



Transcript of Panel Discussion on Freight Mobility Washington Policy Center's 2011 Transportation Conference

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- Bill Bryant, Commissioner, Port of Seattle
- Mark Anderson, CEO, Anderson Hay and Grain
- Stan Vander Pol, President, Washington Trucking Associations and owner, Peninsula Truck Lines
- Moderator: Allen Schauffler, KING 5

Allen Schauffler: “Because that issue of tolling, well it creates a lot of questions, doesn’t it? Really interesting discussion, I appreciate the panelists who were here. We have hustled a new group into their place. And I’ll just introduce them very quickly.

Stan Vander Pol is the president of Peninsula Truck Lines and has been in that position since 1976 - since 1976! Peninsula is a regional ‘less than truck load,’ or LTL carrier, serving more than 900 cities and towns in Oregon, Washington, Idaho, and British Columbia.

Bill Bryant has been a member of the Seattle Port Commission since being elected in 2007, currently serving as president, and making freight mobility and the expansion of transportation system capacity, priorities during his tenure. He’s worked extensively in the private and public sectors over the years on issues of international trade, and was the director of Washington Governor John Spellman’s Trade Council.

Mark Anderson is the President and CEO of Anderson Hay and Grain, and has been running that company for more than 20 years, growing its sales from \$15 million a year to more than \$150 million dollars a year. He has a wealth of hands-on farming and hay processing and moving experience, all of which helps inform the company’s current management policies.

We’re going to begin, as we did with the last panel, with each of these gentlemen having about seven minutes to make a statement on the issue today, which is: freight mobility and the state of freight mobility; what we do moving forward in the state of Washington. We’ll start with Bill Bryant.”

Bill Bryant: “Well great. Thank you, Allen. And what I’d like to do in the few moments we have to kick this off is to talk first about how important freight mobility is to the state, and some of the threats that exist to our economy because of problems with freight mobility. And then give you some ideas of where I think we need to move forward.

But in terms of talking about how important freight mobility is I can tell you just from the Port of Seattle’s perspective, over 100,000 jobs in King County are dependent upon our ability to move passengers and cargo in and out of Seattle. And if we add the Port of Tacoma to that mix, you’re going to add tens of thousands of more jobs. And if you count the jobs around the state that are dependent upon the Port of Seattle and on the Port of Tacoma, you’re well over 200,000 jobs.

Now, why is that important for today's discussion? 70% of the cargo that is moving in and out of the Puget Sound is discretionary. It's not bound to the Pacific Northwest. It's going to the American Midwest, or it's coming *from* the American Midwest and going to Asia. It's passing through here. And it will pass through whichever West Coast port can get it between Asia and the Midwest the quickest. Now, what people don't realize, is that the Ports of Puget Sound, the Ports of Seattle and Tacoma, are in a competitive dog fight right now with the Ports of British Columbia, Prince Rupert and Vancouver. And after 2014 we're going to be in this dog fight with Savannah, Charleston, Houston, and Jacksonville. That's because in 2014 the Panama Canal is going to be widened to accommodate 21st Century sized ships. Right now these ships can't fit through the Canal, so they have to come to the West Coast of the United States or Canada, unload their goods onto roads or rail and move them through the Cascades or through the Sierra Madres, over to the Midwest, or from there on road or rail across America.

But after 2014 the Canal will be opened again, and there will be an all-water route between Asia and the Gulf. And then the Ports of Puget Sound are going to find themselves competing not only with British Columbia, but with Savannah, Charleston, the Gulf, and East Coast ports.

Canada gets this. Canada gets this in a way that a lot of our policy makers in Olympia do not. They understand there is a direct connection between being able to move cargo between the Ports of Vancouver and British Columbia, and the Midwest and keeping jobs in British Columbia. And that's why you see hundreds of millions of dollars being pumped into grade separation and transportation projects in British Columbia, in Prince Rupert and in Vancouver.

That investment is a competitive threat to keeping jobs here in Washington State. The Canadians, the Federal Government, working in lock step with state governments, working with the municipal governments, the ports and the railroads, have built a freight corridor between British Columbia and Chicago and St. Louis. That corridor is a threat to keeping jobs here.

And it's not just Canada. It's happening in Georgia. It's happening in the East Coast. I can tell you the Ports of Seattle and Tacoma have stepped up to meet this threat. Over the last decade we've spent about a billion dollars ensuring that these aging port facilities are now 21st Century competitive terminals. And the Port of Seattle has stepped up and spent well over \$30 million dollars in the last decade on grade separation and road projects right around the port. But I'll tell you, while we have done everything we can inside the gates and immediately outside the gates to ensure that we can move cargo around and in and out of our port, farther outside our port gates, our state has allowed our freight mobility system to deteriorate. And that deterioration is a competitive threat to keeping jobs here.

We have an internal threat, as well as this external threat from British Columbia and the Panama Canal. And that is, we have a post-World War II system of transportation governance and finance. And this antiquated system is really crippling our ability to build for greatness. And it's crippling our ability to retain jobs, and attract new jobs to Washington State. What we need instead is a governance and a finance system that doesn't look at individual projects, but instead looks at the freight mobility system. We need to move cargo and passengers in and out of Puget Sound, and over, and back and forth, across the Cascades. That's going to require us building what I would call the 5-9 corridor: our own corridor. And the 5-9 corridor is really a compilation of a lot of projects that we need to weave together more effectively. It's I-5, it's 509, it's 99, and it's 90. If you start down by 509, we need to finish the highway that we built half of, so that it actually joins I-5 just North of Weyerhaeuser. And trucks can move off of I-5 north bound, get off on 509, the new 509 that would join into I-5 just north of Weyerhaeuser and go all the way to the Port of Seattle.

