

# BEYOND THE BOXES

*A Vision for Tacoma and Pierce County*



The Port of Tacoma Task Force  
Of the CITY CLUB of Tacoma  
Reports to the Community

**CITY CLUB**  
of Tacoma

May 18, 1994

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BEYOND THE BOXES, one of a series of CITY CLUB of Tacoma reports on issues of concern in the Tacoma/Pierce County region, was prepared by and for CITY CLUB members. Non-members may secure copies at the CITY CLUB office, 950 South Fawcett Ave., # 201, Tacoma WA 98402, for \$5.00 (206) 272-9561. May 18, 1994

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# BEYOND THE BOXES

## A Vision for Tacoma and Pierce County

### I. Prologue

It began as an understanding, a charge and a common objective - to study Port of Tacoma issues. The CITY CLUB of Tacoma assembled this Task Force of Club members, volunteers and recruits to undertake the study to fulfill those obligations. The study group soon found itself pursuing questions that went beyond Port operations and the Port's relationships with other governmental entities. The Task Force charge is clearly contained in the "Scope of Study" (See Appendix A.) which it received from the Club's Research Board. It was to:

Examine the roles and missions of the City of Tacoma, Pierce County and the Port of Tacoma in economic development with primary focus on the Port.

That charge has been accomplished.

Common objectives for the study group were defined by the three "key questions" posed to it. It recast them into one summarizing question: "Should the Port of Tacoma use its broad powers on behalf of the Tacoma-Pierce County community's economic development vision? The answer is clearly "yes," but with important elements unanswered.

To the first key question: "Is the community best served with these three governments each taking its own approach to economic development?" the clear answer became "no." The Task Force makes this comment in amplification:

There is common agreement that Tacoma has the potential to be a world class port community. The Task Force, however, failed to find understanding, knowledge or acceptance of a vision for the community or plan to achieve one, even though many plans have been produced. Moreover, too many organizations and individuals lack understanding of how they would support such a goal. This community needs to produce a consensus to define "success." Then, it needs to put together an economic development plan to achieve that "success" with the players knowing what they are expected to do.

To the second key question, "Is a more diverse economic development mission appropriate for the Port of Tacoma?" a "yes," but it too flounders on the degree of expansion of the Port's role that is desired. The Port has generally limited its economic development efforts to activities that generate cargo across its docks. All Task Force members would expand its role to be more

receptive to industrial development proposals. Some question the degree of collaboration that can occur if a dividing line is narrowly drawn, but there is agreement to exclude Port involvement in community development activities as defined in the report. (See Glossary.) The Task Force believes such activities to be the responsibility of other governmental entities.

The third key question: "Is there a mechanism by which the three governments could maximize taxpayer investments in economic development?" There is. The idea of using presently authorized and uncollected property taxes in the authority of the Port is included in this report.

It is our hope that this report, "Beyond the Boxes," will serve to promote extensive discussion and action on these questions in order to realize the vision of making Tacoma/Pierce County a world class community. We look to the oral presentation of report highlights at the City Club May 18, 1994 meeting to launch public discussion of our recommendations.

Our thanks are extended to those persons who so candidly contributed to this report through interviews and written materials. We look forward to the not-too-distant future when, moving beyond the boxes of container shipping, the Port of Tacoma and its surrounding communities will achieve world-class status in economic, cultural and environmental terms.

We acknowledge our debt to Nicole Seinfeld, principal writer, for yeoman work in pulling together the many diverse aspects of the study. Note should also be made of important editorial assistance provided by Carla Smith, Ben Gilbert, Liz Heath, Merry Kogut and Jean Cooper.

For the CITY CLUB Port of Tacoma Task Force:

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Tacoma WA, May 18, 1994

## II. Introduction

*Should the Port of Tacoma use its broad powers on behalf of the Tacoma-Pierce County community's economic development vision?*

That is the key question that an eleven-member Task Force of the CITY CLUB of Tacoma tackled in its two year study of the role of the Port of Tacoma in economic development the Club's on-going research program. To carry out its charge, it examined issues involving economic development in Pierce County and the City of Tacoma.

This report synthesizes the findings of the Task Force study which focussed on using the Port's special powers to aid economic development projects which go beyond those closely connected to its maritime activities. Recently, the Port has limited its role in area economic development to the promotion of water-borne commerce, but occasionally it has moved to assist some purely industrial development activities.

Among the 49 civic leaders it interviewed, the Task Force found a wide range of opinions on this question of expanding the Port's role. A majority felt the Port should make its powers and expertise available to help the County and City with their economic development programs. Others felt that the Port should continue to concentrate on enhancing Port activities and not allow itself to be diverted by other tasks.

How the City of Tacoma and Pierce County carry out their economic development roles was a focus of Task Force questioning of both officials and specialists. The Task Force hopes this report, a product of those interviews, will help the Tacoma/Pierce County community address such questions as: Should the Port be encouraged to develop more sites like Frederickson, location of a Boeing plant, an industrial development activity? How and to what extent should the Port of Tacoma be involved in the cleanup and restoration of the Thea Foss waterway which is a program for community development as well as economic development?

