

RESOLUTION NO. 2999

A RESOLUTION of the Port Commission of the Port of Seattle accepting the findings and policies of the Harbor Development Strategy as a flexible, long-term guide for the physical development of marine cargo facilities on Elliott Bay and its connecting waterways.

WHEREAS, the Port of Seattle (the "Port") has made decisions on the development of marine cargo facilities through a series of actions and resolutions and, in so doing, has established a set of development policies which should be harmonized;

WHEREAS, the Port needs a consistent, current and flexible harbor development strategy for marine cargo facilities (the "strategy") in order to make efficient use of a limited waterfront land base, meet severe inter-port competition, respond to rapid changes in the business environment, provide for timely expansion of marine cargo capacity despite long construction lead times, and keep the public fully informed as to Port development intentions;

WHEREAS, a useful strategy must respond to changing conditions by periodic review and revision of the technical bases, findings and policies of the strategy at intervals of no more than one year;

WHEREAS, a broadly representative public advisory committee, the Harbor Development Advisory Committee, was appointed by the Port Commission to provide an informed source of review and recommendations on technical studies, findings, development options and policies;

WHEREAS, the Port staff prepared a series of technical study summaries in the areas of marine cargo facilities history, existing development policies, terminal inventory, land use and market availability, cargo forecasts, terminal capacity, navigation constraints, road transport, community/environmental constraints, economic impacts, development costs, and financial resources;

WHEREAS, those technical studies were used as a basis for discussion and evaluation by the Harbor Development Advisory Committee and Port staff, and are available for public review at the offices of the Port;

WHEREAS, the Harbor Development Advisory Committee met frequently over more than a year's time, carried out their responsibilities diligently, and made their recommendations for a proposed strategy on April 3, 1986;

WHEREAS, the Port has provided numerous opportunities for the public and other agencies to review and comment on the proposed strategy, including notice, distribution, presentations and a public hearing on May 20, 1986, and has given consideration to the comments received in preparing the final strategy;

WHEREAS, the Port has completed an environmental review of the strategy and has issued a Determination of Non-Significance (DNS), based on finding that the Strategy itself creates no negative impacts, and recognizing that environmental concerns and impacts must be carefully assessed prior to making specific marine facilities development decisions;

WHEREAS, the policies of the strategy are meant to serve as a guide, not as governing directives or a comprehensive plan; and

WHEREAS, the strategy calls for careful assessment of many factors, including a cost/benefit analysis, prior to decisions on each marine facilities development project;

NOW, THEREFORE, be it resolved by the Port Commission of the Port of Seattle as follows:

Section 1 Based on the previously cited Port staff studies, Harbor Development Advisory Committee review and recommendations, declarations of intent and public testimony, the Port Commission hereby adopts the Harbor Development Strategy attached as Exhibit A hereto and by this reference incorporated herein. The Harbor Development Strategy is a general guide for the development of marine cargo facilities and is intended to be sufficiently broad and flexible for the Port to remain economically viable by being able to respond to market conditions and competition.

Section 2 The Port staff is hereby authorized and directed to do all things necessary to implement the policies set forth in the Harbor Development Strategy.

Section 3 Wherever the policies set forth in the Harbor Development Strategy are in conflict with policy statements previously adopted by the Port Commission, the policies adopted herein shall take precedence over previous policy statements.

Section 4 The Harbor Development Strategy may be amended from time to time, with opportunity for public comment to the Port Commission prior to such amendment.

ADOPTED by the Port Commission of the Port of Seattle this 12th day of August, 1986, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Commission duly affixed.

Paul Hopkins
Jim Wright
Russell Row
Pat [unclear]
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Port Commissioners

HARBOR DEVELOPMENT STRATEGY

FOR MARINE CARGO FACILITIES

I. BACKGROUND

A. Purpose and Scope of Harbor Development Strategy

1. The Harbor Development Strategy effort was conducted within the context of existing Port of Seattle powers and Commission-adopted Purposes and Objectives (see I.B. below).
2. The Strategy is intended as a set of flexible policies to guide Port decisions on the nature and timing of marine facilities development and on associated questions of land acquisition, navigational improvements, facility utilization and community impact.
3. These policies are structured so development decisions can be made in response to rapidly changing market conditions.
4. The scope includes Port marine cargo terminal and support facilities and excludes airport, marina and other commercial or industrial developments.
5. Study boundary includes all maritime industrial areas on Elliott Bay and its southern waterways as far as First Avenue South. Excludes the Central Waterfront and the Ship Canal as not suitable for substantial marine cargo terminal development.
6. Strategy considers all aspects--cargoes, market demand, land availability, navigability, inland connections, capacity, productivity, technology, costs, pricing, economic impact, environmental constraints, and others--of marine facility development over a 15-year time horizon.

