

State Freight System Solutions for Consideration

Washington State shippers' and truck carriers' top priorities for investment in the state's freight system:

- Preserve the I-5 Corridor in Central Puget Sound and actively manage it to gain operational efficiencies.
- Complete the missing link between Highway 509 and I-5 to create a third major truck route into the Seattle metro region.
- Construct the link between Highway 167 and I-5/Port of Tacoma and continue to improve the I-405/Highway 167 Corridor.
- Maintain freight capacity on the Alaskan Way Viaduct corridor so trucks aren't shifted to I-5.

In order to connect both sides of the state and ship agricultural products to market year round, freight stakeholders' priorities are:

- Improve I-90 over Snoqualmie Pass to prevent severe weather closures.
- Develop and fund a statewide core all-weather county road system.

Develop a strategic plan for the state's investment in the rail system and negotiate with stakeholders to implement the plan.

At the regional level, the state may partner with stakeholders to:

- Provide intermodal connections,
- Support regional economic development, and
- Build grade separations.

Key Freight System Contacts for South Sound

American Short Line and Regional Railroad Association – (202) 585-3442	Port of Tacoma – (253) 428-8609
Association of American Railroads – (202) 639-2100	Puget Sound Regional Council (Freight Mobility and FAST Corridor) – (206) 464-7080
Association of Washington Business – (360) 943-1600	State of Washington Freight Mobility Strategic Investment Board (FMSIB) – (360) 586-9695
Association of Washington Cities – (360) 753-4137	Trade Development Alliance of Greater Seattle – (206) 389-7301
Building Industry Association of Washington – (206) 622-8924	Thurston County Economic Development Council – (360) 754-6320
Chambers of Commerce:	Thurston Regional Planning Council – (360) 956-7875
Auburn Area Chamber of Commerce – (253) 833-0700	U.S. Department of Transportation, Federal Highway Administration (Washington Division) - (360) 753-9480
Fife Area Chamber of Commerce - (253) 922-9320	Washington Economic Development Association – (425) 967-0736
Kent Chamber of Commerce – (253) 854-1770	Washington Food Industry – (360) 753-5177
Southwest King County Chamber of Commerce – (206) 575-1633	Washington Manufacturing Services – (425) 438-1146
Renton Chamber of Commerce – (425) 226-4560	Washington Public Ports Association – (360) 943-0760
Tacoma-Pierce County Chamber of Commerce and Regional Access Mobility Partnership (RAMP) – (253) 627-2175	Washington Retail Association – (360) 943-9198
The Chamber of Eastern Pierce County (Sumner/ Puyallup) - (253) 845-6755	Washington State Department of Agriculture – (360) 902-1800
Economic Development Board for Tacoma-Pierce County – (253) 383-4726	Washington State Department of Community, Trade and Economic Development - (360) 725-4011
County Road Administration Board – (360) 753-5989	Washington State Department of Transportation:
enterpriseSeattle/ King County Economic Development Council – (206) 389-8650	Freight Systems Division – (360) 705-7932
National Association of Manufacturers – (202) 637-3000	Northwest Region – (206) 440-4706
Northwest Food Processors Association – (503) 327-2200	Olympic Region – (360) 357-2659
Northwest Grocery Association - (505) 685-6293	Urban Planning Office - (206) 264-1286
Pacific Northwest Aerospace Alliance - (206) 256-6128	Washington Trucking Association – (253) 838-1650
Pierce County Economic Development Division – (253) 798-6150	
Port of Seattle (Seattle-Tacoma International Airport) – (206) 433-5388	

More Information:

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Web: <http://www.wsdot.wa.gov/freight>

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Freight and the Economy of South Sound

The three components of Washington State's South Sound's freight system:

- I. **Global Gateways** – International and National Trade Flows Through the South Sound
- II. **Made in the South Sound** – Regional Economies Rely on the Freight System
- III. **Delivering Goods to You** – The Retail and Wholesale Distribution System in the South Sound

underpin national, state, and regional economies; support national defense; directly sustain hundreds of thousands of jobs; and distribute the necessities of life to every resident of the region everyday.