The Task Force believes that an understanding of these complex issues by the many constituencies is crucial to enable the County, City and Port to cooperate effectively for the region's economic prosperity. Although the Task Force found general agreement that the Port has operated successfully in recent years, especially since Sea-Land moved its operations here in May 1985, it was cautioned that long term prosperity is not yet assured. It noted that the County and the City would like to use the broad powers available to the Port to achieve their economic development objectives.

The Task Force focussed on issues of economic development in Tacoma and Pierce County, the Port's role in the community and limitations on the Port's involvement, and ideas for improvements in the ways the various jurisdictions and constituencies carry out their roles and how they relate to each other. The Task Force saw a distinction between economic development and com-

munity development projects. The Task Force agreed unanimously that the Port should not become involved in community development projects which it considers a responsibility of local government. A goal for the entire Tacoma/Pierce County community, the Task Force concluded, must be one of assuring the area's ability to use its port and the rest of its economy to compete effectively at a world class level.

### III. The Setting

The Tacoma-Pierce County region has bet its economic future on the growth and expansion of the Port of Tacoma. Concerned civic leaders are now talking about what kind of projects the Port should participate in; some are urging involvement with certain city projects and not others. Where the Port puts its energies, moneys, authorities, and time will directly affect the region's future prosperity.

The Port of Tacoma is a special purpose governmental agency charged with accomplishing economic development and to this end has broad authorities. It is governed by a five-member elected Board of Port Commissioners and it employs 232 people and accounts for an indirect employment base in the community of 19,000. It handles a commodity value of \$26.8 billion worth of shipping each year including container-shipped goods, automobiles and unprocessed timber. Port policy is established by the Commission.

The Port of Tacoma was created by the citizens of Pierce County to accomplish economic development, and that underlying objective drives virtually all of its activities. Apparent is the contrast with city governments established to provide services for the citizens such as police, sewers, zoning and permitting, libraries, schools, parks, road building and maintenance, and bicycle lanes. The Port of Tacoma differs from city and county governments as a special purpose government with broad economic development authority. (See Port Powers, p. 5)

The Port's economic development focuses on bringing new jobs and new cargoes to the Port and our region. The movement of containers has become one of the most visible areas of growth and success in this cargo attracting effort. In today's transportation world, 92 percent of all general cargo moves in containers. It is important to understand how increased container activity creates additional jobs and economic activity throughout the area. The efficiencies that have been developed in handling containerized cargo have helped a wide range of companies set up or expand operations in Tacoma.

Automobile shipping from Asia through the Port faces an uncertain future, being affected by the competition between American and foreign car producers, particularly Japanese car makers. Continued volume shipment of raw timber is in jeopardy, a product of both diminishing supply and the effort to restrict the export overseas of unprocessed logs. Container shipping has a more assured steady future and an expanded role on the West Coast, with the quality and extent of this region's involvement likely to shape its economic future.

Other West coast ports, desiring to increase their shares of the profitable container business at the expense of Tacoma, have become stiff competitors. The Port, in turn, is responding by improving its operations and enhancing its marketing to avoid finding itself with idle cranes and tenants moving to California or Canada by the turn of the century. Meeting the challenge requires cooperation in new competitive ventures with the community and a clear vision of our future success. The Task Force emphasizes that this region can be "world class," and must build its vision around that idea. In those terms, the Task Force notes that the Port has already achieved its sought-for "world class" status.

#### SPECIAL POWERS OF THE PORT OF TACOMA\*

Under Washington State laws, the Port of Tacoma has the power within its jurisdiction [Tacoma and Pierce County] to:

- Provide for all forms of transfers including terminals, airports, warehouses, elevators, canals, locks, tidal basins, rail and motor vehicle freight and passenger facilities, and improvements of industrial and manufacturing activities.
- Construct, buy, maintain and equip facilities to freeze or process goods and commodities.
- Improve lands by dredging, filling, bulkheading and providing waterways and developing lands for sale or lease for industrial and commercial purposes.
- Install industrial waste disposal, sewer, water, and other utilities when not provided adequately by other governmental entities.
- Improve any waterway, create new waterways, widen, deepen, or otherwise improve water courses, bays, lakes or streams.
- Undertake and adopt comprehensive development plans for the district.
- Develop and maintain public parks and recreational facilities to more fully utilize boat lands, harbors, wharves, and other district facilities.
- Establish and maintain authorized foreign trade zones and construct facilities within the zone.
- Initiate studies and surveys for use of transfer facilities, land, other properties or utilities.
- Make cooperative agreements with other ports and governmental bodies to improve services and reduce costs.
- Fix, without right of appeal, rates for wharfage, dockage, warehousing and terminal charges.
- Exercise the right of eminent domain.
- Levy taxes, sell bonds, and buy and sell properties to finance its operations.

[\*Abstracted from League of Women Voters Port study.]



## IV. Findings

*Should the Port of Tacoma use its broad powers on behalf of the Tacoma-Pierce County community's economic development vision?*

In addressing this crucial question, posed at the opening of this report, the Task Force examined how Port and area economic development processes functioned, interviewing 49 people including top officials of city and county governments, businessmen and women, those involved in regional economic development activity, members of Port administration, a number of elected officials, and an economist. (See Appendix B.) Many of the interviews were extensive, and a number of documents were gathered, including previous studies, newspaper articles, and written comments of community members.

