Sustaining, Growing and Improving Jobs and the Economy in the Maritime Sector

Challenges and Opportunities

American Planning Association–Washington Chapter
2014 Annual Conference
October 17, 2014

Agenda
- What is the Maritime Sector and Why does it Matter?
- Summary of some key segments of the Maritime Sector
- Priorities across all sectors
- Challenges and Opportunities
- Questions?

Governor Inslee’s Priorities

“Our number one priority is revitalizing Washington’s economy...building a 21st century workforce...and...creating an economic climate where innovation and entrepreneurship can continue to thrive.”

Focus on Key Sectors:
- MARITIME!
- Clean Technology
- Agriculture
- Aerospace
- Life sciences
- Information and communication technology
- Military

See http://www.governor.wa.gov/issues/default.aspx

What is the “Maritime Sector”? A Complex, Segmented Industry
- Commercial Fishing and Seafood Processing
- Recreational Boating
- Cargo Handling (ports, shipping lines, tug and barge, pilots, agents, etc.)
- Shipyards and Boat Yards
- Passenger Vessel services
- Marine Technology
- Military operations (USN, USCG, NOAA)
- Diverse and numerous support businesses

Why Should We Care?

An under-appreciated, hugely important part of the State’s Economy
- A “Stealth Industry”
- Supports Trade...one in three Washington State jobs are tied to trade—the most trade-dependent state (vs. 3% US-wide)
- $148,000 jobs and $30 billion in fiscal impact (employed 57,700 people directly—cf. 94,000 in aerospace—and responsible for $15.2 billion in gross business income)
- Provides family wage jobs that, on average, are much higher paying ($70,800 vs. $51,000)
- Not ‘Yesterday’s News’—and Growing in most sectors—6.4% overall—and high tech
- Continued health of the sector is critical to the continued health of the state economy

Sources: Washington Council on International Trade and Community Attributes
Washington’s Public Port System

- The largest locally-controlled public port system in the world with 75 port districts.
- The state has 2 percent of the U.S. population, yet its ports handle 7 percent of U.S. exports and 6 percent of all imports.
- Support the trade that supports one of every three jobs in the state.
- The Port of Seattle and Port of Tacoma combined are the third largest container load center in North America.
- The activities of those two ports alone contribute to over 150,000 jobs in the state.
- But there are threats to these ports’ continued vitality.


Recreational Boating

- An important part of the maritime economy...then and now.
- Responsible for $1.3 billion in spending (including vessel sales, boat building, engine manufacturing, accessory and supplier manufacturing, dealers/wholesalers, and services).
- A total economic impact of $3.18 billion in 2012.
- 12,650 direct jobs, and a total job impact over 25,000.
- Over $1 billion in labor income.


Washington’s Commercial Fishing Industry

- Washington catches more fish than any other state.
- Washington Exports more seafood than any other state.
- 50% of US Seafood producers use Washington services.
- Gross Business Income for fishing and seafood processing was $8.6 billion in 2012 (almost 60% of sector total GBI).
- $1,400 direct jobs (33,500 total job impact).
- Above doesn’t count fishing-related shipyard/boatyard work or support industries—an opportunity.


Other Industry Segments Growth 1994-2011

Shipyards: $168.533M growth in gross business income.
Boatyards: $289.865M growth in gross business income.
Refrigerated Warehousing and Cold Storage: $537M growth in gross business income.
Cruise: 1999—6 vessels, 6615 passengers
2012—202 vessels, 934,900 passengers
$2.1 million impact per vessel call.

Source: BCT Associates, Port of Seattle.

...and More

- US government maritime impact (USN, USCG, NOAA).
- Washington State Ferries—largest in the US and one of the largest in the world—22.5 million passengers in 2013.
- Cutting edge marine technology providers.
- Numerous support industries—marine refrigeration, electronics, rigging, naval architects...planners.

Priorities—Cross-cutting Issues

1. Awareness raising—telling the story—Washington Maritime Federation.
3. Regulatory Balance—environmental and land use challenges.
   - E.g. Basketball Arenas, bike lanes and water quality.
4. Transportation Improvements.
Challenges—Our Two Largest Ports: What’s Going On??

- Large container load center, excellent facilities, but Loss of Market Share
- Competition from North American West Coast Ports—LA/LB, British Columbia, even Mexico
- Competition from US Gulf and East Coast ports
- Driven by a number of factors
  - Cost
  - Macroeconomic Trends
  - Vessel size
  - Efficiency

Threats to Puget Sound Ports—West Coast Market Share

- Market Share Imports from Asia by Coast

Threats to Puget Sound Ports—Growth elsewhere


Threats to Puget Sound Ports—British Columbia!

