WTP COMMENTS from Scott Taylor, Washington Public Ports Association
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Congratulations on a very good draft of the WTP. We know how hard you have been working on this project in the last few months. If the draft freight folio is any evidence, it looks like the work is starting to pay off.

Thanks for asking for our input and for taking it. We see a lot of our suggestions reflected in the content of the freight folio. I suspect we will continue to work with you in the upcoming months as the document continues to be improved.

The WTP has a number of sections. These comments are directed to the "international gateway" element and are from the perspective of those ports that operate terminals and are in the freight moving business. That includes our marine terminals on Puget Sound, Grays Harbor, and on the Columbia/Snake system.

It also includes, to a lesser extent, our air cargo terminals.

You have asked for "candid input" regarding whether you have identified the right issues, the right data, and whether you have interpreted the data correctly. You have also asked our view on the implications for transportation. I'll try to address these questions in my remarks.

FREIGHT IN THREE PARTS

Your three part framework emphasizes the needs of international gateways, WA producers and shippers, and regional/local freight distribution. This framework is a valid and workable approach to organizing a freight policy and plan to address the needs of our freight system.

The freight folio places great value on the role freight transportation plays in the economic well-being of Washington's businesses and citizens, and provides a framework for addressing the needs of freight across jurisdictions and modes. You seem to be asking: What are the most important types of freight, and what does that freight need in order to move efficiently through our "multimodal" transportation system.

We agree that your emphasis on the "international gateway" (which we have called the "ports and transportation system) is a good choice.
In the last half of the 20th century Washington has ridden a wave of economic growth by Pacific Rim trading partners, and trade through Washington's gateway has grown tremendously.

Trade matters to the people of Washington. As you note in your discussion:
WA international trade = $100 billion annually;
one in three jobs is dependent on trade; and
trade-based jobs tend to pay more.

The presence of excellent international trade facilities and services also provides benefits to WA producers and shippers. They substantially reduce transportation costs for WA shippers and producers and create tremendous trading opportunities for Wash shippers.

As an example, west bound container rates are substantially less than half of east bound rates. Among other things that means it is cheaper to ship a box of apples to Asia than to Chicago.

TRADE IS GROWING
International trade is growing through the WA gateway. Our recent 2004 MCF predicts total cargo tonnage will increase 66 percent by 2025. The fastest

growing cargos are intermodal containers through the Puget Sound which we originally projected to grow 4% per year from 2.2 million teus today to almost 7 million teus in 2025. We have discovered in the last few months that actual growth rates have exceeded the forecast in the last two years, averaging closer to 10%.

The fastest growing segment of the total container movements is international cargo which moves by rail.

The other significant driver of total port traffic is grain exports which we think will grow 2-3% annually from 14 million tons to 24 millions tons in the forecast period. Almost two thirds of WA grain exports move through Lower Columbia ports. Grain exports are also heavily rail dependent.

IMPLICATIONS FOR FREIGHT

The implications for transportation are that new investment is needed in all modes if we are to compete successfully, and that we are a little behind the investment curve.

Roadways

For 30 years we have continued to under invest in our roadways, adding little new capacity and wearing out the highway legacy we inherited from the 1960s.

The biggest problems for port related truck traffic in urban areas is congestion on port-access roads and on the highway system. In rural Washington weight restrictions and lack of all-weather roads are the challenges. Your draft has done a pretty good job of identifying the most important road projects to support the international gateway, including: I-5 capacity from Everett to Olympia; connecting Hwy 509 and Hwy 167 to I-5; fixing the Viaduct, I-90 snowshed, and SR 518 access to SeaTac for air freight.

Waterways

WA is blessed with excellent waterways. Puget Sound ports require little dredging to maintain harbor drafts deep enough for the largest ships. On the Lower Columbia however, the shipping channel must be deepened to 43 feet to enable the Lower Columbia deep water ports to more fully load the ships currently calling, to handle increasingly larger ships and to accommodate the forecasted increases in grain exports.

On the Snake River our challenge is to maintain the navigation channel at a depth of 14 feet. Barges are the primary carriers of WA grain exports and other products moving downstream to the deep water terminals. If barging is eliminated or constrained cargo would necessarily be diverted to highways or railways causing congestion and maintenance problems. It could possibly price some Washington cargo out of the export market.

We are seeing some problems now with the departure of two container carriers from Portland. Eastern Wash shippers are struggling to find alternatives to container barge service to Portland.

Railways

Washington has been blessed with excellent class 1 rail facilities and services. Good rail service has been one of the keys to the success of our ports, and remains a key for future growth. We believe our freight rail system will be under increasing strain in the future as it struggles to handle forecasted growth. If left unaddressed rail capacity limitations may prevent us from taking advantage of future opportunities.

As a follow up to our 2004 cargo forecast, the WPPA commissioned a rail capacity study, to determine whether the rail system could accommodate the forecasted cargo growth. The study documented what port operations people had suspected, ie that the rail system needs to add capacity. As examples, our

study predicts that without additional capacity somewhere in the system, Stevens Pass may reach capacity as early as 2009 and the mainline in the I-5 corridor south of Tacoma as early as 2011.

I am not here today with any specific proposals for addressing freight rail capacity in our state. I would point out however, that our competitors in BC have organized the Rail Stakeholders Committee which is providing a framework for railroads, terminal operators, and ports to improve rail capacity and service issues. The Oregon Rail Users League was formed recently as a framework for examining the needs of rail shippers in Oregon. The WTP seems to provide a framework for a strategy to identify and address rail capacity issues.

CLOSING

In closing, You are right ! Trade matters in the state of WA. It makes a significant contribution to our economic well being. We have enjoyed tremendous growth in trade in the past because of our location between Asian and North American trading partners, and because our predecessors have made the investments in the road, rail and waterway systems necessary to handle that trade. If we want capture our fair share of future, we will have to find ways to make the investments needed to accommodate the types and volumes of cargo that we can compete for.

The WTP provides a framework to help us coordinate our efforts to identify and make the investments necessary to meet these challenges.

Thank you