The community focusses much attention on the Port's recent successes, and that focus has led us to have high expectations for the Port and the Port's ability to aid the City and County in community development projects. The Port has provided an environment favorable to container shipping firms and peripheral businesses which create high paying shipping-related jobs and other employment related to shipping indirectly. The community points to this one area as "world class," a major foundation upon which to build for the future. How can this success be leveraged?

We found two general views expressed in the interviews:

### 1. Maintenance of the status quo

This view, expressed by a minority of those interviewed, favored maintenance of the status quo with the Port continuing to pursue its present course, one that it has been doing with measurable success.

Proponents strongly support the Port's present program of developing marketable plans and maintaining facilities primarily for container (ocean) liner and related rail operations. They would leave regional economic development to other institutions (EDB, City of Tacoma, Executive Council, World Trade Center, Pierce County, State of Washington, etc.), leaving them to carry out their mandates with minimal recourse to the Port and its powers.

Any diversion of resources from a winning strategy would dilute the Port's strength for a limited gain, risking loss of its world ranking, according to this view. The Port must focus its efforts on competing with other ports in the movement of containers by improving on its unique logistical advantage and by building new partnerships, proponents insist. The Port uses its convenient ship/rail links to transfer cargo from shipboard to railhead more efficiently than competitors who are now trying to create similar arrangements for their ports. Some shippers now deliver merchandise to the East Coast through Tacoma by rail in preference to the all-water route through the Panama Canal.

Principal executives of the Port, labor unions representing Port workers, and others involved in shipping supported that position.

A typical response was:

The Port of Tacoma should be allowed to do what it does best. It is a world class distribution through port, and its work should not be diverted to unrelated projects such as the Thea Foss Waterway. (Frank Jacobs, Northwest Building Corporation, 11/15/93)

In a September 25, 1993 article in the Morning News Tribune, Columnist Art Popham succinctly summarized it:

The Port of Tacoma already faces strong competition from Seattle and elsewhere and growing challenges from Vancouver, B.C. and Everett. It should support the city's Thea Foss Waterway development to an appropriate extent, but never lose its primary focus—firing Pierce County's economic boilers.

## 2. Expansion of Port's Role

A majority of persons interviewed did not quarrel with the Port's success in promoting shipping activity, but those persons felt that the Port has the power and expertise to undertake a broader role in the economic development of the regions.

Proponents of this view want to see faster growth and a better quality of life in this region, and they believe that the Port of Tacoma is in a position to help, not only because of its experience, but also because of the unique statutory powers that it has in the economic development area. They would like to have the Port do more for the cities and county, albeit with sufficient checks and balances to maintain its primary mission.

They generally believe that the Port is in a better position to be a catalyst for growth than other existing institutions of economic development. They would use the Port as a much broader agent for economic development by having it expand its scope into a variety of new programs. This expansion might include recruitment of trade-related professional services (legal, insurance, governmental, communications, administrative), manufacturing firms (not necessarily water-borne trade related), and service firms. Use of its land which it assembled under its powers achieved the Frederickson development in the County. Tacoma would like to draw upon Port powers to spur Thea Foss Waterway development, a program containing both economic and community development features.

A number of interviewees saw a way for the Port to increase business and employment opportunities by encouraging Port users to engage in so-called value-added activities, possibly in the foreign trade zone. Such services are already provided for arriving automobiles which are partly processed at the Port for reshipment and eventual sale. Similar finishing services could be added to other goods to make them more attractive to American customers. Conceivably, actual

processing and installation of additional components also could occur. Services could also include packaging, barter arrangements, enhanced freight forwarding and consolidation.

It is noteworthy that the interviews turned up few criticisms of the Port of Tacoma's activities during the last twenty years other than its apparent reluctance to take on an increased burden of responsibility to promote economic growth and, by extension, to support community quality of life improvements. Rather, greater dissatisfaction and lack of understanding as to mission were expressed with regard to other county-based economic development institutions.

For those who believe the Port needs to be proactive and accept a greater role, the consensus would characterize the Port as a more efficient tool to reach those community goals. This position, while often qualified, was supported by elected city and county officials, one member of Congress and business leaders involved in economic development efforts, all of whom recognize the Port's potential to extend its economic development reach beyond its present extent.

Typical responses from those favoring greater Port activity include:

The Port should take a leadership role in pulling together and consolidating large amounts of acreage for industrial park development. This will balance with the County's ad hoc approval of industrial projects in the general zones. -- Puyallup City Manager Bob Jean, 7/15/93. [Position at time of interview.]

The Port of Tacoma is known world-wide as an excellent port; Tacoma is known world-wide as a not particularly desirable, inadequate international city. The Port ought to be and can be the community's primary motivator in changing that perception and/or reality. -- Greg Shellburg, Evergreen Partnership, 2/15/94.