I. 'Global Gateways' – International and National Trade Flows Through South Sound

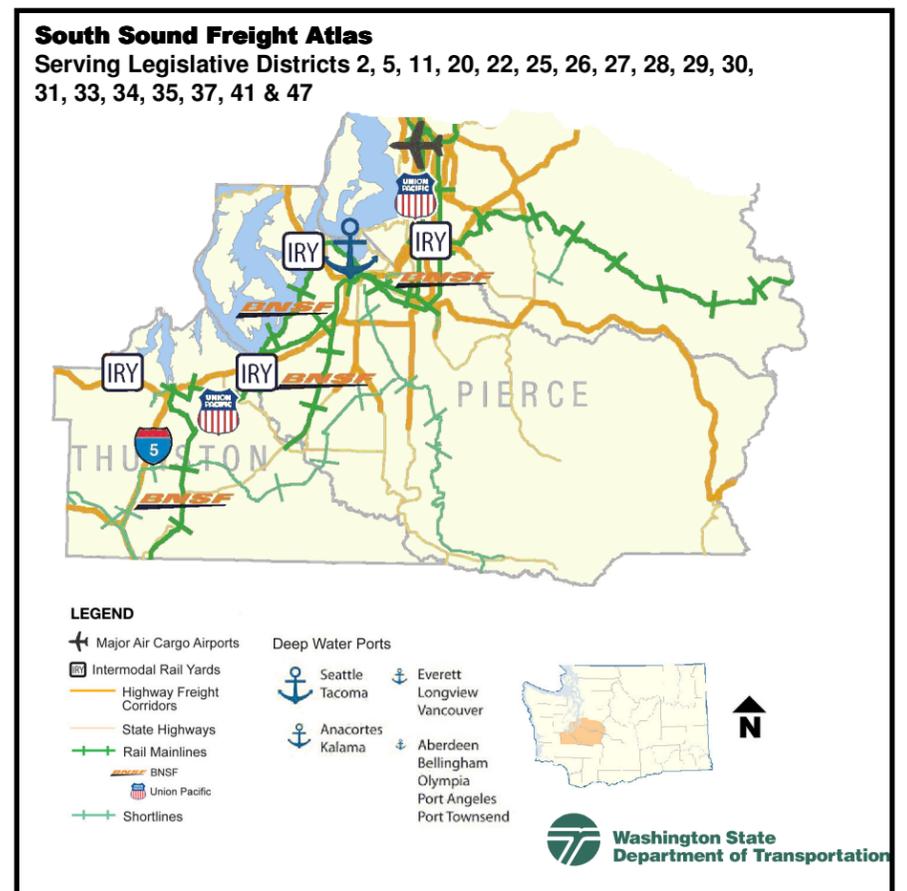
- Washington State is an important and growing gateway for trade access to the Pacific Rim, Canada, and U.S.
- The South Sound's global gateway freight system serves the national economy and national defense.
- It also provides competitive advantage for logistics and trade, manufacturing, agribusiness, and timber/wood products sectors.

South Sound is home to the Port of Tacoma - a global gateway for imported manufactured goods that are shipped in containers from Asia. In 2005, the Port handled over 2 million TEU's (twenty-foot equivalent units) and \$34 billion in international trade. About 4,700 jobs in Pierce County are directly dependent on Port of Tacoma activities, with an average wage of \$48,500.

About 70 percent of imported containers are transferred to rail for delivery to the Midwest and/ or the East Coast via the mainline railroads' east-west corridors. Several of the mainline rail companies' primary routes are reaching capacity limits, constraining future growth. The Port of Tacoma expects to increase cargo throughput to 3.4 million TEU's by 2012.

Exporter and importer distribution facilities are concentrated in the Kent and Auburn Valley. They have no practical alternative to the state's most heavily used north-south freight routes. Delay costs everyone. Consumer goods cost more. Shippers turn fewer shipments to the ports. Worst of all, it takes more trucks to ship the same volume, as each truck gets fewer trips per day.

According to a 2007 WSDOT survey, nearly 60 percent of national shippers who route freight from Asia through West Coast ports would be highly likely to shift business toward Seattle/ Tacoma ports with improved performance. Those who value consistent, predictable travel time were more likely to shift business towards these ports.



The South Sound is also home to the Seattle-Tacoma International Airport, which is the largest air cargo airport in the state. High-value, time-sensitive products, from computer chips to fresh fish and perishable fruits, travel through this gateway. Shippers and carriers across the state say that congestion on the Interstate 5 corridor is driving down performance in Washington's air cargo system.

