Investing for growth in Seattle Harbor

At The Northwest Seaport Alliance’s Managing Member meeting on Feb. 5, the port commissions of Seattle and Tacoma will consider staff recommendations for significant new investments to grow international marine cargo in the Seattle Harbor, including a new tenant at Terminal 5 and more than $300 million in infrastructure improvements to the facility.

The Terminal 5 modernization project will allow us to expand our cargo-handling capabilities to remain competitive in the shipping industry. With the largest marine cargo vessels now being deployed in the trans-Pacific trade, our Terminal 5 investments are critical for Washington state exports to Asian markets — for agricultural products such as hay, apples and potatoes, as well as containerized cargo for customers such as Paccar and Starbucks.

Competition for the trans-Pacific market among the North American West Coast ports has become particularly fierce over the last few years, as shipping lines have consolidated operations into larger vessels with fewer port calls. The British Columbia ports of Vancouver and Prince Rupert have grown substantially over the last decade, as the Canadian government directly invests in port infrastructure, while the U.S. government does not.

Terminal 5 in Seattle has long been considered a premier container cargo on the West Coast because of its naturally deep berth, wide footprint (185 acres), and the availability of an on-dock rail yard, which allows containers to be directly loaded from the ship onto rail lines. The new ultra-large container ships, however, require larger, heavier cranes with a longer reach, which in turn requires strengthening the dock and upgrading utilities.

In addition to these infrastructure improvements, Seattle and Tacoma port commissioners have directed staff to bring forward environmental investments to enhance water and air quality for the community. They include updating stormwater treatment systems and installing “shore power” infrastructure, which allows a vessel to plug into electricity while at berth, substantially reducing air emissions. The plan also includes technology improvements to manage truck flow around the terminal and a railroad “quiet zone” to reduce noise impacts for the surrounding community.

The investments in Terminal 5 will be coordinated with the proposed new tenant, Stevedoring Services of America Terminals (SSAT) and Terminal International Limited (TIL Group). The proposal calls for a new 32-year lease with these two terminal operators, which, together, are in partnership with several of the world’s largest ocean carriers.

The phase one of the Terminal 5 modernization is estimated to begin this spring and be completed by 2021. To support this construction schedule, the port commissioners will be considering a realignment of marine cargo in the Seattle Harbor. Specifically:

- Matson’s Hawaii service moves from Terminal 30 to the south berth of Terminal 5 in spring 2019.
- International marine cargo would be re-assigned to Terminal 18 and Terminal 5, beginning with the current customer (TTI) at Terminal 46 moving to Terminal 18.
This presents the opportunity to use Terminal 46 for other project and breakbulk cargo and relocate Seattle-based Foss Maritime to this terminal. The Port of Seattle Commission is also studying the option to utilize approximately 29 acres of the 86-acre Terminal 46 to accommodate a cruise berth to meet the demand for the Alaska cruise industry, which is a growing business in Seattle.

More than **58,000 jobs** were associated with the marine cargo activities at the ports of Seattle and Tacoma in 2017 alone, according to an economic impact report released in January. This activity accounts for **$135.9 million** in state taxes annually. Conservative estimates for marine cargo growth are projected to more than double by 2050.

Following the public briefing on Feb. 5, the managing members are expected to take a final action at a special public meeting Feb. 26 at Sea-Tac International Airport.

More information regarding the Terminal 5 project can be found at [nw.sa.com/t5](http://nw.sa.com/t5).