- British Columbia and Washington Port Volume Trends

Cost Drivers

- Puget Sound Ports competitive in what they charge their customers, but....
- Rail rate differential with Canada and California
- Panama and Suez Canal routes take longer, but cost less
- Cost of getting goods to market affected by ‘near shoring’
- Harbor Maintenance Tax
  - Levied on the value of goods entering US ports
  - Not collected on goods coming into the US through Canada ports
  - Doubles the cost of moving a container through Washington vs. B.C. ports
  - Diverted as much as 500,000 teu’s a year
  - “Double Whammy”
- Our U.S. Congressional delegation has proposed legislation that would fix this tax avoidance mechanism—Maritime Goods Movement Act

Vessel Size

- TEU Capacity

1st Generation (Pre-1960 - 1970)
- 1,700 TEU
- 2,305 TEU
3rd Generation (1985)
- 3,220 TEU
- 4,848 TEU
5th Generation (2000 - Present)
- 6,000-20,000 TEU
71 Miles of Containers—Fewer Port Calls—What Ports Can Handle These Ships?

http://www.youtube.com/watch?v=YYSyR4CCHfk

What Can Be Done?
- Deal with cost factors we can control, e.g.:
  - Fix HMT
  - Regulation and land use policies that balance environmental protections/urbanization with support and growth of maritime activity
  - Port Cooperation—investment
  - Focus on efficiency—time=$$
    - Terminal efficiency is important, and the ports need to continue to work on that, but equally important…
    - End-to-end supply chain efficiency
    - Work with Railroads to expand capacity and
    - Make the necessary infrastructure investments to get cargo in and out of our ports quickly and cost-effectively, e.g. the Puget Sound Gateway Project

What makes us competitive?
- Transload Facilities for Cargo
- 4th largest distribution center network in the United States; 2nd largest on the West Coast
- 240+ million sf within 35 miles of Tacoma, Seattle, and Everett
- Need fast truck turns

Puget Sound Gateway Project
- Unfinished business—Relieves traffic congestion—Travel time improved by 15%
- Reduce air emissions by up to 26%
- Completes critical and direct freight links between the ports of Seattle and Tacoma and the second largest distribution center on the West Coast
- Provides important ‘last mile’ connections for Washington State exporters
- Improves a critical node on a key international supply chain
- Supports regional job growth and economic growth at the state’s two largest ports
- Supports our ports’ competitive position
- We need a comprehensive Transportation package with new revenue to support it!

A Big Opportunity—Fishing Fleet Recapitalization
- More than 3,000 vessels in the N. Pacific fishing fleet—more than 4,000 counting small boats (gillnetters)
- Estimates are that 50-60% must be replaced…many are very old, even WWII vintage
- Replacement cost: Largest vessels can be well over $100 million—dozens of large boats need replacement at $25-100 million each
- Total cost to replace: $7-14 billion!
Fishing Fleet Recapitalization: Why it Matters

- See previous statistics on the Fishing Industry— but it’s globally competitive, so the future is not guaranteed
- The job impact is huge—must be US-built, and Washington is best situated to build these vessels.
- Competition from Gulf states, but vessel owners know our state’s shipyards, their quality, and local suppliers
- F/V Arctic Prowler example

Fishing Fleet Recapitalization: Why it Matters

- New boats, like they have in Norway, allow us to remain competitive
- F/V Blue North example
- Replaces 71 year old boat
- Safer, more comfortable
- More productive: Used 47% of each fish 15 years ago, new vessels near 100%
- Fuel efficient engines and hull—30% reduction in fuel and emissions

Fishing Fleet Recapitalization: Issues

- New builds happening, including some big vessels—F/V Northern Leader
- But a new catcher processor like the Alaska Ocean would cost ~$170 million
- Financing is main challenge, given historic issues with resource health/allocation and shipyard stability
- Now, N. Pacific is best managed fishery in the world, and quotas mean more revenue certainty
- Also, value add and exports increase revenue/fish
- Working with industry on what Fed, State and local governments can do to help.

Thank You!

Questions?

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State of Washington

October 17, 2014
### Defining Working Waterfront

- Key elements of a working waterfront:
  - Water dependency,
  - commercial enterprise,
  - and a balanced diversity of successful businesses.