Similarly, we need to finish Highway 167 which goes from the Port of Tacoma up to 405. Finish those 2 highways. Off 509 we need to build two – which we are building – passes that allow trucks to drop off 509 and go into the Kent Valley. And once they get there we've got to deal with \$90 million dollars in

deferred maintenance on truck routes. Truck routes that are absolutely essential to the efficient operations of the Ports of Seattle and Tacoma.

509 comes up, we need to reconfigure how we move trucks around 99, in and out of the port. And we are doing it right now as part of the tunnel project. It's going to be much more easy to move trucks from I-5 and I-90 in and out of the Port of Seattle because of that project. We go through the new tunnel, and then when we get to the north end we have to have a Mercer street that connects two ways with I-5 and 15th/Elliott, and we have to have a Nickerson Street that allows us to moves cargo from our industrial districts in the North End of Seattle, to I-5 and to the South End.

And then, do no harm.

You've got to have an I-90 system that allows us to move Mark's freight from Ellensburg to the Port of Seattle in an efficient manner. And that means do not do anything to inhibit freight mobility on I-90 between North Bend and the Port of Seattle. It's not a huge endless list. It's actually quite finite. If we build that 509-99 system, we will be able to move freight in and out of King County. And moving freight in and out of King County is going to allow us not only to retain tens of thousands of jobs that depend upon freight mobility, but it's going to allow us to attract new companies here in Washington State."

Allen Schauffler: "Stan Vander Pol."

Stan Vander Pol: "Is there anything new that I can say? As Bill was saying, transportation, trucking represents a lot of jobs in the State of Washington; one out of 14. And trucking moves about \$27 million dollars worth of goods every hour of every day. So it's a big economic driver.

The trucking industry pays 36% of the taxes and tolls in the State of Washington, and yet represents only about 11% of the miles. Some people would say that's not enough. I think that's quite a bit.

Jim Tutton referred to changing regulations. The hours of service is something that we watch all of the time. It's important to us. We run trucks from Spokane to Seattle and back. It's about 10 and a quarter hours to do it legally. So if they change the driving from 11 hours down to 10 hours, it's going to take two trucks. Or it's going to take a driver sitting in North Bend waiting for their other driver to come out of Auburn. And I don't think that's efficiency. I also don't believe it's any safer. When we look at our track record, for drivers we don't have anybody that's having accidents in that 10th to 11th hour. We just don't. So it's a cost to the industry. It's frankly a cost to our customers. You heard the last panel say additional cost? I'll tell you, trucking companies don't pay those additional costs – it's our customers. We can't afford to take it out of our pocket.

Growing traffic congestion: we talked about HOT lanes earlier. They may look like a success as far as improving the traffic flow on 167. I would propose that the reason it looks like traffic is improving is because the economic downturn. In 2007, when I looked at some of the information on our trucks, it took them 45 minutes at peak hour to get from Renton to Auburn. And I thought well the driver must be messing up. And then I said, 'well, wait a minute, that's how long it takes to get from Renton to Auburn at 5 o'clock in the afternoon.' Today I don't think it takes that long. But I don't think it's because of the HOT lanes in all honesty. I think it's because there are fewer vehicles on the road because the economy has turned down.

The Washington State Legislature has funded a truck performance study being conducted by the University of Washington and WSDOT. I think this is an important study. It's based on GPS information from trucks. But it will help us to identify those places where there are bottlenecks. I think it will also give us information on, when we make changes, what effect it really has. It's great to have all these studies, but if we never know if it makes any difference, it's a waste.

I used to drive from north end of Seattle to Georgetown. The northeast 45th to Mercer street area: it's a joke! It was mis-designed, and yet we have lived with that for years, and I guess the point there, for me, is we have to make sure we design roadways that are going to allow traffic to move freely. If you look at the four corners, if you look at 405 and I-5, 167 and 405, 405 and I-5 on the South End, 405 and I-90, every time you have traffic coming together, we don't have enough capacity. We don't have the ability to have that merge quickly. And so you get a bottleneck there.

Funding needs. We talked about tolling. We need to spend more money on roads. That's the reality of the situation. How do we get there? Frankly I don't know. But we can't continue to do what we're doing and expect to have 21st Century roads. I was in Chicago recently. Their roads are a mess. They really are. They're all broken up. And we can have the same thing here if we want it. But I don't think we want that.

Congestion pricing. Jim talked about trucking companies that had opened terminals. That's us. We opened a terminal in Mountlake Terrace three years ago and one in Olympia so that we could get our trucks out of that commute time in the afternoon and in the evening. Yeah, it cost us money. But we thought that looking forward another ten years, we wouldn't be able to get through the traffic that's going to get worse.

