

Port of Seattle Issues Briefing
Robert Walker
September, 2009

What follows is a framework for issues of importance to me when it comes to discussing the Port of Seattle. Obviously, I do not expect every candidate (or every voter) to fully agree with me on every issue; however, these are the points I'd like to have conversations around.

In general, I oppose ignoring problems or sweeping them under the rug. They always get worse when this happens. I'm very concerned if that the issues affecting competitiveness at the Port of Seattle are not corrected after this election cycle, it will be too late to reverse the trend. Competition is simply too strong, and volumes too low, not to take this thread seriously.

Competitiveness: The most timely and vital issue in this campaign. We (and indeed, the Puget Sound area) will not win on price. What's our plan to win on other factors?

HDS 21 Reassessment – Port of Seattle staff recommendations and proposals are guided by a framework outlined in a document called “HDS 21.” This was developed in 2001, and has a bias toward redeveloping waterfront properties for non-maritime uses where it makes short-term economic sense. The creation of this document was guided by Mic Dinsmore and Pat Davis, yet continues to be used in decision-making processes. Some of the criteria in the decision making framework are—quite literally—question marks (I swear I'm not making this up). This framework needs to be reassessed in light of new compositions for both Port management and the Commission. It should be updated and modernized with an appropriately long-term view—not a 20 year time horizon, but a 50-100 year time horizon as is more appropriate for Port investments.

General Obligation Bonds – It's hard for the public to know or understand where their tax money is being spent, why, or how these decisions are made. I'd like to see a moratorium on further issuance of general obligation bonds until such time as clear criteria are published and the public has full visibility into how their money is spent.

Public Reporting – Annual reports sometimes show a profit when a loss was actually realized. I'd like to see more transparency in accounting, even when GAAP does not require it. Additionally, I'd like to see a clear breakdown for the public showing the allocation of every tax dollar they spend. For a less than \$500MM business this should not be especially complicated; I have only a dozen or so line items in an 8 figure budget at Microsoft.

Port of Seattle Police – It is very unusual for a port to have its own police force. What's more, the Port of Seattle police force is very large, nearly as large as the entire City of Renton police force. There has been time in their schedules for interagency exercises (for example, with the Coast Guard and the DEA) and repeated e-mail scandals.

I would like to see the Commission invite Brian Sonntag's office to conduct a performance audit on the Port of Seattle police force. To be clear, it may well turn out that this is a well-run, highly professional force for which taxpayers realize good value. However, especially in light of recent scandals, taxpayers deserve a closer look.

Key points I'd like to explore:

- Neither Oakland nor Long Beach ports have their own forces, although both have private security guards. I'd like to understand which competing ports have their own police forces, and whether ports with their own police forces achieve better public safety results.
- I'd like to understand how much work the Port of Seattle police do for other agencies, in particular federal agencies such as DHS and DEA. King County taxpayers should not fund activities already paid for through federal income taxes.

Cargo Terminal Leasing – We lease cargo terminals the way we used to lease gates at the airport. Individual shipping lines are given long term leases, and they then have a monopoly on business at that terminal—even if it is underutilized. For many years, TWA controlled seldom used gates at Sea-Tac's Terminal A during a time when the airport was short of gates. I'd like to see more flexible arrangements available for smaller shippers who may be more inclined to use the Port of Seattle if it was easier and less expensive to call on us.

The Environment – There is a strong push for new carbon reduction initiatives, but the Port of Seattle has failed for decades to deliver on its existing commitments to clean up the Duwamish, home of numerous Superfund sites.

