

## State Freight System Solutions for Consideration

Washington State shippers' and truck carriers' top priorities for investment in the state's freight system:

- Preserve the I-5 Corridor in Central Puget Sound and actively manage it to gain operational efficiencies.
- Complete the missing link between Highway 509 and I-5 to create a third major truck route into the Seattle metro region.
- Construct the link between Highway 167 and I-5/Port of Tacoma and continue to improve the I-405/Highway 167 Corridor.
- Maintain freight capacity on the Alaskan Way Viaduct corridor so trucks aren't shifted to I-5.

In order to connect both sides of the state and ship agricultural products to market year round, freight stakeholders' priorities are:

- Improve I-90 over Snoqualmie Pass to prevent severe weather closures.
- Develop and fund a statewide core all-weather county road system.

Develop a strategic plan for the state's investment in the rail system and negotiate with stakeholders to implement the plan.

At the regional level, the state may partner with stakeholders to:

- Provide intermodal connections,
- Support regional economic development, and
- Build grade separations.

## Key Freight System Contacts for North Central Puget Sound

|                                                                                                                            |                                                                                                          |
|----------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|
| American Short Line and Regional Railroad Association – (202) 585-3442                                                     | State of Washington Freight Mobility Strategic Investment Board (FMSIB) – (360) 586-9695                 |
| Association of American Railroads – (202) 639-2100                                                                         | Trade Development Alliance of Greater Seattle – (206) 389-7301                                           |
| Association of Washington Business – (360) 943-1600                                                                        | U.S. Department of Transportation, Federal Highway Administration (Washington Division) - (360) 753-9480 |
| Association of Washington Cities – (360) 753-4137                                                                          | Washington Council on International Trade - (206) 443-3826                                               |
| Building Industry Association of Washington – (206) 622-8924                                                               | Washington Economic Development Association – (425) 967-0736                                             |
| Chambers of Commerce:                                                                                                      | Washington Food Industry – (360) 753-5177                                                                |
| Bainbridge Island Chamber of Commerce – (206) 842-3700                                                                     | Washington Manufacturing Services – (425) 438-1146                                                       |
| Everett Area Chamber of Commerce – (425) 257-3222                                                                          | Washington Public Ports Association – (360) 943-0760                                                     |
| Greater Bothell Chamber of Commerce – (425) 485-4353                                                                       | Washington Restaurant Association - (800) 225-7166                                                       |
| Greater Seattle Chamber of Commerce – (206) 389-7200                                                                       | Washington Retail Association – (360) 943-9198                                                           |
| Silverdale Chamber of Commerce - (360) 692-6800                                                                            | Washington State Department of Agriculture – (360) 902-1800                                              |
| South Snohomish County Chamber of Commerce – (425) 774-0507                                                                | Washington State Department of Community, Trade and Economic Development - (360) 725-4011                |
| County Road Administration Board – (360) 753-5989                                                                          | Washington State Department of Transportation:                                                           |
| Economic Development Councils (EDC):                                                                                       | Freight Systems Division – (360) 705-7932                                                                |
| Regional EDC of Snohomish County – (425) 743-4567                                                                          | Northwest Region – (206) 440-4706                                                                        |
| Kitsap Regional EDC – (360) 377-9499                                                                                       | Olympic Region – (360) 357-2659                                                                          |
| Island County EDC – (360) 678-6889                                                                                         | Urban Planning Office - (206) 264-1286                                                                   |
| Peninsula Regional Transportation Planning Organization – (360) 357-2675                                                   | Washington State Ferries – (206) 515-3404                                                                |
| Puget Sound Regional Council (Freight Mobility and FAST Corridor) – (206) 464-7080                                         | Washington Trucking Association – (253) 838-1650                                                         |
| Port of Everett - (425) 259-3164                                                                                           | Washington Wine Commission - (206) 667-9463                                                              |
| Skagit Metropolitan Planning Organization and Skagit/Island Regional Transportation Planning Organization – (360) 416-7873 |                                                                                                          |

More Information:

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# Freight and the Economy of North Central Puget Sound

The three components of Washington State's North Central Puget Sound' freight system:

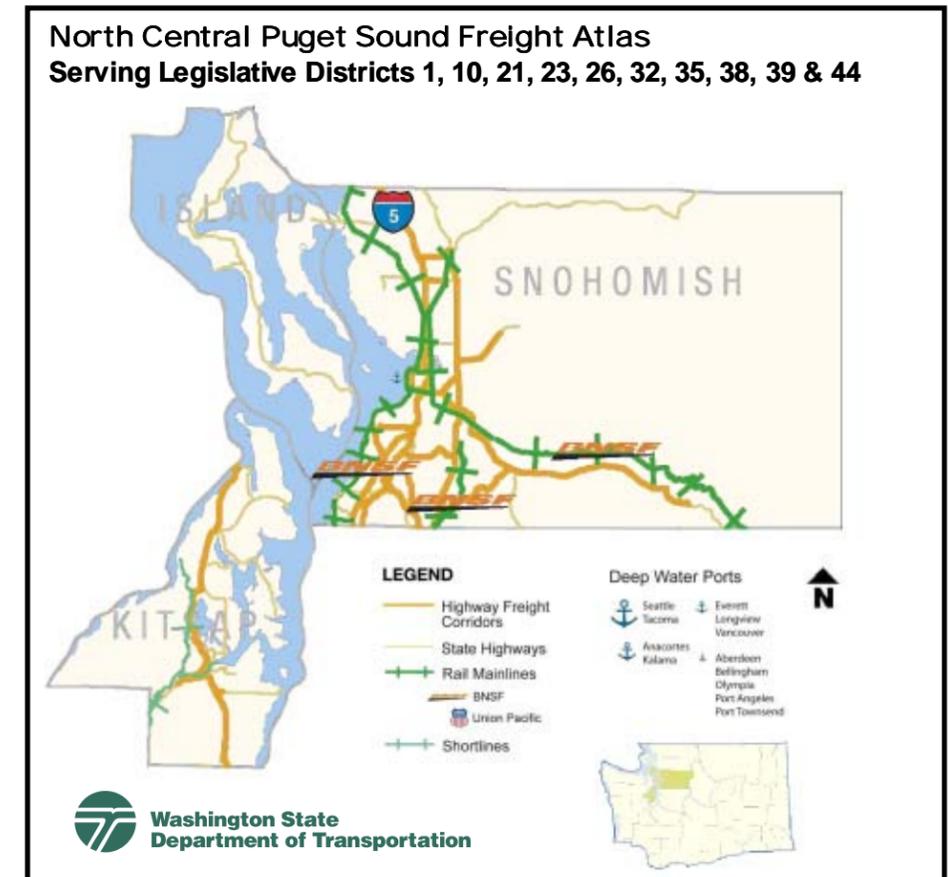
- I. **Global Gateways** – International and National Trade Flows Through North Central Puget Sound
- II. **Made in North Central Puget Sound** – Regional Economies Rely on the Freight System
- III. **Delivering Goods to You** – The Retail and Wholesale Distribution System in North Central Puget Sound

underpin national, state, and regional economies; support national defense; directly sustain hundreds of thousands of jobs; and distribute the necessities of life to every resident of the region everyday.

## I. 'Global Gateways' – International and National Trade Flows Through North Central Puget Sound

- Washington State is an important and growing gateway for trade access to the Pacific Rim, Canada and U.S.
- North Central Puget Sound's global gateways freight system serves the national economy and national defense.
- It also provides competitive advantage for logistics and trade, manufacturing, agribusiness and timber/wood products sectors.

The mainline rail corridor running along the Puget Sound coastline, averaging 40 freight trains per day between Seattle and Everett, carries large volumes of imported manufactured goods that are shipped in containers from Asia. The annual volume of containers coming through the Central Puget Sound ports is expected to more than double from 2002 to 2025. About 70 percent of these containers are transferred to rail for delivery to the Midwest and/ or the East Coast via the mainline railroads' east-west corridors; one of which runs along Highway 2 over Steven's Pass. The Port of Everett, in North Central Puget Sound, is primarily an export port; it also



handles a small volume of containers.