Congestion pricing doesn't work very well for trucking companies. We run our trucks based on our customer's needs. Jim's right, we would like to be able to deliver at night, although our drivers wouldn't like that. But frankly our customers, most of them aren't open. And many of our customers demand us to pick up late, because they're waiting for their customer's orders and they want us to deliver earlier so that they can make deliveries to their customers. We do it as a service to our customers.

Last comment. We pay for congestion, whether we eliminate it or not. So if we're going to pay for it one way or the other, I would choose to eliminate congestion. Thank you."

Allen Schauffler: "Mark Anderson."

Mark Anderson: "Thank you. I think in the seven minutes here there's three main points that I really want to cover. One is the importance of ag exports for our state. The other is the importance of I-90 and Highway 18 as it's relation to Eastern Washington access to the Ports of Seattle and Tacoma. And I think the other one which Bill touched on, but maybe the business side of what we're facing on the ocean shipping side of things with the Ports of Seattle and Tacoma.

First of all, with ag exports in just the State of Washington, which really I probably should be adding Oregon and Idaho, looking at the region, but just the State of Washington, we've got well over eleven plus billion dollars in food and ag exports. Almost really half the state's production is finding its way in the world market. That's the third largest in the United States.

Hay production. There's a \$442 million dollar production value put on hay production in the state. Many people use a two-and-half multiplier, so hay alone is over a \$1 billion economic impact, just in this state alone, not to include Oregon and Idaho, and others.

One out three jobs are related to international trade. Now we know there's a lot of international trade in western Washington. But if anything, if one out of three jobs are related to international trade, we in this region need to be looking at a flat world. And everything we do needs to be based on a global perspective.

Basically, export opportunities probably out of that \$442 million dollars, well - close to half, maybe around 40%, is exported. I can tell you that without an export market influence, many of the farmers in eastern Washington, Idaho, and Oregon would not have profitable price levels to continue to stay in business and farm.

So that's touching on the importance of ag exports and I guess international markets in general. Obviously we live and die by Highway 18 and I-90. All of us in eastern Washington, no matter if it's french fries, hay, apples, anybody that's exporting. Both speakers in the trucking industry have referred to hours. We have to make two trips a day from Ellensburg to be competitive on the inland trucking. So obviously we're very concerned about our future ability to be able to access the ports of Seattle and Tacoma twice a day as congestion increases. So we get fairly passionate about that.

I think also touching on the inland transportation side of things. We're finding in our business that these huge corridors coming out of the Port of Los Angeles, which is also affecting Seattle and Tacoma, are reaching – they used to seem to go as far as Salt Lake – but there - in addition to Denver and Phoenix. We're finding actually in our business now that if I'm bringing hay product out of southern Idaho, I can more competitively put that on a back haul return trip on trucks back to Long Beach, process it and export it out of the ports in L.A. and Long Beach. So they're sneaking further and further up then I think most people realize.

And in all honesty I've just started to realizing more and more of it the last year. And that's huge because what I think what a lot of other people don't also understand is currently it's costing anywhere from 43% to 91% more to ship out of the ports in Seattle and Tacoma than L.A. Long Beach. That is drastically changing business decisions.

As a company - I can't speak for the state, I can't speak for Olympia, but I can speak as a company - we're hiring people every day. They're currently being placed throughout the Pacific, south for us to grow our supply there - our farming activities there - to access the ports of Long Beach and L.A. And as one of the larger shippers out of Seattle and Tacoma, I think that's not a threat. I think it comes like – we all need to kind of wake up and understand the true competition that's out there. We're competing as Bill said with Prince Rupert. We're competing with L.A./Long Beach. We're struggling big time on both of those. And then when you bring in the 2014 Panama Canal that enters a whole other component of our business.

In the future, am I better off instead of bringing an export world market opportunity to Royal City in Pasco, maybe I'm better off to access South Dakota and be on a rail up to Prince Rupert. Maybe that's how I'm going to compete in a world market with forage products. We don't know but there are so many dynamics that are out there that we all need to take into consideration in what I call a flat world. Trade is moving everywhere. Countries that I spend a lot of time in, like in China are, things are happening so fast that I think it's just hard for people paying attention to keep up with it. Let alone those that think that well, forever the ports in Seattle and Tacoma will be viable, they've been here forever. I don't necessarily agree with that when you look at the flat world.

On those increases, one of our biggest trading partners is Japan. 77% on average, it's a 77% increase in ocean freight rates Seattle-Tacoma versus L.A.-Long Beach. So again, those are driving business decisions. Those are driving hiring decisions.

I don't have all the answers as we sit here. I do – I'm a huge supporter of Bill, and his perspective on solutions. I'm not a transportation solution expert; I'm just a user of it, trying to trade product in a world market. And in our business we move all over. We have to compete with domestic forage production in the countries we sell to. We compete with Canada. We compete with Australia. We compete world-wide so I can't be in Ellensburg just looking at this corridor to a world market. We have to look at it world-wide. And everybody in agriculture is doing that.”

Allen Schaffler: “Mark that's why you're here. We have questions, you have answers. You're supposed to have answers!”

Mark Anderson: “More questions than answers.”

Allen Schauffler: “I want to start with this very simple question, and maybe we can start with Mark and Stan, and Bill you can weigh in on it as well. And by the way, any time, gentlemen, you want to take a shot at what someone’s just said, please go ahead. I’m curious if government is listening to you. I’m curious if in Olympia, in the Seattle mayor’s office, in county court houses, to what extent the needs of your industries are being recognized and met in government? Mark? Answers?”