### What is the face of Washington’s Working Waterfronts?

- Steve Sewell, Governor Inslee’s Maritime Sector Lead
  - Sustaining, Growing and Improving Jobs and the Economy in the Maritime Sector

- Chris Mefford, President of Community Attributes
  - The Impacts of the Maritime Industry in Washington State

- Julie Bassuk, Partner at MAKERS Architecture and Planning
  - Planning to Support Maritime Uses

### The Face of Washington’s Working Waterfronts

$108 Billion

$282 Billion
The Face of Washington’s Working Waterfronts
Nicole Faghin
Washington Sea Grant
Washington APA Fall Conference, October 17, 2014
faghin@uw.edu
The Impacts of the Maritime Industry in Washington State

Washington American Planning Association
October 17, 2014

MEASURES AND IMPACTS

Jobs
Establishments
Revenues
Secondary Impacts
Fiscal Impacts

WASHINGTON STATE MARITIME IMPACTS: employment


Self-employed
Maritime Support Services
Passenger Water Transportation
Fishing and Seafood Processing
Boat and Ship Building, Maintenance, and Repair
Maritime Logistics and Shipping
WASHINGTON STATE MARITIME IMPACTS: establishments

Washington State Maritime Industry Establishments
2007 – 2012, Annual

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<th>Establishment Type</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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<td>720</td>
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<td>Maritime Core Sectors</td>
<td>148,000 jobs</td>
<td>$30 billion sales</td>
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</table>


WASHINGTON STATE MARITIME IMPACTS: establishment locations

WASHINGTON STATE MARITIME IMPACTS: revenues

Washington State Maritime Industry Gross Business Income
2000-2012, Annual, in 2012 $

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<td>2012</td>
<td>$16,000</td>
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WASHINGTON STATE MARITIME ECONOMIC IMPACTS

2007-2012, billions USD, adjusted to 2012 $

- Combined Impacts: 148,000 jobs, $30 billion sales
- Maritime Core Sectors: 57,700 jobs, $15 billion sales
- Other Industry Impacts: 24,100 jobs, $5 billion sales
- Personal Income Spending Impacts: 66,200 jobs, $10 billion sales
- State taxes: $352 million


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PLANNING TO SUPPORT MARITIME USES
AGENDA

• Introduction
• Things to consider
• Planning tools
• Summary
INTRODUCTION

MAKERS
architecture-planning-urban design

Outreach
Plans
Guidelines & Regulations

Waterfronts & Shorelines
Downtowns & Subareas
Corridors
Public Spaces

Ports
Military
Institutions & Agencies
Cities, Counties, & Regions

Strategic
Practical
Creative
INTRODUCTION

SIMULTANEOUS GROWTH OF CITIES & WORKING WATERFRONTS

Historically, the Port was enclosed within the city.

As city grows, division from Port begins.

From the mid-20th century, Port functions alongside & separate from city life.

Typical evolution of the relationship between Port & city. Adapted from Meyer, 1999
INTRODUCTION

SIMULTANEOUS GROWTH OF CITIES & WORKING WATERFRONTS

Correlation between historic & present day waterfront & Main Street in Toledo, Oregon.
Placing to support Maritime Uses

Introduction

Some Maritime Uses in Washington

- Fishing activities & related services
- Marine craft transportation

TYPICAL ISSUES
TYPICAL ISSUES

AGING INFRASTRUCTURE

Port of South Whidbey
TYPICAL ISSUES

DEVELOPMENT PRESSURES & ENCROACHMENT

Nitze-Stagen’s vision for Terminal 46. Rendering by William Hook
TYPICAL ISSUES

DEVELOPMENT PRESSURES & ENCROACHMENT

Cannery Pier Hotel, Astoria OR. Credit: Alamy, The Guardian.
TYPICAL ISSUES

CONGESTED ACCESS

Riverside Drive in Burlington after the collapse of the I-5 bridge. Credit: Joshua Trujillo, Seattlepi.com
Large vessels at the Port of Anacortes occasional move through downtown.
Planning to support Maritimes 2014 Washington Conference

TYPICAL ISSUES

ENVIRONMENTAL ISSUES & CHANGES

A king tide in Budd Bay in Olympia in 2005. Credit: Kay Schultz DOE Flickr feed
Voluntary no anchor zone protects eelgrass from boat anchors, which in turn protects salmon & other species that use eelgrass habitat. Source: Puget Sound Partnership
THINGS TO CONSIDER
THINGS TO CONSIDER

ADEQUATE INDUSTRIAL & COMMERCIAL LAND

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THINGS TO CONSIDER

BUFFER LAND USES

Natural separation
(e.g., topography change)

Compatible land use
(e.g., recreation space, training facilities, light industrial)
THINGS TO CONSIDER

SAFE
UNCONGESTED
ACCESS

PLANNING TO SUPPORT MARITIME USES
THINGS TO CONSIDER

APPROPRIATELY LOCATED PUBLIC ACCESS

2014 WASHINGTON APA CONFERENCE
THINGS TO CONSIDER

ADEQUATE WORKFORCE
HOUSING & TRAINING

PLANNING TO SUPPORT MARITIME USES
THINGS TO CONSIDER

STRONG ENVIRONMENTAL PROTECTION

- Regional drainage
- Natural shoreline
- Green roofs
- Water retention
PLANNING TOOLS