Major military bases in Pierce County employed 34,624 military and civilian employees, with a payroll of \$1.9 billion in 2003. Fort Lewis is the only Power Projection Platform – for gathering, staging and mobilizing forces and material – on the West Coast. The military's ability to efficiently move freight in and through the South Sound is dependent on the Interstate 90 and Interstate 5 corridors, and the BNSF Railway Company and UP Railroad system.

Challenges Facing South Sound's 'Global Gateways' Freight System

- There are deficiencies on the core freight system grid in Central Puget Sound.
- The mainline rail companies, BNSF Railway Company and UP Railroad, are reaching their capacity limits in Washington State and across the U.S.
- Smaller shippers are having trouble adapting to BNSF and UP Railroads' new business model, which requires that railroad cars are aggregated into 100 to 150 unit trains.
- More and more BNSF and UP trains are crossing the state, so there are more trains blocking local traffic.

II. 'Made in South Sound' – Regional Economies Rely on the Freight System

The South Sound's own manufacturers, industries, and farmers rely on the freight system to ship regionally-made products to local customers, to the big U.S. markets in California and on the east coast, and worldwide. Over 176,000 jobs in the South Sound relied on the freight system in 2005.

The Boeing Company, Washington's largest manufacturer with \$22.7 billion in airplane revenues in 2005, has several major plants in the South Sound. Boeing's dependence on the freight system will become even greater as it sets new levels of efficiency. Fewer parts, with more frequent deliveries, will support their just-in-time inventory reduction strategy. These trends are repeated in thousands of other mid-size manufacturers in the Sound Sound. They receive raw materials and ship finished goods to market by truck on the primary north-south freight corridor.

Industry inventory reduction strategies are driving shorter on-time delivery windows, and companies who cannot meet these requirements cannot compete in a global market. Businesses need a solution to congestion and unpredictability, completion of major north-south freight corridors, and local truck route programs. Companies have attempted to adapt to congestion by sending additional trucks on the road and employing operational strategies to gain efficiency, but deteriorating service jeopardizes their sustainability.

Only 52 percent of South Sound manufacturing companies surveyed by WSDOT in 2007 are highly satisfied with current performance, even though the state freight system and infrastructure is highly important to the success of 82 percent surveyed. Their top requirements are cost per move (37 percent) and on-time delivery (33 percent).

Puget Sound industrial and warehouse space is concentrated in the southend, especially the Kent and Auburn Valley. High land prices and scarce space near the major urban areas are pushing companies further south along the Interstate 5 corridor. They still need to access the major population centers and Central Puget Sound ports – making improvements to the core freight system grid and local truck routes even more important. Available information shows that about 91 percent of all new warehousing and industrial space under construction in Puget Sound is in Tacoma and south of Seattle.

Challenges Facing the 'Made in Ninth District' Freight System

- Companies have no practical alternative to Washington's most heavily used north-south freight routes and Interstate 90.

Central Puget Sound Container Port to Regional Distribution Center



289,452 Jobs Rely on Freight in South Sound		
	Jobs	Average Wage
Agriculture, Forestry and Fishing	3,607	\$42,298
Manufacturing	71,644	\$46,025
Construction	36,444	\$61,847
Wholesale and Retail Trade	109,729	\$39,863
Transportation/ Warehousing	33,404	\$46,335
Military Base Employment**	34,624	\$54,185

* Office of Financial Management (OFM), 2006. Pierce and Thurston County. Puget Sound Regional Council (PSRC), 2006. Partial King by FAZ zone.

** Pierce County, 2003

- There are deficiencies and failing structures on the core freight system grid in Central Puget Sound.
- A local truck route program is needed to connect industry to the interstate and the state highway system.

III. 'Delivering Goods to You' – The Retail and Wholesale Distribution System in South Sound

The greatest volume of trucks on roads and highways serve the daily needs of consumers through the wholesale and retail distribution system. Up to 80 percent of all truck trips in urban areas serve the retail, wholesale and business services sectors. An enormous variety of goods are handled on this system; food and groceries, fuel, pharmaceuticals and medical supplies, retail stock, office supplies and documents, trash and garbage, construction materials and equipment.