Mark Anderson: “I sense that there’s always open ears and an appreciation for what we’re dealing with; an interest to know more. I think what’s happening is the complexity is getting bigger and bigger; that it’s very, very difficult for people to get their head around what the solutions are. And I think that’s where the struggle is. We turn - there are countries that are running like companies. And we know how some of those governments operate. And they’re moving fast. Right, wrong or indifferent, they’re moving fast. Our country, my concern is, is moving further from operating like a company. And not that it ever has or needs to, but the point is can we collectively come together as a government and make good solid decisions for the best interests of our economy and long term competitiveness of our country as well as our state.

These are big, big questions that need cooperation, and really all you hear about is these internal battles. I’m a company person not a government person, but, you know, I feel like if it was a company you’ve got everybody arguing about getting along in a day and nobody’s paying attention to what your competitor’s doing down the road. What would happen in business if that was the case? I think it’s happening in our state. It’s happening in a lot of other states, and frankly it’s happening in our whole country. And that is a problem because it’s going to get in the way of us coming up with good solid solutions for jobs and this economy in 10 to 20 years from now, and that’s what we need to be looking at.”

Allen Schauffler: “Stan are you getting the kind of ear, the kind of hearing you need in government at a variety of different levels – local, state?”

Stan Vander Pol: “Your question was, ‘are they listening?’ Yes. Do they understand? Probably not. Many of them haven’t run businesses, so it just kind of goes over their head. And we’re not the only voice. There are a lot of voices out there. So I don’t want to be a pessimist. I don’t want to say they’re not listening. They are, but I don’t think they understand. They don’t understand what it takes to run a business. They don’t understand what it takes to be profitable. They don’t have to have the same kind of bottom line profit as we do. I mean, if we don’t make a profit, if we can’t make the payroll, we go out of business. You just have deficit funding. So, I’m not a pessimist. I do think they want to understand. I think they want to listen. There are a lot of voices out there and it’s difficult. And there are a lot of needs. There are a lot of people that are hurting in this country that have needs and we have to care about them as well.”

Allen Schauffler: “Bill you made a very good point and a very good presentation about the necessity for competing in terms of port infrastructure, and delivering things from port to market, from market to port, etc. With other foreign entities on the West Coast, California, Stan, of course, and British Columbia, and then the other ports opening around the country; a very good presentation that we need to be more competitive with those things. Aren’t there an education and a marketing component to this? Don’t we need to make the public and the politicians aware of this? And how do we do that? How do we wake them up to the needs and the importance of those things that you talked about?”

Bill Bryant: “Definitely. I think that at the state level, we’re fortunate in that that we have four players at the state level who get it. In the Senate, both Senator Curtis King, and Senator Mary Margaret Haugen on the transportation committee, get this. And on the House side, State House, Mike Armstrong from Wenatchee, and Judy Clibborn here from Mercer Island, both get it. So in the leadership of the Senate and the House we have people who understand that jobs here depend upon having a freight mobility system that allows us to compete with California, or British Columbia, or other parts of the United States.

There are some legislators though who do not. I remember last year I was talking to one legislator from the eastside of King County who is not a legislator any more, fortunately, who asked me, 'Bill, if we just do one thing this year, what would it be?' And I said 'If you can only do one thing, finish Highways 509 and 167.' And he said, 'yeah, I don't think we're going to be able to get to that for a few more years.' Well, that's unacceptable. That's looking at your budget based on the dynamics and the realities of Olympia and ignoring what's going on around the world.

We don't have a few more years. Prince Rupert, Vancouver, British Columbia, Jacksonville, Savannah, Houston are not going to sit idly by and wait for Washington State to get its act together. And so we have got this 2014 clock ticking and we've got to put together a freight mobility system that enables us to compete within the next few years. We have the fundamentals. But we've got to do a better job of educating people at the state and at the local level.

I can tell you one of the points I said in putting the system together is first, do no harm. That means we don't want to be making decisions, we don't want policy makers to make decisions that would in any way inhibit our ability to move freight between North Bend and the Port of Seattle on I-90. Ok? That means we also do not want policy makers who even contemplate taking lanes of traffic out of East Marginal Way or Airport Way South in Seattle and turning them into bike lanes! Nor do we need to have policy makers who would support taking lanes of traffic out of Nickerson. That whole 509-99 corridor that I described requires having a North End that works for the Industrial District and keeps jobs here in Seattle. That means you have a Nickerson that works. You have a two-way Mercer that works, that it complements coming out of the new tunnel on 99. We've got to have policy makers that understand that these are not about individual projects. They're about building a system that creates and retains jobs here in Washington State."

Allen Schauffler: "Mark, comments?"

Mark Anderson: "Yeah, one other thing on the government listening part of it that I think is worth mentioning that I didn't speak to is that there's a lot of improvements taking place on I-90 right now. And I will say that Washington State DOT is doing an incredible job of managing the balance between construction and movement of trucks. And I think that I can't speak from over here on different decisions and on tolls and all of those things. But I can say, as somebody that's using I-90 every day, I'm highly impressed with how hard the state's working to keep commerce going and trucks moving, and I overlooked mentioning that on the first, during the questions."