North Central Puget Sound is home to several military facilities that serve the regional economy and national defense. Island County is home to the Naval Air Station Whidbey. About 68 percent of total employment in Island County is from on base military employment, providing a payroll of \$399.1 million in 2003. Kitsap County is home to Naval Base Kitsap, Puget Sound Naval Shipyard, and the Keyport Undersea Warfare Center. About 36 percent of total employment in Kitsap County is from military base employment, providing \$1 billion in payroll in 2003. The military's ability to efficiently move freight in and through North Central Puget Sound is dependent on the Interstate 90 and Interstate 5 corridors, and the BNSF Railway Company and UP Railroad system.

**Challenges Facing North Central Puget Sound's 'Global Gateways' Freight System**

- The mainline rail companies, BNSF Railway Company and UP Railroad, are reaching their capacity limits in Washington State and across the U.S.
- More and more BNSF and UP trains are crossing the state, so there are more trains blocking local traffic.
- There are deficiencies on the core freight system grid in Central Puget Sound.

**II. 'Made in North Central Puget Sound' – Regional Economies Rely on the Freight System**

North Central Puget Sound's own manufacturers and industries rely on the freight system to ship regionally-made products to local customers, to the big U.S. markets in California and on the east coast, and worldwide. Over 167,000 jobs in North Central Puget Sound relied on the freight system in 2005.

The Boeing Company, employing about 63,000 in Central Puget Sound, is Washington's largest manufacturer with \$22.7 billion in airplane revenues in 2005. Boeing's primary assembly facility is located in Everett, Washington. Their dependence on the freight system will become even greater as it sets new levels of efficiency. Although Boeing has historically made planes from up to a million smaller pieces and shipped them by truck, train and boat, its new strategy to gain efficiency is based on major component assembly. Fewer parts, with more frequent deliveries, will support their just-in-time inventory reduction strategy.

North Central Puget Sound includes thousands of small and mid-size manufacturers that receive raw materials and ship finished goods to market. Aerospace subcontractors machine and bend high-tech metals, processed food companies package cookie and muffin mix, mints and vitamins, various manufacturers mix printers inks and coatings, and form energy-efficient windows and composite decking for homes.

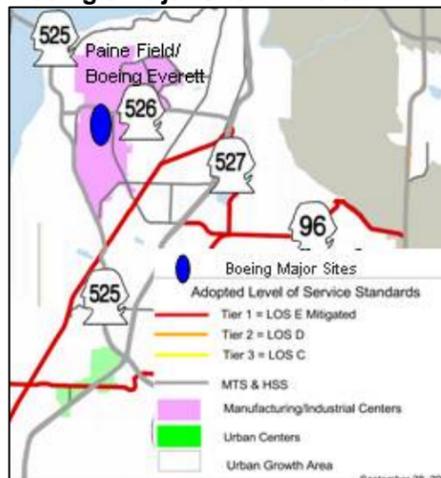
The building and construction industry is booming in Central Puget Sound. North Central Puget Sound, which has strong local demand and is near a well-developed supply of raw materials, houses many construction companies. At one of the region's many lumberyards, lumber arrives by truck from mills all over the Pacific Northwest and Canada via the Interstate 5 corridor. It is then repackaged and taken by truck to local construction sites; using the same core freight system grid. Materials needed to build new homes, office buildings, and roads must be delivered by truck quickly and reliably. Concrete, for example, has a useful shelf life of only 90 minutes – unexpected delays can cause an entire load of product to be rendered unusable.

| 167,176 Jobs Rely on Freight in North Central Puget Sound |        |              |
|-----------------------------------------------------------|--------|--------------|
|                                                           | Jobs   | Average Wage |
| Agriculture, Forestry and Fishing                         | 1,846  | \$30,014     |
| Manufacturing                                             | 46,340 | \$62,611     |
| Construction                                              | 23,315 | \$37,499     |
| Wholesale and Retail Trade                                | 49,629 | \$29,250     |
| Transportation/ Warehousing                               | 4,088  | \$34,964     |
| Military Base Employment**                                | 41,958 | \$37,008     |

\* Office of Financial Management (OFM), 2006. Island, Kitsap, and Snohomish County.

\*\* Military employment 2003.