More specifically, most repeated comments suggested that the Port should draw on its broad powers to take on these assignments:

- take a broader view of measuring itself by quality job creation. These can be direct longshore jobs, but prudence dictates that a greater diversity of job creation should be a goal to help shelter the community from major trade or technology shifts.
- build an inventory of future Fredericksons to help manufacturers locate here.
- utilize an expanded Port technical staff to assist business to overcome the various bureaucratic and legal impediments to establishing an operation. The Port possesses civil engineering, real estate, political, financial, and operational resources that make it almost an ideal facilitator.
- take the lead in establishing a network with its customers to develop planning and entrepreneurial partnerships to identify and attract value-added process opportunities for firms engaged in water transportation activities.

- take a proactive role in commercial real estate by promoting relocation of the World Trade Center to a new building on the Thea Foss waterway and by becoming a prime tenant.
- become more active in Port-related educational projects related to international trade.
- explore the market for establishing itself as an international communications center exploiting the connection between foreign trade, manufacturing inventory goals, entry/departure barriers and new computer/communications technology.

In summary, a majority of respondents suggests that a more collaborative effort with all segments of the community would improve receptiveness to business development with beneficial quality of life improvements.

## V. In need of a vision

Differences about whether the Port should expand its role in the community reflected in part a lack of a coherent, consensus vision of our future. While most agreed that we have a world class port which is integral to our region's health, few articulated a vision for the future which discussed ways to help ensure the Port's continued success. The Port may not be in danger of falling into ruin due to stiff competition with other ports; however, the Task Force believes much more can be done through collaborative efforts between the City of Tacoma, Pierce County, other cities and towns, and the Port to foster the well-being of this community.

### A suggestion

The Task Force's vision for the Tacoma/Pierce County region is, in essence, a prosperous, healthy community, with a world class port at the center, and a healthy, attractive, and prosperous region built around it. The key idea is that a world class port needs a world class community to support it, and the community can benefit in many ways by having a successful, international port.

Let's then imagine Tacoma as it can be. Next to the Port of Tacoma we would have a city mentioned by Fodors, USA, as a great place to stay because of its attractions and the ease by which one can reach other tourist sites in the state. It becomes a great small city known for its museums, open shops, cultural activity, and art colony. The City Club Task Force believes that the quality of Pierce County living can be raised to this level.

The Task Force acknowledges that Tacoma and Pierce County are moving in the right direction in spite of some negative comments. As air quality improves, downtown renovation moves ahead, cultural resources expand, and the community begins to develop solutions to problems with crime and homelessness, Tacoma and Pierce County become more attractive, not just to those who might move here, but to those who live here already. Many residents know the secret: Tacoma/Pierce County is a great place to live. More people need to believe that and recognize that these dreams can be accomplished.

What are the dreams? The Task Force urges that the region find a common goal and make achievement of the World Class Port Community vision its common commitment. That vision will be shaped by what comes to each person's mind when the term "world class" is heard. The Task Force does not consider the goal an elusive one.

The reality is not so far away from that goal. We have: a burgeoning arts center, a thriving and growing theater district, a stunning perspective of Mount Rainier, with plans for train rides to the mountain, Dale Chihuly planning an international glass art center, an outstanding design for a new home to display the history of our state, a modern downtown campus branch of the University of Washington nearby, a growing planned community of Northwest Landing in DuPont; and a renowned art museum contemplating a major expansion. In a sense, Tacoma, "the City of Destiny" may soon become a "destination" city for domestic and international visitors.

Although it may be some time before Tacoma has the level of recognition sought, it has made a fantastic start. Unlike some other world class locations, this community is better located for international business, and Tacoma has the Port of Tacoma.

## VI. Recommendations

After deliberating and discussing its findings in depth, the CITY CLUB's Port of Tacoma Task Force made the following recommendations:

### A. Define the vision

The community needs to define its vision, not just for public relations, but to enunciate a common goal to focus its efforts. The Task Force urges that a written vision statement be prepared. As suggested by Mayor Harold Moss, an economic summit may usefully create and adopt a vision statement which would be renewed, discussed and evaluated annually. The Task Force believes that such a strategy for achieving our vision should be developed with the Tacoma-Pierce County Chamber of Commerce and the Tacoma-Pierce County Economic Development Board as major participants. A process should be developed for an annual review and evaluation of economic direction and progress and to establish goals for the year ahead.

### B. Define benchmarks

World class quality will require a special effort to make it happen. What is meant by world class? The Task Force would use a business approach: define the term with "benchmarks," measurable standards, a process similar to methods used when national magazines rank cities. Some rate cities by quality of life while others rate them for their attitudes towards business. A number of benchmarks are needed. The Task Force suggests the quality of public education as one benchmark. Others could measure:

- growth of class A office space
- popularity of the arts
- increased vitality of neighborhoods
- safety along every street.

### C. Identify future industrial sites

A number of Pierce County industrial real estate firms are concerned that current rates of absorption will exhaust the existing supply of large zoned industrial sites within the next four years. Since manufacturing wages average forty to fifty percent more than the retail and service sectors, the higher employee purchasing power stimulates and supports more community jobs.