B. Basic Port of Seattle Purposes and Powers (harbor only)*

1. State legislation grants the Port broad powers to develop, promote and operate marine terminals and other transportation improvements, to acquire property through purchase or condemnation, and to levy property taxes and issue bonds.

*Please refer to Port of Seattle Purposes and Objectives (revised December, 1980 by the Seattle Port Commission) for complete statement of Port purposes and powers.

2. The Commission has set the basic objective of the Port as "the development of an increasing flow of commerce into, out of and through the District, with the aim of broadening and strengthening the economic base of the District while working within the constraints of good environmental planning." To accomplish this objective, the Port is to "develop, maintain and operate adequate transportation facilities for water transportation within the Port district."

II. HARBOR DEVELOPMENT FINDINGS AND STRATEGY

A. Findings

These attempt to summarize briefly the main factual findings from Phase II (Inventory and Analysis) of the Harbor Development Strategy effort. It is based upon these findings that the strategy to guide future development was based.

1. Growth is forecast for all current major cargoes over the next 15 years, with the exception of breakbulk fruit exports. No new major cargo opportunities were identified.
2. Adequate marine facility capacity exists to handle all current cargoes up to the year 2000, except for containers and possibly barge cargoes.
3. Given that container cargo forecasts cover a broad range, no single estimate of container terminal space need in the year 2000 can be relied upon. If the Port maintains its market share, the potential need for additional space ranges from as little as 75 acres to as much as 250 acres. The space need may be reduced somewhat if the Port market share declines or if resources are effectively devoted to increasing terminal utilization and productivity.
4. Expansion of container facilities in outer (non-Duwamish) harbor areas will increase pressure for displacement of non-container cargo terminal capacity.
5. Large blocks of land in the Southwest Harbor and on Harbor Island currently support activities providing substantial employment or cargo activities impractical to relocate, although the continuation of such employment is subject to rapid change.
6. Major navigational improvements would not enable container terminal development for oceangoing ships south of Spokane Street and would not substantially increase potential for general cargo handling either. Duwamish marine facilities will continue to be useful for several types of cargo vessels (barge, container barge, breakbulk, steel, bulk) with or without navigation improvements.

7. The existing low level bridge remains a serious navigational impediment. Its replacement could provide some benefits, even without the full widening and deepening project, and would keep the option open for future widening and deepening. The cost-effectiveness of a new low level bridge is questionable, however, unless the level of required Port financial contribution is only minimally more than current commitments.
8. Container terminal development costs vary over such a broad range (from \$0.4 to \$1.9 million per acre) that financial considerations must play a major role in decisions on location of future container development.
9. Economic (employment) impacts of cargoes vary widely, ranging from the maximum direct jobs per acre from containers to the minimum from autos, and must be weighed along with development costs and other factors in facility decisions. Those impacts can vary between cargo types from as much as 73 jobs per acre to as little as 7 jobs per acre (at terminal capacity).
10. Environmental, community and road/rail transportation concerns also vary widely for different container terminal development locations and must play a major role in development location and timing decisions.
11. If a regional port becomes a reality, a broader range of marine facility use and development alternatives would be created, leading to a different "harbors" development strategy.

B. Strategy

1. Development Decision Process

- a. Implement a financially supportable program of marine terminal facility developments adequate to handle expected cargo volumes and to provide sufficient additional capacity for increasing market share of selected cargoes. Make decisions on facilities development projects after careful assessment of such factors as development costs, current cargo forecasts, terminal capacity, utilization/productivity improvements, land availability, environmental considerations, consistency with the Harbor Development Strategy, and other factors.
- b. Apply cost/benefit analysis to all major acquisition, development and lease proposals for marine facilities. Recognize that Port economic contributions are both direct and indirect and that Port success cannot be measured simply as profit or loss. Define a cost/benefit method to help determine the most efficient use of available resources relative to all of King County.

Include in such cost/benefit analysis at least the following elements:

Cost: Direct development costs, such as land acquisition, construction, and environmental impacts.
Loss of existing uses, jobs and other tax base impacts.

Benefit: Increased employment and/or tax base in King County.
Net income to the Port.
Improved environment or amenities.
Enhanced development potential.

