading to two issues for Washington State:

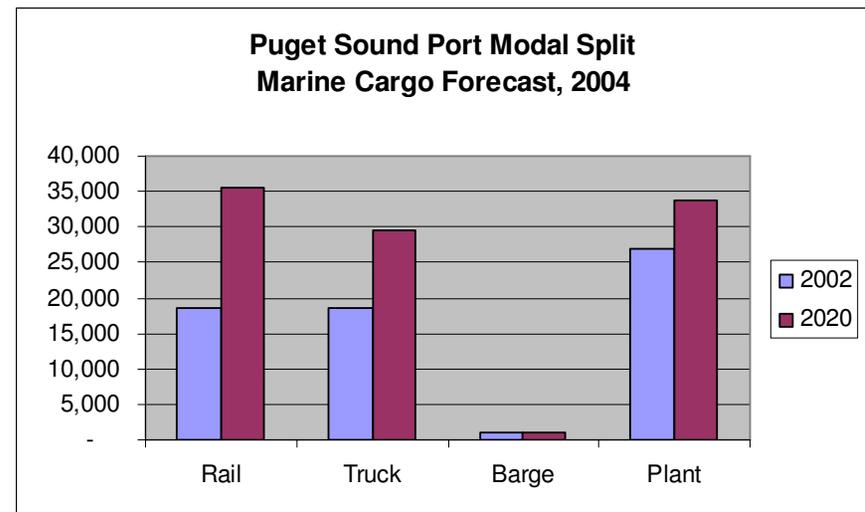
- Lack of adequate off-mainline support such as train holding yards
- Increased pressure on low-density lines leading to abandonment

How to Manage Air Cargo Growth and Land Restrictions?

SeaTac International handles 75% of air cargo in Washington. Predicts doubling to 968,000 tons by 2020; unclear plan to manage capacity needs.

King County International handles over 20% of state's air cargo; expects doubling by 2015 to 305,000 tons.

One half of all air cargo flies on passenger carriers.



U.S. Military Depends on Washington's Freight System

Economic Impact from Military Rivals Boeing and Microsoft

- 51,000 active military personnel in Washington State
- 25,000 civilian employees
- \$8.5 billion in salaries, purchasing, and construction added to economy

Key Issues

- Congestion on the I-5 corridor to SeaTac Airport
- Congestion thru the ports
- Sudden demands require surge capacity
- Under evolving military strategy for the 21st century, Ft. Lewis is the only 'power projection platform' on the West Coast.
- The capacity goal is reliable deployment of five Army divisions to anywhere in the world in 30 days. This capability depends on the public system, and in part on private contractors and clear prioritization of capacity during incidents.

In Summary...

Freight Constituency Key Concerns:

- **Capacity constraints on major freight corridors**
 - I-90 Snoqualmie Pass
 - SR-97 Toppenish
 - I -5, I-405, SR-167, SR-18
 - Alaskan Way Viaduct
 - Columbia River Crossings
- **Border Crossings**
- **Port Connections to I-5 and Intermodal Yards**
- **Intermodal choices at risk in SE Washington:** Barge, Shortline Rail, County Roads
- **Mainline rail capacity and access, connections**

Cross Cutting Issues:

- Develop state plan to address abandonment of low-volume shortline rail.
- Supply chain security
- Truck safety and inspection
- Winter snow and ice operation; trucker/shipper information systems
- Air quality; diesel emissions and truck idling
- Adequate safety rest areas for driver pull-out
- Incident response and travel time reliability
- Trip reliability during multiple construction schedules
- Preserve freight access to industrial areas
- Poor pavement conditions on local roads
- Port industrial corridors
- Rail financing options