Higher wage jobs will lower the poverty rate and increase the financial security of county residents. Existing manufacturers will not expand, and out-of-area manufacturers will not relocate if suitable industrial sites are not available and ready for development. Nearly 70,000 county residents currently commute to other counties for higher wage jobs, or just jobs. The need for more high wage jobs is central to the region's growth and development.

The Task Force recommends that the County and incorporated cities and towns identify and zone enough land area for industrial use to meet projected needs for the next twenty years, the same time-frame used in the County's Growth-Management Plan. In identifying sites, proper consideration should be given to environmental, watershed, availability of water and sewer services and other community facilities, location, transportation and efficient permitting procedures.

### D. Examine attitudes towards businesses

Businesses help a community by investing productive resources, hiring people, paying taxes. The community must be supportive of the needs of the businesses we want to recruit and retain. Although this idea may be implemented as a benchmark, it is worth noting separately.

Usually local government laws and regulations reflect general community attitudes towards business. Businesses tend to invest in areas where they perceive positive community attitudes. Trying to be attractive to businesses does not mean compromising on the need for clean air, earth and water, green belts, and public recreation areas. It does mean that the community recognizes the importance of businesses and is supportive of them.

### E. Amend agency roles and responsibilities

#### 1. Port of Tacoma

Unique among governments, the Port of Tacoma is specifically authorized and charged to accomplish economic development for Pierce County. It has successfully created industrial districts in the Port of Tacoma and Frederickson. It has done noteworthy work enhancing the viability of the Port's own shipping terminals and in developing its property rental program.

The Task Force believes that the Port of Tacoma should have a greater role in industrial development and that it should use its special powers to do so. Further, the Task Force views economic development as a collaborative process. The Port, in its expanded role, must work closely with private and public sectors in engaging in development activities.

Without jeopardizing its international ranking, the Port should resume its former role of promoting private industrial development. It should be charged with retaining existing manufac-

turing and support services jobs, helping manufacturing businesses expand, recruiting manufacturing businesses, and working to ensure the availability of appropriate infrastructure.

Staff efforts should be directed towards identification of new businesses to recruit and existing businesses to assist with "hands on" case management for siting, permitting and financing. The Port should also assist start-up companies and could do so by establishing an "incubator" facility for small manufacturers.

These actions should not be allowed to interfere with its current operations. They could be funded by dedicating a portion of the Port's authorized but uncollected county property tax levy (which could amount to as much as \$1 million per year). The funds should be targeted specifically to these economic development activities, and the Port should be held accountable for achieving the goals for which the funds are targeted.

## 2. Economic Development Board (EDB)

The EDB has provided a vehicle to involve the private sector in economic development. Representatives of local businesses, both large and small, sit on the board, and funding from the private sector has provided the majority of the EDB's support for the past eleven years. The EDB is currently conducting an intensive self-evaluation, involving a broad spectrum of community members, to determine what changes should be made for greater effectiveness. It is the view of the Task Force that changes are required to assure continued private sector involvement in public development plans and programs.

Task Force members did not reach agreement on how the role of the EDB in providing for that involvement should be changed. Some members would await the self-evaluation while others are of the opinion that a fresh start should be made by establishing a new policy-making Economic Development Council (EDC). In effect, proponents of that view would separate policy development from EDB staff operations. These two alternative approaches are discussed below.

### ALTERNATIVE ONE - ESTABLISH AN ECONOMIC DEVELOPMENT COUNCIL

Throughout its research and interviews, the Task Force heard many persons voice a need for a common economic development agenda to guide community efforts. These interviewees also perceived little coordination among the various economic development agencies in the county. However, there was nearly unanimous agreement that our community has the ingredients to achieve world-class economic status. Community-wide collaboration in discussing, defining and implementing a community-wide economic development effort appears to be lacking.

To meet this need, some Task Force members recommend that a new Economic Development Council be established to replace the Tacoma-Pierce County Economic Development Board. The Council would make policy and serve as a forum for encouraging collaboration between economic development agencies, identifying areas of overlap or omission as well. The Council's activities should result in a more efficient and cost effective economic development effort. The EDB should continue as a staff operation working on the full range of economic development activities targeted to non-manufacturing companies and become part of the new Council as a fully collaborating partner of the Port of Tacoma and other area economic development agencies.

#### ALTERNATIVE TWO - AWAIT THE SELF-EVALUATION

There is a viable community constituency that recognizes the contribution the private sector can make to economic development, both in filling holes left open by public sector efforts and in voluntarily providing necessary financial support. That was central to the invention of the EDB and is essential to its continuation.

The Task Force laments that the Port has limited its industrial development efforts to actions which generate cargo across its docks. All Task Force members would have the Port's role expanded to be more inclusive of industrial development activities. However, some would only draw a line in the sand at a different place. Alone, this would not integrate the development efforts of the Port into those of the larger community. Some question the degree of collaboration that can occur if any arbitrary dividing line is drawn. That viewpoint flounders on the extent that role would expand. Isn't it fair to ask: "If the Port recruits shipping, and the Economic Development Board recruits only headquarters, who recruits the headquarters of shipping firms to accompany their shipping operations?"