- Taxi dead-heading has been an issue since before my last campaign. What's stopping anything from getting done on this issue? It should not be an issue 4 years later.
- Tugboat dead-heading is a new, but equally serious problem. Let's work with our DHS and law enforcement partners to fix this problem.
- More efficient GPS-guided landing approaches have been tested successfully by Alaska Airlines. Let's get this done and be the first airport in the country using them.
- Rooftop gardens would be a great way to reduce our carbon footprint. The Evergreen State College has an excellent demonstration project with its Seminar II building and the Port of Seattle should investigate the feasibility of adopting this technology.
- At the risk of having a waterless urinal named after me somewhere, I'd like to drive water efficiency into the Port of Seattle's DNA. With the right investments, the Port of Seattle could save nearly as much water as the entire Seattle area uses in a day.
- I support biofuels readiness. Fuel terminals should be ready to carry biofuels as soon as our customers want to buy them.
- Cold ironing makes sense for cruise ships (which are already equipped for this as it's not a unique requirement to Seattle) but I oppose requiring this for cargo ships.
- I do support pushing the EPA for a new nationwide standard for low-sulfur heavy bunker oil. If every port in the country requires its use, this will likely become the new worldwide standard—particularly if also adopted by the EU.
- I support installing receptacles at every Sea-Tac jetway to eliminate the necessity of using APUs.

Underutilized Facilities – Terminal 106 has been vacant since the last time I ran for Commission, and we are still debating what to do with Interbay. I'd like to see these facilities either put to good use or divested where it makes business sense **and** long-term sense for the Port of Seattle, anticipating businesses we haven't thought of yet. Where divestiture or lease is not practical, I'd like to see ancillary revenue generated from underutilized facilities.

- Interbay would be a great place for used car tent sales, flea markets, and similar activities during the winter. During the summer, paid parking for cruise passengers could generate revenue.

Additionally, I am a big supporter of culture and the arts, and I'd like to see a summer arts festival occur at this space. We have amazing local artists; why not showcase them to cruise passengers?

- Interbay would **not** be a great space for any of the Emeryville, California-themed condo/retail developments currently on developers' desks in Bellevue. It's really an all-or-nothing proposition; there is no more "a little bit of condo development" on Port property than there is a "little bit pregnant." However, I'm open to the possibility if sea levels rise to the point that existing cargo facilities are unusable without an uneconomic level of investment.
- The cruise terminal would make a terrific event space in the off-season, particularly for music events. I'd like to see this made affordable (with reasonable insurance requirements) for small, struggling music promoters and artists. This space is particularly well suited for late night operations, with minimal neighbors who would be disturbed.
- Sea-Tac can support considerably more cargo traffic in off-peak hours. I'd like to see substantive efforts made to lure this traffic from Anchorage, one of the busiest cargo airports in the US.
- Also at Sea-Tac, parking rates are fixed at very high levels. Yes, taxes are included, and they're still absurdly high. I'd like to see variable parking rates based on supply and demand.
 - o I'd also like to see a performance audit focusing on the parking garage. In general, it's unusual for a parking facility such as the one operated by the Port of Seattle not to be contracted out to a private operator. I'm curious whether taxpayers are getting good value for their investments here.

Port of Seattle Parks

The Port of Seattle runs a parks department. This is primarily due to permit contingencies requiring the construction of parks as mitigation for various Port projects. However, these facilities are poorly maintained and are generally unattractive. I would like to see Port of Seattle parks transitioned to host cities where appropriate, with a financial contribution as required. We should not be in the parks business any more than we should be in the highway business.

Insofar as the Port of Seattle continues to maintain parks, I support the following initiatives:

- Addition of restroom facilities or portable toilets to existing facilities, with a particular emphasis on parks located far from neighboring businesses having such facilities.
- Restoration of fishing pier. This has been deferred for a long time, but it'll be necessary before the asset can be divested, and it's necessary anyway.
- Cleanup of adjacent waterways, particularly Diagonal Ave. South Shoreline Access where there is both a persistent sewage spill and oil leaching into the water.
- The introduction of free permits for cultural and community events taking place in Port of Seattle parks when no admission is charged.

Transportation Projects

- The Port of Seattle, in general, should not be in the highway, bus or rail businesses. From funding SR518 interchanges to funding light rail extensions, taxpayers have been forced by the Port Commission to fund overruns from poorly managed projects without the opportunity for a vote.
- I am adamantly opposed to a contribution by the Port of Seattle towards the deep bore tunnel. This project is already fully funded by the State of Washington with a substantial contingency.

