



## Unleashing Washington's Maritime Potential: Identifying Challenges to Port Competitiveness and Recommending Solutions

*Executive Summary*

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### **Purpose and Scope**

Washington's economic history and future are inseparable from its vastly complex maritime industry. The primary purpose of this paper is to examine current challenges and provide actionable policy recommendations to the state to proactively strengthen its maritime sector, drawing from successful policies utilized in other maritime regions of North America. One of the largest components of this industry is the port and logistics system, which we focus on specifically in this review.

The paper first examines Washington's major ports, demonstrating their economic value and indisputable position as a driver of growth. Then it reviews successful maritime policies adopted in other North American ports such as those in British Columbia, Canada, and Savannah, Georgia. Finally, it compares those successes with Washington's opportunity slate, gleaned ways that they can be transposed to fit the state's needs and contribute to a thriving maritime economy.

### **Emerging Threats to Port Competitiveness**

In order to create and sustain a maritime infrastructure that will be ready for various market changes, Washington must commit to effective policies that put the state in the most competitive position to retain and grow jobs. Therefore, it is imperative to identify and address current and looming challenges to Washington's port and logistics systems.

### **Investment in Washington State Ports**

Adequate investment will be needed to ensure Washington's port infrastructure keeps up with expected demand. The right policies will successfully guide the state's future economic growth in coordination with forecasted demand. Ironically, as the need for modernized and expanded facilities has grown with the expansion of trade, financing infrastructure like port projects has become more of a challenge, including:

1. Lack of secure, long-term funding for key freight mobility projects
2. Absence of a national freight policy

These factors hinder economic growth and threaten to risk Washington's global competitive edge.

### **Port Infrastructure Project Siting and Permitting Challenges**

The notion that it is more difficult to conduct business in Washington than elsewhere because of lack of public and government support for the industry can be detrimental to competitiveness.

When it comes to port infrastructure such as terminals, much of it is financed and operated by private entities. In order to be competitive in attracting private investment in these facilities, the state's permitting process must work to ensure a decision can be reached within as predictable a time frame as possible.



While as a policy the federal government and many states have attempted to rein in the length of time it takes to complete the infrastructure project permitting process, Washington has actually taken steps that can lengthen it.

In addition to lacking a clear timeframe for decision making, Washington's recent implementation of its own permitting rules on its face stands as a deterrent to port investment.

### **Improved Coordination on Freight and Port Planning**

Washington transportation stakeholders could better coordinate freight and port planning. The involvement and leadership of the state in the coordination and planning of freight projects – specifically those dedicated to state maritime initiatives – with private entities is needed. Properly resourced, both WSDOT and FMSIB could be sources of much-needed freight planning expertise in the state and one that local governments can utilize as well.

### **Models of Successful Growth: British Columbia and Port of Savannah**

The ports of Vancouver and Prince Rupert, British Columbia, and Savannah, Georgia, are distinctly different in geography and customer base but have seen substantially greater growth in recent years than Washington's major ports.

#### **British Columbia Maritime Sector and Ports**

B.C. participated in Canada's Asia-Pacific Gateway and Corridor Initiative. This initiative represents a seamless integration of government and industry partners all across the supply chain. It endeavors to integrate planning and finance of infrastructure projects for rail corridors, seaports, airports, roadways and border crossings. Importantly, it is helping to facilitate and coordinate major public private investments that will increase capacity, eliminate congestion, and streamline operations.

One key to reducing project permitting risk and encouraging needed private investment was the Canadian government's adoption of a 'shot clock' policy approach to permitting

#### **Port of Savannah**

The U.S. port has a high level of cooperation between public and private sector stakeholders in the region. The Georgia Port Authority (GPA), an operator of major terminals at the Port of Savannah, has played a leadership role in the coordination of state and port strategies to further its trade competitiveness. On the local side, the Savannah Economic Development Agency (SEDA) has contributed to the port's growth.

The federal government is investing as well. The Army Corps of Engineers is undertaking the Savannah Harbor Expansion Project (SHEP) to deepen the Savannah River to 47 feet. Recently the port received a large grant from the U.S. Department of Transportation to increase rail capacity at the Port of Savannah. These federal investments are prioritizing initiatives that prize regional collaboration and vision as well as national leadership.

Effective land use planning has helped the Port of Savannah preserve substantial amounts of land for logistics and warehousing use, a factor that has led to growth in container shipping through the port.



## Importing Sound Policies for Success of Washington Ports

We present some policy recommendations which have worked well for other North American ports as discussed previously. They include:

### Summary of Policy Recommendations

Capturing Investments for Financial Sustainability and Growth	Improving Siting and Project Delivery	Enhancing Port Stakeholder Coordination
<ul style="list-style-type: none"> <li>• Creating a new, dedicated state-level funding source</li> <li>• Expanding eligibility for existing state-level funding sources</li> <li>• Enhancing federal investment</li> <li>• Considering other incentives to attract sustainable port development</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing an office or committee to investigate and recommend permitting improvements</li> <li>• Implementing firm "shot clock" permitting timelines for agency decision-making</li> <li>• Improving agency transparency and accountability on permitting of projects through use of tools like a web "dashboard"</li> <li>• Engaging in state-wide land use planning to identify and preserve port-usable properties</li> </ul>	<ul style="list-style-type: none"> <li>• Developing port/maritime expertise at state level agencies</li> <li>• More active role for state-level agencies/ programs to address port needs</li> <li>• Strengthened gateway/corridor planning with support of state</li> </ul>

### Better harness freight infrastructure investments

We have identified four initiatives which could strengthen investment in Washington ports:

1. Creating a new, dedicated state-level funding source,
2. Expanding eligibility for existing state-level funding sources,
3. Enhancing federal investment, and
4. Considering other incentives to attract sustainable port development.

### Improve siting and project delivery processes

An ad hoc or even permanent committee or office could review policies and best practices for improved coordination between state agencies as well as coordination with federal agencies. It could also review any available data on permitting and review processes, recommending any new data to be collected. Two best practices include:

1. Establish reasonable timeframes for permitting decisions. A stated timeline and end date for review should accompany each project in order to give stakeholders an idea how long the regulatory review might take rather than the current uncertainty
2. Publication of tracking reports of permits on major projects can help improve transparency and accountability of public agencies and often has the effect of speeding up the process.

### Engender greater coordination among port stakeholders

A spectrum of policy choices exists for Washington to consider, depending on what level of integration and promotion it desires for its ports. Given the importance of trade to the state, we recommend a fairly high level.

Additional duties a state agency could take on include:

- Providing local agencies and councils with corridor planning expertise—particularly with respect to those involving ports;
- Building internal expertise on port and maritime operations—specifically with an industry experienced



- WSDOT maritime program lead;
- Developing conditions/performance metrics and a regular assessment of statewide port infrastructure needs; and
- Coordinating with federal agencies on dredging needs/funding and other functions relevant to Washington's ports.