Allen Schauffler: "Bill?"

Bill Bryant: "I just wanted to throw in and reinforce what Mark's saying, because I don't think - this goes to education - and not everyone over here understands what's going on the other side of the pass. 51% of the exports from the Port of Seattle are agriculture. So keeping I-90 open and working for people like Mark, and people in Wenatchee, and Yakima, and the Tri Cities, and Moses Lake is incredibly important to the economy of King County. But if you haven't been over to Moses Lake lately, you should know that Moses Lake is on fire. BMW had to locate a new plant for building its carbon fiber. It chose between Quebec and Moses Lake. Those were the final two cities. It picked Moses Lake.

I was just over there. They're going to be importing raw materials in through the Port of Seattle, manufacturing all of their carbon fiber in Moses Lake, and then re-exporting it through the Port of Seattle to their car manufacturing facilities around the world.

We're building solar panels: huge facilities. I was driving to Spokane the other night, and looked over; I was like, 'my God, what is that? It looks like Las Vegas.' It's all lit up. It's a brand new facility which is building silicon and solar panel plants. Again, they're importing the goods through the Port of Seattle, manufacturing them in Moses Lake, re-exporting from the Port of Seattle.

Neoplan Chemicals is the same. Genie Industries is the same. They have two things - they have affordable electricity in Grant County, and they have cheap affordable land and they have direct access to the Port of Seattle. That requires, however, an I-90 that stays open 360-plus days a year and that does not get congested when you hit North Bend or a bridge. So if we want to keep jobs on both sides of the state, we've got to focus on retaining freight capacity on I-90."

Allen Schauffler: "Go ahead, Mark."

Mark Anderson: "And then I would also add on the education front that I always like to impress, so hopefully I hope I'm not jumping ahead to another question, but we have to be a big importer to be a big exporter. You have to be a big importer. The kids waiting for the school bus in Royal City, like I always say, their future and their family's income is directly impacted by how many flat screen TV's we're importing, so we can turn those containers back around. And I think a lot of times that does not get the attention that it should. You cannot shut down imports and be a big exporter. We compete very easily with countries that have that problem, so it's real."

Allen Schauffler: "We don't have anybody directly from the rail industry on the dais here, but I'm just wondering, each of you take a shot at this. Are we paying enough attention to rail infrastructure, planning, capacity, maintenance, right now as we should?"

Mark Anderson: "Well I can speak just on the education front, and Bill can answer this much better on a national perspective. But many people say well 'Mark, why do you need all this I-90 improvement? You should just rail those containers over the pass.' Well the reality of it is, is that's not how rail works. Rail works from Seattle to Chicago. It barely works from Salt Lake City to Oakland because that's too short. The way the carriers are managing equipment and vessels, they want their vessels going back and forth on the ocean. They do not want big pools of containers sitting at inland points, which is what you need if you're tying up a whole bunch of containers on short inland trips. Not to mention the simple ability of rail to compete price-wise on such a short run. So I always like to bring that point up because it's an obvious good question, but there's also a good answer to that."

Allen Schauffler: "Stan, are we paying enough attention to the needs of rail? Obviously, maybe as he describes it, as Mark's describing, maybe not as a competitor for you, in a lot of ways, but are we paying enough attention to rail?"

Stan Vander Pol: "From what I can see the answer is no, we're not improving the ability to have rail flow-through. The passes look like they're bottle necks. The Columbia River, you run trains on both sides - there's maybe a more efficient way, but there are two companies and so they compete with one another. So I don't think we do. There's a place for rail. It can be an effective and inexpensive alternative, but it provides a different level of service. It's not as fast as maybe a truck going over the road. But certainly large volumes, heavy weights, can be moved efficiently with rail."

Allen Schauffler: "Bill, obviously the port is a rail-head. Obviously the infrastructure there, getting rail in and out of your facility is critically important. How is it working for you?"

Bill Bryant: "The rail is working well but it is working well at the volume we're moving into the Port of Seattle right now. We're going to be - last year was our biggest year ever. We were hoping to get back to where we were in 2007. We blew through the 2007 level, and actually blew through the 2005 level for marine cargo moving through the Port of Seattle. So we're up over about 2.2 million containers. You start getting over 2 and a half though, which is very possible and start pushing towards three, and we will be pushing the capacity of our rail system. What we need to do is crown and widen the Stampede Pass tunnel so that we have another alternative through the Cascades. And then we also need to deal with some rail bottlenecks in Centralia, Kalama, and Vancouver, Washington. If we were to do that, we would then have

a rail system that would compliment this 509, 99, I-5, 90 corridor that we need to be building. The two need to fit together.”

Allen Schauffler: “We’ll take some questions from you folks now. Remember, I urge you to identify yourself so we know who you are, and wait until the microphone reaches you so we can all hear you. This gentleman here. And if your questions become speeches the hook will come out.”

Will Knedlik: “My name’s Will Knedlik and I don’t have a speech. I would like to direct my questions to the two truckers and to thank you for all the country western songs your industry has inspired. I’m wondering if you agree with Mr. Bryant, that doing no harm on I-90 is important. And whether or not you think reducing the lanes by two will have an impact in degrading that, as well as reducing the size of the lanes so that they’re narrower. And finally, if in fact, Kemper’s next lawsuit is not successful, if those two lanes have to be given away, if you would prefer that the fair market value of those lanes – between 8 and 12 billion dollars indicated by the toll revenues that are now going to be coming on by two lanes over 520 is what you would like to go into the 18th Amendment funds or if you would prefer to pay Sound Transit several hundred thousand dollars to take them away for free.”