• Plans
• Development Regulations
• Capital Projects
• Communication & Partnering
PLANNING TOOLS

LAND USE

MARINE INDUSTRIAL DESIGNATION OR OVERLAY
• Flexible (or no) dimension & height limits
• Limited size and/or location for non-industrial uses
• Bank industrial land

BUFFERS OR TRANSITION ZONES
• Allow a wider range of uses
• Set standards that ensure compatibility

CHANGE DESIGNATIONS ONLY WITH COMPREHENSIVE LOOK AT SUPPLY & DEMAND
CASE STUDY | PORTLAND, MAINE

ISSUE

- Historical mix of uses with a major commercial fishing component
- Economic downturn & decline of fishing reduced money to maintain waterfront infrastructure

APPROACH

- Detailed inventory of properties & uses
- Extensive stakeholder engagement

TOOL

- Identified a short list of incompatible uses (e.g., condos, hotels)
- Established a Non Marine Use Overlay Zone that allowed other uses in specific areas with performance standards that protected maritime uses
- Set standards based on location & use type
Portland’s Union Wharf rents dock-level space to commercial fishers & harbor support industries, while rent from the upstairs tenants subsidizes the water-based activities on the dock. Credit: Corey Templeton
PLANNING TOOLS

INFRASTRUCTURE

TRUCK & RAIL FREIGHT CORRIDORS

UTILITY UPGRADES & ACCESS IMPROVEMENTS

COALITIONS TO PURSUE TRANSPORTATION PROJECT FUNDING

Freight truck corridors – designated as Heavy Haul Routes – are critical to efficient movement of goods within & between the Core Area & Industrial/Commercial Buffer Area. Source: Port of Tacoma
Long term bicycle network.
Source: Tacoma Mobility Master Plan
The Port Industrial shoreline is predominantly developed with heavy industrial and Port/Terminal related facilities. As a result, there is very limited opportunity for the public to reach and touch the water in this area. Safety and security concerns require sensitivity in locating access in this shoreline. The Port of Tacoma office on Sitcum Waterway is an example of the type of access that is appropriate—providing a viewing platform from which the public can observe the day-to-day operations of the Port from a safe distance.

There is also considerable cleanup and restoration activity that has been undertaken in this shoreline area which could accommodate limited access, including natural trails, kayak hand launch sites, or separated habitat viewing platforms. For example, the Port of Tacoma has developed a viewing area at the Rhone Poulenc habitat mitigation site on the Blair Waterway that provides the public with an opportunity to observe one of many habitat restoration projects located in the Port Industrial shoreline area. Access would need to be designed sensitively to prevent damage or harm to natural areas and mitigation sites.

Access is planned in areas that will not interfere with port operations or cause public safety concerns. Where possible, trails are planned that would link recreation and transportation systems, but these are generally located on the periphery of port/industrial operations and along existing publicly owned lands and right-of-ways.

Hylebos Creek, at the head of the Hylebos Waterway.

Shoreline Master Program page 28

Public Access Alternatives Plan

Conceptual opportunities for public access areas. Source: SMP Public Access Alternatives Plan
PLANNING TOOLS

PUBLIC ACCESS & ENVIRONMENT

SYSTEM WIDE APPROACH TO PUBLIC ACCESS
- Protect safety & operations

REASONABLE GOALS FOR ENVIRONMENTAL ENHANCEMENT
- Stormwater management & LID
- Habitat improvement
- Sustainable design
- Lower carbon emissions

FUNDING MECHANISMS
**CASE STUDY | GIG HARBOR**

**ISSUE**

- Preserving historic waterfront uses while balancing new uses, changing economies, & growing populations

**APPROACH**

- Grass roots effort to protect heritage using a variety of tools
- A focus within their 2013 SMP

**TOOL**

- Bond approved to purchase & restore the historic Eddon Boatyard; now operated by a non-profit to preserve, interpret, & perpetuate historic working waterfront
- Grant funded redevelopment of Maritime Pier
- “Historic working waterfront” designation in the SMP
- In-lieu fee program
Planning to Support Maritime Uses

Case Study | Gig Harbor
• Maritime uses are vital to our economy, culture, & history but once they’re gone, they’re gone
• Get to know your port & maritime industries & spread the word
• With collaboration, careful planning, & commitment, your community can support maritime industry, provide public access, & enhance the environment
SELECT RESOURCES
National Working Waterfront Network
www.wateraccessus.com/
“Smart Growth for Coastal & Waterfront Communities.”
coastalsmartgrowth.noaa.gov/report.html

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