Furthermore, overruns are guaranteed by the City of Seattle. All Port of Seattle candidates have expressed support to the Downtown Seattle Association for a financial contribution by the Port of Seattle, and I'd like to see candidates re-assess this support.

Labor

I am *not* anti-union. Unions serve a valuable role in assuring competitive wages and benefits for their members. Less often noticed but equally important, unions serve as a center of excellence in the crafts they represent; their members are generally very competent and professional. However, unions also need to be partners in competitiveness. The existing way of doing business at the Port of Seattle is no longer working; we simply aren't competitive anymore. I support common-sense changes to union work rules to increase efficiency and competitiveness. This will preserve jobs for the long term and while it may require adjustments on the part of some workers, it does not necessarily mean fewer jobs or lower pay. In fact, if done correctly, the opposite will be the case.

- I support the reduction of longshore minimum deployments when there are multiple small jobs (even for different customers) that can be done in sequence.
- I support aligning wages, benefits and staffing levels with the market. In particular, I'd like to offer workers the opportunity to receive bonuses measurably tied to performance, which could bring their wages above-market.
- I would like to see flexibility in the workforce when it comes to technology. We are doing business the same way we did 20 years ago, and technology has made some jobs obsolete (although—to be clear—it hasn't made the *people* obsolete, because people are smart and can learn new jobs).
- Strikes are a great way to kill jobs permanently, for both union members and management. We need a better way to negotiate. Whether union or management, we serve the public—the taxpayers of King County. The owners oftentimes get lost in the shuffle when it comes to such matters.
- We have on-dock rail but customers don't use it because it's too expensive. This relates directly to labor cost and longshore minimums, and is madness. Let's use the intermodal facilities we already have by improving work rules to be competitive with BNSF and Union Pacific facilities + drayage.

Eastside Rail Corridor

I'm convinced that this is a bad deal for the Port of Seattle. The Municipal League did a far better job than I could have at making the case, and I urge all candidates to review their report.

In addition to the many issues that the Municipal League raised, I do not think that purchasing Boeing Field (through this convoluted deal or otherwise) is a good investment for the Port of Seattle. This airport requires significant upgrades to the control tower and terminal facilities. It will also soon require reconstruction of the runway, at tremendous expense. By the time the Port of Seattle gets done, it will own an asset that cannibalizes its existing cargo traffic—plus a lot of general aviation, which generally runs at a loss. I'm not seeing an upside for taxpayers anywhere, particularly in places like Enumclaw.

Bottom line, the Port of Seattle has more expertise at running airports than King County, but it should be willing to pay no more than \$1 for this facility.

Cruise Stevedoring

Cruise stevedoring is currently handled by the Longshoremen, at a significantly higher cost than other ports. At least, this is what I've heard from multiple independent sources. I'd like to better understand why this is the case and how this affects competitiveness.

Non-Core Assets

The Port of Seattle operates four convention facilities, and additionally owns roughly 50% of Meydenbauer Center. It also operates a convention and visitors' bureau, a foreign trade office, multiple yacht harbors, and—frankly—who knows what else. The Port of Seattle has too many investments for the Commission to effectively manage the organization, and I think non-core investments should be spun off and divested where reasonable and appropriate.

Articles

What follows are some articles I've written on the topics discussed, either on my blog or on my Web site. I encourage candidates to read them in order to become familiar with my positions on the issues:

July 21

[Biofuels at the Port](#)

Although no other candidates are currently pushing biofuels as an environmental solution in which the Port of Seattle should invest, it's an industry in which Washington companies are industry leaders. Unfortunately, one of the tough things about environmental policy is that it sometimes has unintended consequences, and the results can be skewed by how you measure them.

One Seattle-based biofuels company, Imperium Renewables, is a good example. With last summer's oil crisis behind us, and a backlash at the hunger crisis that resulted (in part) from the heavy demands on food crops created by biofuels, its biodiesel business has become moribund. The company has a biodiesel plant near Aberdeen capable of 100 million gallons annually. The output from this plant could supply 1/5 of the fuel needs of Sea-Tac Airport customers (with many large aircraft running passengers and cargo to Europe, Asia and points beyond, Sea-Tac customers use a mind-boggling amount of jet fuel). And thus a political question comes into play: should the Port of Seattle, as an economic development activity, mandate airlines to use biofuels should the FAA approve them?