**Boeing's Major Site in Everett**



Shippers and carriers in North Central Puget Sound need solutions to Interstate 5 congestion from Everett to Olympia, as there is no practical alternative route to the state's major freight corridors. Industry inventory reduction strategies are driving shorter on-time delivery windows, and companies who cannot meet these requirements cannot compete in the global market. These business needs are also driving demand for a solution to congestion and unpredictability, completion of major north-south freight corridors, and local truck route programs. Companies have attempted to adapt to congestion by sending additional trucks on the road and employing operational strategies to gain efficiency, but deteriorating service jeopardizes their sustainability.

**Challenges Facing the 'Made in First District' Freight System**

- Companies have no practical alternative to Washington's most heavily used north-south freight routes and I- 90.
- There are deficiencies on the core freight system grid in Central Puget Sound.
- Local truck route programs are needed to connect industries with the interstate and the state highway system.

**III. 'Delivering Goods to You' – The Retail and Wholesale Distribution System in North Central Puget Sound**

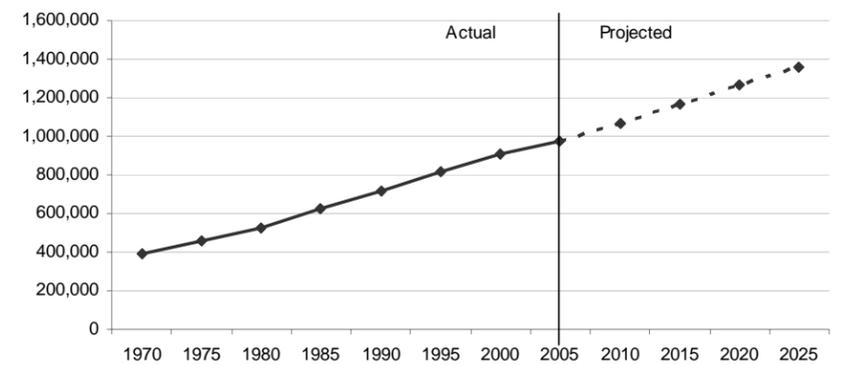
The greatest volume of trucks on our roads and highways serve the daily needs of consumers through the wholesale and retail distribution system. Up to 80 percent of all truck trips in metropolitan areas serve the retail, wholesale and business services sectors. An enormous variety of goods are handled on this system; food and groceries, fuel, pharmaceuticals and medical supplies, retail stock, office supplies and documents, trash and garbage, construction materials and equipment.

Every resident in North Central Puget Sound depends on the freight distribution system for daily necessities, from fuel at the gas station to garbage and refuse pick-up. Grocery stores, restaurants, gas stations and retail stores receive thousands of deliveries – all by truck – to provide goods for consumers everyday. A typical large grocery store receives two big semi-tractor-trailer deliveries and ten to twenty other specialized deliveries per day. These establishments, from large shopping malls to small specialty stores, also generate revenue and provide jobs in North Central Puget Sound. Almost 50,000 jobs in the region were in wholesale and retail trade in 2005; and another 4,000 in transportation and warehousing.

North Central Puget Sound's modern service economy depends on speed of delivery through the freight system. Distribution companies must provide fast and ubiquitous service that is reliable under all conditions. Most are coming from the state's major distribution hubs in the Green River Valley and further south along the I-5 corridor. These companies rely on the core freight system grid to reach population centers.

Tremendous population and employment growth in North Central Puget Sound will increase the need for distribution services, especially in growing suburban areas. North Central Puget Sound's 2006 population of almost 1 million will grow to an estimated 1,362,000 by 2025; about 68 percent of this population is in Snohomish County. In order to support population and employment growth, the freight system must be able to provide delivery of consumer goods to residents everyday.

**Population Growth in North Central Puget Sound**



\* Office of Financial Management (OFM), 2006. Island, Kistap, and Snohomish County.

**Challenges Facing North Central Puget Sound's 'Delivering Goods to You' Freight System**

- High-value, time-critical deliveries must move quickly through the freight distribution system.
- In order to support population and economic growth, especially in growing urban areas, companies must be able to provide goods and services to population centers from the state's major distribution and warehousing hubs along Interstate 5.