- c. Recognizing the substantial (3-5+ years) terminal development time frame, begin planning for terminals well before their anticipated use.
- d. Recognize the importance of cooperative planning efforts in early stages of development projects, especially those with potential high levels of citizen interest and concern. Make resolving problems through negotiation rather than litigation a goal wherever possible.
- e. Make yearly staff reassessments of this strategy and progress reports on related efforts, and report to the Commission no later than end of second quarter of each year. Periodically seek broader industry/citizen review through an HDAC-type committee appointed by the Commission.

2. Cargo Market

- a. Pursue a development strategy designed to support an increase in the Port's market share of West Coast container traffic.
- b. Subject to 2.a. above, continue role as full service Port by maintaining or increasing market share of selected non-container cargoes.
- c. Where land or other resource limitations require choices between cargoes, give priority to cargoes with higher employment impact and financial returns per unit of investment (land or capital).

3. Property Acquisition

- a. Avoid land banking without a foreseeable use.
- b. Other factors being equal, develop marine facilities on currently-owned Port properties prior to acquiring additional land.

- c. Give property contiguous to existing Port property higher priority for acquisition because of potential operating efficiencies and capital cost savings. Increase that priority when the adjacent property is necessary to expand marine facilities to an efficient scale of operations.
- d. Give property inland of existing container terminals higher priority for acquisition, provided any intervening roads, railroads or utilities can be relocated to allow incorporation of the property into the terminal.
- e. Place low priority for acquisition on blocks of land providing substantial employment or supporting existing cargo activities which are impractical to relocate.

4. Marine Facilities Development

General

- a. Give highest priority for development of deep-water Port property (including the Duwamish) to marine cargo and water-related uses. Give lower priority to other uses which are not water-related.
- b. Prepare groundwork for development of sufficient container terminal space to handle maximum forecasted container cargo volumes, but maintain a flexible development schedule which implements facility projects only as market demand requires it. Base decisions as to size and location of container facilities on updated medium-term forecasts (3-5 years) and market conditions, recognizing approximate five-year lead time needed to have new container facilities on line.
- c. Take an active role in improving terminal capacity and utilization through all feasible means, including pricing policies, labor productivity programs, facility/equipment investments in conjunction with terminal operators and other harbor-related businesses, and Port investments in research and development on potential improvements in container terminal productivity.
- d. Observe the following general priorities for location of container terminal development, recognizing that a higher priority area need not be completely developed for containers before considering a lower priority area. Current employment generation, relocation limitations, and acquisition costs strongly affect these priorities and substantial future changes in any of those factors may rearrange priorities.

HIGH PRIORITY: Southeast harbor and east side of Harbor Island.

MEDIUM PRIORITY: Southwest Harbor (adjacent to T-5) and North Harbor (T-91 and vicinity).

LOW PRIORITY: West side of Harbor Island.

- e. Maintain existing non-containerized cargo facilities until a need for additional container space requires their conversion.
- f. Link existing container yards together wherever possible to increase potential for efficient space utilization.

Duwamish Waterway

- g. Discontinue financial support for widening and deepening the Duwamish, but retain that project as a possible option for future navigational improvement and continue full support for maintenance dredging.
- h. Provided the level of required Port financial contribution is only minimally more than current commitments, support the new low level bridge as a means to reduce existing hazards, provide some navigational improvement, and keep the option open for widening and deepening at some future time. Further Port financial participation at any level should be contingent upon the City's agreement to share equally with the Port all costs of future improvements required in the event the channel is widened and deepened.
- i. With or without major navigational improvements, remove the Duwamish from consideration as a feasible location for container terminals serving oceangoing ships or for new auto import terminals.
- j. Use the Duwamish as the principal area for accommodating all types of barges and those non-containerized cargo vessels which can safely and economically use the existing channels (including breakbulk, chill, bulk and some steel vessels).
- k. Use the Duwamish as a relocation area, if needed and feasible, for uses displaced from the outer harbor by container or other cargo terminal developments (although such uses will be maintained in the outer harbor as long as possible).
- l. Concentrate marine facility development and any associated land acquisition north of the First Avenue South bridge.

Southeast Harbor/Harbor Island/Southwest Harbor Areas

m. (See 3. - Property Acquisition and 4 - General)

North Harbor

- n. Develop T-91 as a first class, modern cargo handling facility.
- o. Consider final decision to develop T-91 as a container terminal only after vigorously pursuing container expansion according to stated locational priorities. During this interval: fully assess the environmental and community impacts of container development at T-91; conduct research on technologies and identify means for mitigating those impacts so that container operations are both feasible and environmentally acceptable; and explore expanding the successful "T-91 Short Fill Agreement" to cover any proposed major development.