It is suggested that the Port could assume a comprehensive role in economic development, leaving policy to an EDB successor organization, the proposed Economic Development Council. This suggestion avoids duplication of services, but it would prevent the private sector from playing an active role in economic development. Moreover, it would place the new council in competition with other private sector policy-making organizations such as the chambers of commerce and with local governments. It would be inappropriate, if not impossible for local governments to "make policy" in this context.

The EDB has had a self-evaluation process underway for some time. Chair Don Sacco established a planning committee to examine the present role of the EDB and recommend future directions last year. Its members came from within and outside of the EDB board, representing large and small investors and public sector partners. The 15 member group which has been meeting monthly is scheduled to conclude its report to the EDB this summer. The final report will evaluate EDB's present role, offer specific recommendations for strategic priorities and propose organizational changes to increase effectiveness.

The community would be well-advised to await the EDB self-assessment rather than act on a plan by those who are not overly familiar with the EDB's record of services and successes.

### 3. Pierce County and the cities

The County and cities are responsible for zoning and permitting industrial sites. Also, they are responsible for business licensing and taxing and have certain financing opportunities available. Above all, they are responsible for the local government attitude towards business, from the elected officials to all the employees. These entities should designate a key employee as their business advocate or "ombudsperson." This person should understand the processes and procedures and should intervene when appropriate to assist economic development efforts.



#### 4. Other groups and organizations

The other groups, organizations, and individuals involved in economic development in the community have a role in setting policy and providing linkage to resources as needed. Above all, they should serve as a communications link to communicate the consensus plan back to their respective constituents and to convey their constituents' ideas to the appropriate parties.

#### F. Pay attention to environmental concerns

Part of being a world class community is a focus on a healthy environment. Stimulating business growth does not mean compromising needs for clean air, earth, and water. We can have an economically healthy community while still assuring that there are green belts, public recreation areas, watersheds, wildlife, and biological diversity. This report has pointed out the need to keep environmental considerations in mind in locating new industrial sites.

## VII. Conclusion

The Task Force favors encouraging the Port of Tacoma to expand its involvement in economic development with respect to recruitment and retention of manufacturing companies. Leaving the precise nature of that expansion open for further discussion, the Task Force believes it can be accomplished without impairing the Port's primary mission of enhancing its water and water-transportation related shipping activities. In defining the Port's expanded role, the Task Force urges the community to define its "vision," what it wants to become.

The Task Force urges that Tacoma and Pierce County embrace the "vision" of a "World Class Community" around a "World Class Port." The Port has achieved that world status. Now the community must get its act together. The Task Force would have the Port use its authority and expertise to help the region achieve its goals.

This report opened with the following question:

*Should the Port of Tacoma use its broad powers on behalf of the Tacoma-Pierce County community's economic development vision?*

In a word, the answer to the question is "yes," somewhat qualified, but nevertheless "yes."

## Appendix A: Scope of study

The City Club Research Board charge for the "Study of Port of Tacoma Issues" follows:

### Background:

The City of Tacoma and Pierce County are general purpose governments that each engage in some level of economic development activity among their other duties and services. The economic development powers of general purpose governments are rather limited.

The Port of Tacoma is a special purpose government with broad economic development authority. The Port has chosen to limit its use of this authority to maritime development and its Frederickson industrial property.

### Scope of Study:

Examine the roles and missions of the City of Tacoma, Pierce County and the Port of Tacoma in economic development, with primary focus on the Port, its mandates and authorities. Examine the rationale for the Port's self-imposed limitation on its activities; and, in light of community needs, shifts from a resource-based to service economy and maximization of taxpayer investment, determine whether this limitation is in the best interest of the local economy. If necessary, suggest new approaches, including the steps necessary to carry them out.

### Key Questions:

Is the community best served with these three governments each taking its own approach to economic development?

Is a more diverse economic development mission appropriate for the Port of Tacoma?

Is there a mechanism by which the three governments could maximize taxpayer investments in economic development?