Allen Schauffler: “A little clarification: you’re talking about doing no harm over I-90, and you were talking about two extra lanes, were you talking about the 405 corridor?”

Will Knedlik: “I’m talking about the two lanes that are to be taken away from the I-90 corridor if Kemper’s next lawsuit is not successful.”

Allen Schauffler: “Alright gentlemen, fire away as best you can.”

Mark Anderson: “My simple answer would be that we’re hitting trucker hours. We’re close right now making two trips over I-90 and Highway 18 to the ports in Seattle and Tacoma. We can’t go any slower than we’re going now or we will go down to one trip which is not cost effective and will further push supply into an export market to other areas in the State of Washington. So in all of that I would answer we can’t go any slower than we’re going now. So whatever solutions you come up with assure that we’re where we’re at today or faster.”

Allen Schauffler: “Stan you’re the same – just don’t take away my lanes? Do no harm, but don’t take away my lanes?”

Stan Vander Pol: “I think that we need to continue to provide capacity. And if you take it away, I mean, it’s going to slow traffic down, there’s no doubt about that. We don’t use, personally as a regional LTL carrier, we don’t use the bridges that much because most of our traffic is north and south, and not east and west.”

Allen Schauffler: “Alrighty, another question? Right here. Hang on a second. Here comes Jason with the mic.”

Dave Elliott: “Yes, just point of interest. My name is Dave Elliott. I’m a commercial realtor down in Kent Valley for the last 20 years, so I drive it almost on a daily basis. Before the dump in 2008, we were the 6th biggest industrial park in the nation, and the 4th fastest growing, depending on who you talk to. We had in excess of 100 million square feet of built warehousing, and 10-12 million in the pipeline. 4% vacancy. That vacancy factor is now 15%. Gentlemen mentioned the economy has driven a large part of the fact that I can move up and down 167 quite quickly and efficiently. The question is when and if – hopefully when – our economy starts to turn we start to refill the buildings, we start to build new buildings, the 10-15 million that was basically stopped cold, from the end of Lake Washington, into the Port of Tacoma. What happens then? Our traffic’s going to start to ramp back up. There’s what we have to pay attention to. I know a lot of the trucking companies, they have a – excuse the expression – they

have a hell of a time getting in and out of there in the morning. So if we don't do something for that massive economic engine we're going to be in real trouble in about 5-10 years. It's going to happen. ”

Allen Schauffler: “Gentlemen, are you planning into your next decade, hopefully early in this next decade, a ramping up of traffic in general that you are going to have to deal with, figure out ways around and through? I mean, just in general, if the downturn has taken people off the roads, maybe an upturn will put them back on the roads. Maybe you'll have different logistics to deal with. Are you planning that in?”

Stan Vander Pol: “That's why we opened up a terminal in the north, and in the south as we just saw where it was going. Those decisions were made in 2007-2008. We scratched our heads over the last couple years saying we didn't know if it was the right decisions. We believe it was in the long term. You're just not going to be able to travel during peak commute times north and south on I-5 and 405. It would bother me when I would go up 405 and see my trucks chugging along at maybe five miles an hour and thinking, 'well that's about \$170,000 worth of asset and a driver who's costing us \$35 an hour, and you know, we're going to have to raise our rates to our customers to account for that.'”

Allen Schauffler: “Young lady right here was waiting for a question. Hang on just a second.”

Barbara Morgan: “Thank you. Barbara Morgan. Given that the strength of the trucking and freight business is so important for this region – it also translates into jobs. How strong of support have you received in your lobbying and pressuring efforts from union leadership?”

Allen Schauffler: “Go right down the table. Start with Bill.”

Bill Bryant: “Well we work very well, with the Port of Seattle, with a lot of our union partners. And the longshoremen and the building trades, the sailors' union, the teamsters' union. Their jobs depend on us being able to move cargo efficiently in and out of King County, so they are partners with us.”

Stan Vander Pol: “We are in fact a unionized trucking company. A dying breed, actually. We actually have a good relationship with the teamsters. And they have in fact supported the Washington Trucking Association in the last couple of years, when we asked them to join us on certain political issues. So we have a common interest, I guess and that is to provide jobs and to serve our customers. We're not always adversaries. We can work together. Democrats and Republicans can work together, you know. Employers and labor unions that represent our employees can work together. We don't have to be enemies.”

Mark Anderson: “Yeah, and for us, we've always felt we've had a good relationship with ILW. Not direct but indirectly, they understand Bill's statistics of where the containers and handling are coming from so they're always very interested in eastern Washington and agriculture, and that's supplying their work. Oddly enough, I ran into a couple in a hotel in Long Beach. Because I was wearing my Anderson logo shirt, they ran right up and wanted to know why I was in Long Beach! I told them and that kind of came back through my office – they talked to somebody when they got home. But they're wondering, 'why is Anderson, one of the biggest shippers out of the north, why are you in Long Beach?' We have to compete in a world market. Our customers – we have a brand and users all over the world, and we have to be competitive. So if we're in South Dakota, sourcing product to be on rail up through Prince Rupert, that's where we have to be. So to the 'what drives growth plans?' That's what drives growth plans – what do we have to do to compete in a world market?”