Every resident in South Sound depends on the freight distribution system for daily necessities, from fuel at the gas station to garbage and refuse pick-up. Grocery stores, restaurants, gas stations and retail stores receive thousands of deliveries – all by truck – to provide goods for consumers everyday. A typical large grocery store receives two big semi-tractor-trailer deliveries and ten to twenty other specialized deliveries per day. The South Sound's modern service economy depends on speed of delivery through the freight system. Distribution companies must provide fast and ubiquitous service that is reliable under all conditions

Population and employment growth in the South Sound will increase the need for distribution services. The South Sound's 2000 population of 661,000 will grow to an estimated 802,000 by 2020, and to almost 1 million by 2040. Total employment is projected to grow from 400,000 in 2000 to over 473,000 by 2020. In order to achieve population and employment growth, the freight system must be able to provide delivery of consumer goods to residents everyday

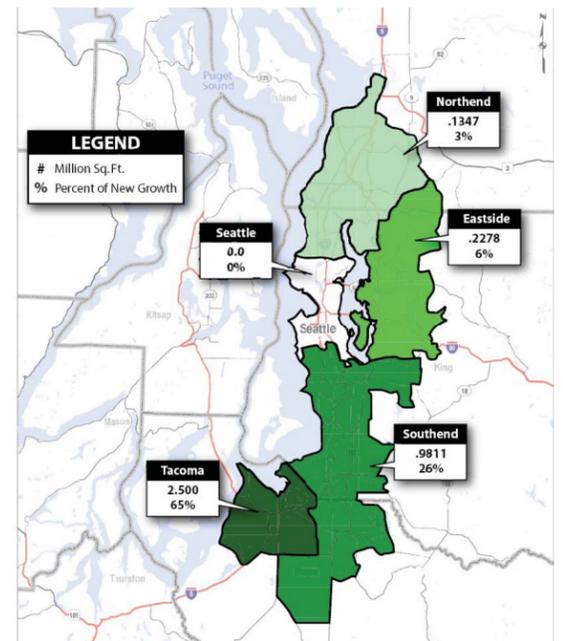
South Sound, particularly the Green River Valley and further south on the I-5 corridor, is the warehousing and distribution hub for Central Puget Sound and Washington State. Residents and businesses all over the state depend on the daily delivery of consumer goods from the region. Companies with major distribution centers in South Sound include Safeway, Costco, Home Depot, Associated Grocer, Target and Food Services of America (FSA) – which serves over 5,500 restaurants, health care facilities, maritime vessels and schools in Washington. On-time delivery is the primary service requirement for most of their customers, often within a two-hour time window or less.

Congestion and unpredictable delay on the core freight system grid jeopardizes on-time delivery service, and causes companies to put more trucks on the road in order to serve the same number of customers. Population growth will further increase demands on the system, and the need for distribution services. The Central Puget Sound region is planning on accommodating an additional 1.6 million new residents and 1.1 million new jobs by 2040.

Challenges Facing the South Sound's 'Delivering Goods to You' Freight System

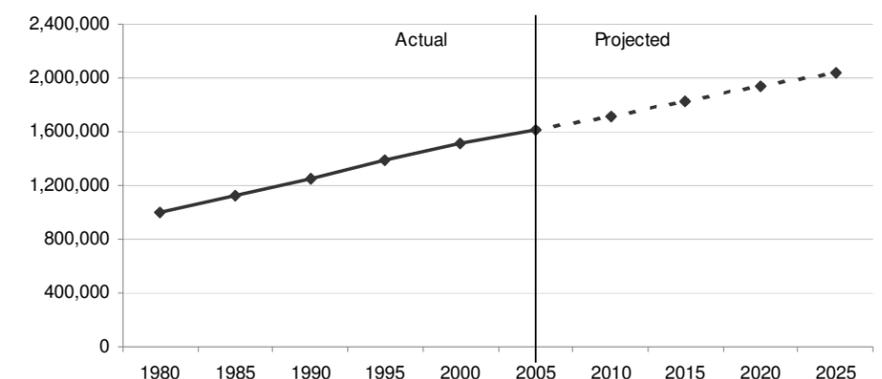
- High-value, time-critical deliveries must move quickly through the freight distribution system.
- In order to support population and economic growth, especially in growing urban areas, companies must be able to provide goods and services to population centers from the state's major distribution and warehousing hubs along Interstate 5.

Industrial and Warehouse Space Under Construction (2005)



* COSTAR Group, Inc. COASTAR Industrial Report, Year-end 2005- Seattle/ Puget Sound

Population Growth in South Sound



* Office of Financial Management (OFM), 2006. Pierce and Thurston County.
** Puget Sound Regional Council (PSRC), 2006. Partial King County by FAZ zone.