I expect that this is a question that the Port Commission will be asked to resolve, if not within the next 4 years, certainly within the next decade. There will likely be heavy lobbying from the biofuels and airline industries, each pitted against the other, with millions of dollars in campaign money flowing through to candidates supporting one side or the other. And of course, the environment--the real issue here--will in all likelihood play second fiddle to the economic debate.

Today, most biodiesel is refined from palm oil, which comes from plantations in Indonesia and

Malaysia. Tropical rainforest is bulldozed to make room for palm plantations, which are grown with nitrogen fertilizers (created from oil), and sprayed with pesticides. This displaces wildlife and traditional cultures dependent upon the rainforest. The palm oil is processed using electric machinery, electric power in these places largely being generated from dirty high-sulfur Chinese coal. The palm oil is then loaded onto an oceangoing tanker, fueled by high-sulfur heavy bunker oil. At Grays Harbor, it's made into biodiesel (using an enormous amount of isobutanol, a toxic chemical also used as a varnish remover and paint solvent) and delivered to stations using tanker trucks fueled by regular diesel. There, consumers proudly fuel-up their biodiesel Suburbans, guilt-free, paying a \$1 per gallon premium and displaying a "Relax, Hippie, It's Biodiesel!" sticker on the fuel cap.

When you look beneath the surface, issues like alternative energy are often a lot more complicated than may initially appear. While I'm a big fan of technology and favor early adoption, I don't think biofuels are ready for prime time in the volumes necessary for Port customers. The good news is that a tremendous amount of federally-funded energy research is underway, and other technologies (such as solar technology and rooftop gardens) are mature enough to adopt. I also support investing in our fuel terminals so they're ready to carry biofuels (particularly Washington-produced biofuels made with Washington-grown feedstock) as soon as Port customers want to buy them.

July 24

[Saving Water at Port Facilities](#)

At one point in my campaign a few weeks ago, I casually mentioned waterless urinals as a technology in which the Port of Seattle could potentially invest. Blame [The Evergreen State College](#). I studied water resources there, and ever since, I have always looked for opportunities to save water. And so has my full-time employer--Microsoft is an industry leader in [green building practices](#). Most new buildings there are equipped with waterless urinals, and flush toilets are equipped with dual-flush handles that either perform a full or a half flush (a common feature on toilets in Europe and Japan, but not here).

I never expected that a topic so mundane would attract so much interest, and the most common question I've been asked is "how much water could be saved?" Here are the hard numbers. Sea-Tac Airport handled 32,196,528 passengers last year. Assuming that half of them are men, half use the facilities while at the airport, and water usage of a gallon per flush, over 8 million gallons of water (8,049,132 gallons to be precise) could be saved. That figure could be roughly doubled by installing dual-flush handles in the ladies' room.

Do water savings like these matter? In the grand scheme of things, it's a drop in the bucket: the City of Seattle uses, on average, 21 million gallons of water per day during the summer. We'd save less than that in a year. However, when you look at water usage in aggregate, the savings from conservation measures like these can be really incredible. Although the Seattle area has experienced explosive population growth over the last 25 years, water usage has actually [declined](#)--and it's all due to conservation. Given the time horizon of airport investments,

waterless urinals and dual-flush handles are likely to pay for themselves. I haven't done the analysis for the Port of Seattle, but the numbers penciled out well enough for the Port of Portland to install dual-flush handles at PDX Airport.

Incidentally, lest anyone accuse me of being a shill for [Sloan](#), remember that I am [not accepting campaign contributions](#).

9:58 AM | [Add a comment](#) | [Permalink](#) | [Blog it](#) | [Campaign](#)

July 28

[Downtown Seattle Association and Fancy Tunnels](#)

**** UPDATE 7/29 12:43AM: **** Jon Scholes wrote back, apologized for the confusion, and will update DSA ratings accordingly.