Allen Schauffler: “Gentleman right down front.”

Forrest Dill: “Thank you. Two questions for Bill Bryant. My name is Forrest Dill. Questions are: how do you propose we get 509 done before the Panama Canal opens? And if we don't get it done, the freight that leaves, does it come back?”

Bill Bryant: “Well that’s the problem. Once you lose the cargo to Prince Rupert or Vancouver or the southeast, it’s very difficult to get it back. And jobs will go, jobs will follow the freight. We have to work on 509. I spent a chunk of time yesterday on it. I’m working on it in Olympia, and 167 –the two highways that we’ve built half of, and need to finish. I think that in terms of 509, we have a real opportunity to explore how to use public-private sector partnerships in the construction of new roads. There’s a preliminary tolling study which is very strong. And if the final tolling study comes through in the way the preliminary figures indicate it will, we might have the opportunity there to actually have private capital build 509. They would have a toll which would be regulated like a public utility. They would get that toll revenue for a fixed number of years until they’ve gotten their return on investment, and then it would revert to the state as an asset. It would allow us to build a new road without having to use our bonding capacity. We’ve got to begin to build a political consensus for some new financing schemes and 509 may be an opportunity to explore public-private sector partnerships.”

Allen Schauffler: “In the back.”

Paula Hammond: “I’m Paula Hammond, and I’ve almost bit my tongue off back here. But I’ve been very quiet and really enjoyed the debate because I think the real policy issues that we face in our state come from not where to invest. We have a lot of consensus about those corridors, Bill. Those are all the corridors that we talk about needing to build. It’s how do you pay for them and who should pay for them. Senator Horn, when he was the chair of the Senate’s transportation committee took the tough leadership vote to have a nickel in ‘03, and 9 ½ cents in ‘05 of gas tax. No one has used that word here today. It’s the alternate to tolling. We are trying to use tolling to manage our freeways and make them efficient as possible. But if you don’t like tolling, I guess I’d like to hear from the freight guys, is a gas tax acceptable? The federal government is now taking away their interest in transportation investment. I saw a report where we might lose 37% of our formula funds if the new congress gets their way. So how do we pay for what we know we need to do, and that is operate efficiently, and improve it by building better roads and better interchanges?”

Allen Schauffler: “I knew we’d get to a question! Is a gas tax acceptable?”

Mark Anderson: “I think that – from my own opinion – I think that the users of the road need to pay for the road. And I get concerned when I hear gas tax and other taxes because I have zero confidence of where the money ends up. So I guess with that statement I’d follow up, if our trucks could maintain two trips a day and efficiently get in and out of the Port of Seattle and Tacoma, would we pay a toll? We’d pay a toll, but we’d want that money to continue to be used on that corridor.”

Stan Vander Pol: “I think the Washington Trucking Association, as Jim Tutton referred to earlier, has in fact supported tax increases. I was also a proponent of that. Not everybody in the association agreed. I don’t know that it’s a question of the gas tax. To me it’s a question of what do you get for what you pay. We all are willing to make investments. But you want to make good investments, not bad investments. If you see you’re spending a lot of money and getting absolutely nothing in return it’s not a good investment. But if you invest a nickel, and get six cents back, you’re going to do that! So it’s not a question of, ‘are we willing to pay a gas tax?’ The answer is, ‘yes.’ Is that the right long term solution? Probably not. I think that we need to continue to look at how we’re funding. But, you give us projects. You tell us how much it’s going to cost. If we can figure out that it’s going to save us money, in the short term and the long term, why wouldn’t we want to support that?”

Allen Schauffler: “Another question. Gentleman right here. We’ll go another couple minutes, by the way, and then we’ll get you all a chance to get a break and get into lunch at 12:30.”

George Cressevich: “George Cressevich. To what extent have the eastern Washington ag and business communities gotten the message of how important it is to their economy to deal with freight mobility on

this side of the mountains? And how effective have they been in getting that message through to their representatives and having that message heard in Olympia?”

Allen Schauffler: “Bill, go ahead.”

Bill Bryant: “I will tell you that they are, in many cases, the business community and the agricultural community in central and eastern Washington and the representatives in Olympia who represent those constituencies, are in many cases more attune to the needs of transportation and freight mobility in King County than some of the representatives in King County. The tunnel was passed by votes out of central Washington. Shortly afterwards there was an editorial in Wenatchee World about why the tunnel was critical to apple growers in Tonasket. They understand that their livelihoods depend on getting goods in and out of the Port of Seattle. What my concern is, is that Seattle – and I will use Seattle in a very broad sense, this whole community – that our wealth depends on being able to move goods and people in and out of it – and that Seattle is Yakima city, it’s Wenatchee city, it’s Idaho city, it’s Alaska city. We’ve got to service those cities if we’re going to continue to be a wealth generating engine here. Others believe that Seattle is a city that needs to be able to have as system that has people move around inside it. And I think that’s a recipe for shrinking the economy.”