## Appendix B: Interviewees\*

David Allen	Executive Director	Executive Council for a Greater Tacoma
Martha Anderson	Manager	Economic Development, City of Tacoma
Connie Bacon	Executive Director	World Trade Center
David Bean	Property Manager	Puyallup International, Inc.
Bruce Chapman	Spokesman	Discovery Institute
Paul Chilcote	Senior Director	Planning, Research & Budget; Port of Tacoma
Ray Corpuz	City Manager	City of Tacoma
Mark Crisson	Executive Director	Tacoma Public Utilities
Bob DeWald	Senior Director	Industrial Dev. & Real Estate; Port of Tacoma
Norm Dicks	U. S. Representative	U. S. Congress; Sixth District
David Douglas	Branch Manager	Kidder, Mathews & Segner
Jack Fabulich	Commissioner	Port of Tacoma
Mike Fitzgerald	Director	Washington Dept. of Trade & Economic Dev.
Mike Fletcher	Commissioner	Port of Tacoma
Bob Gene	City Manager	City of Puyallup
Kelso Gillenwater	Publisher	The News Tribune
Gary Glein	President	Norcore Plastics
William Gorgensen	Mayor	City of DuPont
Rod Hagenbuch	Resident Vice President	Merrill Lynch
Mark E. Hoppen	City Administrator	City of Gig Harbor
Jack Hyde	Mayoral Candidate	City of Tacoma
Frank H. Jacobs	Vice President	Northwest Building Corporation
Don Johnson	Operations Manager	Simpson Tacoma Kraft Company
Jack Johnson	President	Trans-Pacific Development, Inc.
Larry Killeen	Former Director	Port of Tacoma
Rod Koon	Director	Port Relations; Port of Tacoma
Dennis LaPointe	Dock Manager	Chinook Landing
Phil Lelli	Former Commissioner	Port of Tacoma
Jeff Lyon	Realtor	Kidder Mathews & Segner
Bruce Mann	Professor of Economics	University of Puget Sound
Don Meyer	Deputy Exec. Director	Port of Tacoma
Paige Miller	Commissioner	Port of Seattle
Erling Mork	President	Economic Development Board; Tacoma-Pierce Co.
Harold Moss	Mayor	City of Tacoma
Toby Murray	President	Murray Pacific
Pat O'Malley	Commissioner	Port of Tacoma
Roy Perry	Former Director	Port of Tacoma
Bill Philip	President	Columbia Bank
Dan Poole	Planning Administrator	Private Industry Council
Don Sacco	President/CEO	Pierce County Medical
Kathy Sanders	Mayor	City of Buckley
Greg Schellberg	Executive Director	Evergreen Partnership
Daisy Stallworth	Executive Director	Community and Human Services; Pierce County
Carl Stegman	Mayor	City of Fife
Doug Sutherland	County Executive	Pierce County
John Terpstra	Executive Director	Port of Tacoma
Karen Vialle	Mayor	City of Tacoma
Finn Wollebek	Senior Director	Marketing & Trade; Port of Tacoma
Gretchen Wilbert	Mayor	City of Gig Harbor

\* Titles at time of interview

## Appendix C: Port of Tacoma perspectives

by Edward Hudson

If it were not for the Port's container capabilities, companies such as Tacoma Cold Storage and Tredegar would not have set up operations here. The major container shipping lines we have calling at our Port (Sea-Land, Maersk, "K" Line, Evergreen, etc.) have helped the Port create a positive business climate for companies like these. A 1988 economic impact study of the Port showed that a total of 4,622 direct jobs were created by the Port's activities. Of that amount, 64 percent, or 2,965 direct jobs, are related to the Ports container handling capabilities.

The story of the Port's recent, dramatic rise to being the United States' sixth busiest container port is, perhaps, one of significant luck. Initial success for its current strategy came almost entirely because Sea-Land chose to move to Tacoma so long as the Port provided competitive rail service at dockside. Until Sea-Land, there was no effective dockside rail strategy at the Port of Tacoma, nor, for that matter anywhere on the West Coast.

Once Sea-Land arrived, Tacoma overnight found itself ahead of other West Coast ports. A little-recognized port was moving cargo rapidly through its facility with container costs below competition. It was not just the dockside rail service that made this possible. Important, also, was that the Port's staff was small and efficient, and the members of the longshore labor force wanted to prove it wasthey were competitive. Combined, these attributes allowed the Port to attract favorable attention from shipping lines around the world and gain recognition as having taken a large step forward into the future of cargo handling. The Port began to market itself as having the "Tacoma Advantage."

Nevertheless, the Northwest fails to qualify as a destination market (lacking the huge population of Southern California). Thus, shippers who use Northwest ports must consider the problem of higher rail charges to offset its empty containers. In California, because containers from the East are usually full of goods, there is no penalty tariff.

Now, after a decade of a near monopoly on dockside rail service, the Port of Tacoma has fully offset its cost disadvantage due to higher rail tariffs. Cargo is moving faster through the Port of Tacoma than through California, and more cargo moves through Tacoma than was expected prior to Sea-Land's arrival. The time advantage stems from its location a day and a half closer to Pacific rim countries and several hours closer for deliveries to Chicago and the Northeast.

Although the Port's handling of containers became prominent in the last decade, its emphasis on import/export activities began in the 1970s. At that time, the Port shifted from maintaining a traditional balance between shipping and industrial development in the tidelands to one emphasizing industries which needed Port terminal facilities.

Partly to offset this policy change, the Port acquired the Frederickson property, an investment which was labeled a "white elephant" for many years because of lack of utilities, roads and adequate rail service. No longer a "white elephant," the Frederickson property has been sold and

become the site of a major Boeing Company facility. So, the new cry is for more Fredericksons. The Port owns about 700 acres on the Tideflats, acreage which it considers vital to support and handle marine cargo. There are some predictions that all Tideflat land will be committed by 2020. With the Frederickson inventory used, it would appear that the Port has committed itself to using its resources almost entirely to operate a successful marine cargo trading center.

Meanwhile, California ports have reacted seriously to Tacoma's success. Not only have they begun an impressive, costly effort to equal Tacoma's advantage with their own dockside rail service, but they are planning to leapfrog ahead of Tacoma with new ideas. One is reminiscent of a partnership program that Tacoma tried in the 1960s with Thurston County. The partnership plan called for property on the Nisqually delta to be owned by Thurston County upon which Tacoma would operate a facility. Profits would be shared with the Port of Olympia. The coal distribution facility proposal was vetoed by Governor Dan Evans.