---Original Post---

I received an email today containing the Downtown Seattle Association's candidate ratings. They indicated that I did not return their questionnaire. This isn't true--I returned it to Jon Scholes on 6/9/2009. I reminded them of this today, and forwarded them another copy.

It's perhaps to my benefit that the DSA lost my questionnaire. **The Downtown Seattle Association has only one key priority for Port of Seattle candidates: support for a financial contribution by the Port of Seattle to the bored tunnel project through downtown Seattle.** A completely functional tunnel is fully funded by the State of Washington, and overruns (which, keeping in mind the enormous contingency budget built into the project, would only result from changes to make it fancier) have further been guaranteed by the City of Seattle. As you might have guessed, I'm adamantly opposed to additional funding from the Port of Seattle for this project. Every other candidate evaluated is fully aligned with the DSA's priority, which effectively means they support taxing people in Enumclaw and Skykomish to pay for even more optional changes... gold plating, maybe? Rebuilding Seattle city streets? Who knows, but this project shouldn't cost a penny more than is already budgeted (unless the money comes exclusively from Seattle taxpayers).

Hopefully, in the interest of fairness, the DSA double-checks their records and evaluates my candidacy on an equal footing with other candidates--even though they probably won't like what they see.

7:30 PM | [Add a comment](#) | [Permalink](#) | [Blog it](#) | [Campaign](#)

August 13

[Carbon Emissions at the Port of Seattle](#)

Bob Jeffers-Schroder, a voter, contacted me to voice his concerns about global warming. He considers global warming to be "the most important issue of our time." I certainly agree that it's a critical issue; if ocean levels continue to rise, many Port facilities will no longer be usable in--at most--two generations. With Bob's permission, I'm sharing his email and my reply as it may be of interest to voters concerned about the environment.

---cut here---

Bob,

As an Evergreen graduate, I certainly agree that global warming is an important issue. The Port of Seattle has a role to play in reducing carbon emissions. Some actions can be taken by the Commission to reduce our carbon footprint, but the majority of carbon emissions at the Port of Seattle will require action at the federal level to reduce.

Here are some of the specific proposals I have made (I invite you to review my [platform](#)):

- Invest in energy efficiency at the Port of Seattle. We can leverage technologies such as "green roofs" and solar panels to reduce our carbon footprint.

- It's also important to reduce our water usage; as temperatures rise, the snow pack declines. I have written more about this [here](#).

- Biofuels are not currently ready for prime time; their carbon footprint can be higher than fossil fuels. However, this will not always be the case and I support investing in biofuels readiness. I've written more about this [here](#).

- I support requiring the use of shore power (called "cold ironing") for cruise ships. We control this market in the Puget Sound area and even though it represents a slight added cost to cruise lines, we don't face competition. I also support lobbying the federal government to phase in cold ironing for cargo freighters and tankers calling on US ports, although I would not support the Port of Seattle requiring this on its own (I think it's going to take action at a federal level to get this done due to the expensive retrofits involved).

- I support stricter federal regulations on the sulfur content of heavy bunker oil, which fuels most cargo ships and tankers. This would do more in the short term to reduce harmful emissions near the Port of Seattle than virtually any other action the EPA could take.

- At the airport, I support investing in utility power connections at jetways to reduce or eliminate the use of APUs in jetliners. This is a project that is already underway, and I'd like to see it through to completion.

- Also at the airport, I support the adoption of new technology allowing for shorter, more efficient takeoffs and landings. This will not only reduce fuel consumption, but would allow for more traffic (which could prevent the need for another regional airport).

- I support ending the senseless dead-heading practices of taxi fleets calling on Sea-Tac Airport, which is a result of poorly written taxi license laws. If elected, I'd fight hard to fix this. Tugboats also dead-head due to federal security requirements. I'd work with our partners in the Department of Homeland Security to reduce dead-heading while maintaining security at our facilities.