Allen Schauffler: “Anybody else? Any former county executive candidates out there with a question? I have a question. Bill this is something you mentioned coming in 2014. Fascinating that the opening or sort of widening, if you will, of the spigot that is the Panama Canal is going to have an impact here. In a way should we be making plans for an inevitable drop off in commercial traffic on our roadways through our ports? Should we be planning that in, accepting it as a boon in terms of transit and an ability to manage what is coming in? We are going to be losing some market share, aren’t we?”

Bill Bryant: “Why? Why do we have to assume we’re going to lose market share? This region has lost its appetite for greatness. Come on! We know what we need to build in order to compete. Let’s figure out a way to fund it and compete. British Columbia is not sitting down saying, ‘well, you know, the Panama Canal is going to go in so we’re going to lose cargo to Puget Sound.’ They’re saying, ‘no, we’re going to figure out if Puget Sound and British Columbia, if only one of those are going to survive, it’s going to be British Columbia.’ Why aren’t we down here right now saying it’s not going to be British Columbia? We’re going to have a transportation system that allows one in three jobs that depend on international trade to continue growing. We know what we need to do. Let’s build the political will to build the system we need.”

Maggie Fimia: “Thank you. Maggie Fimia. I’m a firm believer in ID’ing the problem before you come up with solutions. And so, if you ask transportation planners and many elected officials, ‘what is the problem we’re trying to solve with these transportation plans,’ I believe half of them would say congestion is the problem, and half of them would say congestion is the answer. And so, my question is, how confident are you that state, regional and local plans have ID’d the problem, have ID’d it holistically? And if they haven’t, what are the chances of any of these solutions working if they’re not holistically done and actually identified the problem?”

Allen Schauffler: “Mark, do they know what the problems are? Have they identified them to your satisfaction?”

Mark Anderson: “I think as Bill said, some more than others. I’m not in trouble with Bill yet because I’m one of his biggest fans. I sign him up for speaking all over. Haven’t been in trouble because it’s people like Bill who need to get the education out. They understand what’s going on. And people need to have unbiased ears to do exactly what you’re saying: identify the problem, not the politics of the problem - clearly identify the problem. There’s tons of educated people that are a resource. Bill could bring another half-a-dozen people to sit at this table that represent trucking and rail and ocean and all the aspects of a world economy that we need to depend on in this area and define the problems. And I agree

with that. But the politics and everything gets in the way of that. But the experts are out there. Bill is probably the leading one in my opinion of getting it.”

Allen Schauffler: “We have time for one more question. Make it a good one. Back here. Third row, right here. Or, seventh row, back there. We’ll have two more questions.”

Jim MacIssac: “Yes, my name is Jim MacIssac from Bellevue. I’ve heard you talk about the importance – not getting freight to Chicago, the railroads do that – but to get it to eastern Washington, I-90 being a critical element. You had Mr. Knedlik ask the question, ‘do you care if you have the governor and the secretary of transportation giving away 44 feet of I-90 to squeeze the three lanes into four? And the outer road way - reduce the shoulders or eliminate them, lower the speed for trucks?’ I didn’t hear much response to that issue.”

Allen Schauffler: “Response?”

Mark Anderson: “Yeah, I think narrowing the corridor would be an outstanding initiative if we want to narrow down trade in the state. So I think that’s honestly what it is because that’s our corridor! So if you want less water to go through, get a smaller pipe. I’m not a plumber but that’s how that would work, and we would have less trade because that is our corridor to a world market. Period. The data there shows it.”

Allen Schauffler: “Ok, gentleman right here, third row.”

Philip Scoog: “I’m Philip Scoog, and I spent the last 20 years working overseas, three of them were in China. And what was interesting to me was that the leadership in China, until recently, were all engineers. They now have one lawyer, I guess because they have to do international contracts. Where will we be 300 years from now? Not 10 years from now, 300 years from now. Think the Puget Sound region 300 years from now - plan that far in advance because that’s what they’re doing. Do we have anybody thinking that far out?”

Allen Schauffler: “Alright, three centuries ahead, go ahead and tackle it Bill. You have 90 seconds.”

Bill Bryant: “No one is thinking that far off. But I will tell you that we talked about the Eisenhower administration and Nixon making the announcement at the previous panel and how we began to build the interstate highway system. And then in this state, really in the 60s and early 70s, we began building a lot of the infrastructure that we enjoy today. But we built it for future capacity in the 1970s; probably built it for 20 or 30, not 300 but for 20 or 30 years out.

Well it’s 30 years out. And we really haven’t built any new significant infrastructure over the last 20 or 30 years. And when we do build something new we talk about trying to maintain capacity as if that’s a huge goal. We need to begin not building for current capacity. We need to build for the capacity we know is going to come if we keep jobs here in Washington State. 300 years, great. I would like us to be building for the next 30 years.”

Allen Schauffler: “Alright, before...thank you very much and thanks to our panel. Before you leave I need you to participate in a first. If you would, just smile and wave at the camera. I’ve never done this before, but us and the TV business, we’re in a new world, so just smile and wave while we take a portrait here. Is everybody smiling and waving? Ok...like that. Ok. You can follow me on Twitter at @schauff, and your portrait will be up. Thank you very much, and thanks to the Washington Policy Center for letting me be a part of this. It’s been a fabulous morning. Enjoy your day. Lunch is at 12:30, right next door.”