Regards,

Robert

Bob Jeffers-Schroder wrote:

- > I consider global warming (climate change) to be
- > the most important issue of our time. If we
- > continue business as usual, it may be impossible
- > for our children and grandchildren to clean up
- > after us. It is wrong to continue subsidizing
- > fossil fueled transportation.
- > Therefore, I oppose spending billions of dollars
- > on infrastructure that will become obsolete
- > before it is built if we begin acting in a
- > responsible manner. The third runway for SeaTac is a case in point.
- > What position are you taking on this issue?
- >
- > Also, do you regard runaway global warming as a
- > serious threat?
- >
- > It is currently estimated that there is about one
- > chance in ten or twenty of catastrophic climate
- > change if greenhouse emissions are not
- > drastically reduced. Is this an acceptable risk
- > to place on future generations?
- >
- >
- > Bob Jeffers-Schroder

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August 15

[The Million Dollar Trench](#)

Occasionally in project management, small errors can be costly. Recent headlines have underscored this point: a trench dug only 2/100ths of an inch too narrow could cost the Port of Seattle \$1,000,000.

In complicated projects like the one for which this trench was dug, it's commonplace for problems in the design to surface. Usually, they are caught before construction begins, but not always. Most design problems can be worked around, and this was no exception. In this case, it's fortunate that a relatively easy workaround was available; project managers were able to order a narrower cable from Italy which can fit properly into the trench that was dug. This means the trench won't have to be widened, which would be even more expensive. Unfortunately, specialized cables such as this one are not generally available immediately, and shipping from Italy takes time. This adds two months to the project span, delaying the opening of Terminal 30.

It's easy to pile on the Port of Seattle, as news organizations worldwide have done, and repeat the \$1,000,000 figure. The reality is different: most of the \$1,000,000 represents rent foregone because of delays introduced by the error. And the rent isn't actually foregone, either; the lease will just start later. The Port of Seattle estimates the real, actual, out-of-pocket cost is somewhere in the neighborhood of \$200,000. This is still a significant sum, but it's less than reported.

Further, this may not actually be the Port of Seattle's fault. Whether the Port of Seattle or the contractor, BergerABAM, is to blame will likely be the subject of litigation. Unfortunately, there's just a lot of finger-pointing going on at present, as is usually the case when someone makes an expensive mistake and nobody wants to pay for it. Whoever to blame, I think that the design process needs improvement; there should have been sufficient reviews in place to prevent an error such as this from happening in the first place.

2:02 PM | [Add a comment](#) | [Permalink](#) | [Blog it](#) | [Campaign](#)

August 17

[Essential Air Service Subsidies](#)

Ever wonder why you can fly to Walla Walla, Pendleton, and other small communities both in the Pacific Northwest and throughout the US? It's not because the demand covers the cost of providing this service. Instead, it's because of a government program administered by the federal Department of Transportation called "Essential Air Service" or EAS. This program provides a hefty government subsidy to airlines serving these [communities](#). Here in the Pacific Northwest, the primary beneficiaries are Alaska Airlines, Horizon Air and SeaPort Airlines.

Generally EAS communities are only served by one airline and service can be dropped with 90 days notice. This is usually done as a negotiating tactic by the airlines when they're losing money despite the subsidies. The federal government is legally obligated to subsidize air service to EAS communities, so the Department of Transportation usually just increases the subsidy. The tactic occasionally backfires, though. Horizon Air recently filed to drop Pendleton, and SeaPort Airlines unexpectedly scored a coup, [winning](#) the EAS contract for a Pendleton - Portland route.

Like it or not, government subsidies are a major part of the aviation business. The Port of Seattle does not receive EAS subsidies, but it does benefit as a hub airport for many airlines serving such communities. As the federal government looks for ways to narrow its deficit, expect that subsidies funding service to EAS locations within a 3 hour drive of major airports will come

under increased scrutiny. This could result in the severance of air service to communities such as Wenatchee, Yakima, and Coos Bay. At Sea-Tac, it would result in a corresponding loss of landing fees, gate rentals and passenger facility charges.

The Port Commission must anticipate changes in the landscape of its business, and be prepared to deal with them. If you elect me as your Port Commissioner, you can count on me keeping abreast of issues such as these. The election is tomorrow, and I would be honored to have your vote!

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