Currently, California ports are trying to form partnerships with states to the east. The concept is to find large quantities of flat, relatively low-cost land which can be used to handle and sort cargo coming through the California ports with destinations outside of California. If successful, these southern ports will provide partner states with operational expertise and a share of the profits in exchange for the use of their low cost land. According to Dr. Roy Perry, former Director of the Port of Tacoma, this is all taking place at a time when the world anticipates a five-fold increase over the next 10-20 years in cargo movement.

The Port of Tacoma is now focusing on development of its last available land along the Blair waterway after the Puyallup Indians Claim settlement. For the next few years this land will be opened up and the Port will prosper, but once done, the inventory of land for manufacturing uses will be gone.

The Port has become involved with development planning for the Thea Foss Waterway. It may purchase three pieces of property (Totem Marine, Municipal Dock, and the Puget Sound Freight Building) and then lease these back to the City. The Port's experience on the waterway began years ago with the difficult but successful movement of the fishing fleet.

## Appendix D: Economic Development Board

In 1975 the City of Tacoma contacted the Office of Economic Development of the Department of Defense to discuss a concern about the community's dependence on the military. At the time there was some discussion about the possibility of a significant loss of troops at Fort Lewis. The concern focused on the effect on the Tacoma-Pierce County Economy.

Among other recommendations, the resulting federal study called for "the establishment of an organization to plan and implement a comprehensive economic development program for Tacoma and Pierce County and to coordinate the work of existing development agencies." Following this recommendation, the Economic Development Board for Tacoma-Pierce County (EDB) was formed as a private, non-profit corporation in 1978 as a partnership between the private and public sectors.

EDB bylaws provide for 36 regular members (directors) and 7 members emeritus. Approximately 3/4 of these represent the private sector with the remainder representing public agencies and municipalities. The private sector is represented by people from small and large businesses, the Tacoma-Pierce County Chamber of Commerce, and labor. The public sector representatives are from the City of Tacoma, smaller cities in Pierce County, Pierce County government and the Port of Tacoma.

The EDB is funded jointly by the public and private sectors. The public sector contracts annually for economic development services. Approximately one-fourth of the revenue is generated by these contracts. Private sector funding has resulted from fund raising campaigns held every four years. The most recent, "Partners for Progress," generated nearly \$1.6 million and covers the period from October 1991 through September 1995. The annual budget for the EDB for the calendar year 1994 is \$549,950.

The EDB operates four basic programs including:

Recruitment: Attract new businesses to the Tacoma-Pierce County area.

Development: Lay the groundwork for future development by generating leads; recruiting developers, investors and major tenants; supporting civic projects which attract new business; and supporting the creation of business incentive tools and legislation.

Business Assistance, Retention and Growth: Help existing businesses to relocate, expand and prosper within the county; provide firms economic, demographic and market data; provide an employment and training network to put employers in contact with training programs.

Public Relations: With the Tacoma-Pierce County Chamber of Commerce, provide information and promotional assistance for the public and business community; focus on the enhancement of the image of the community as a place to do business.

[From a description provided by the Economic Development Board]

## Appendix E: Other ideas

During this study, many ideas surfaced which warranted further consideration, although they were not pursued since they did not fit into the scope of the study. Listed primarily to stimulate public discussion and numbered for identification, the order has no special significance.

1. Study the local tax base to learn whether consolidation of the governments of Tacoma, Pierce County and Pierce Transit would be significantly more efficient and economical.
2. Suggest that the Puyallups consider offering a cultural experience for visitors comparable to what is provided by other native Americans on Blake Island near Seattle.
3. Create a community-wide international festival celebrating area diversity in the summer months.
4. Revive the mosquito fleet of small boats for service between Tacoma, Gig Harbor and other nearby communities.
5. Develop more viewing sites and walkways in the Port of Tacoma so visitors can better experience our working harbor.
6. Strengthen the school systems of the area and make them "world class" too.
7. Host an annual international trade exhibition at the Puyallup Fairgrounds.
8. Construct more hotel and convention space.
9. Strengthen neighborhoods, encourage residents to maintain their homes and yards and remove abandoned and derelict automobiles.
10. Restructure B. & O. taxes in Tacoma/ Pierce County to encourage economic development.
11. Support the construction of living units and parks on the ASARCO site.
12. Offer visitor and convention services appropriate to an international world class community.
13. Encourage banks and other financial institutions to finance and support international trade.
14. Encourage banks and other financial institutions to lend money on the strength of the borrower's business and building plans, rather than solely on having pre-leases.
15. Make Tacoma port of call for cruise ships.
16. Beautify the I-5 corridor in a manner befitting a world class community.

17. Complete the Train-to-the-Mountain project.
18. Develop a higher education system that supports our aspirations.
19. Tell the world about our world class zoos, parks and marine facilities.
20. Preserve the visual integrity of the rural parts of the County with emphasis on maintenance of view corridors and vistas of Mt. Rainier.
21. Urge the Puyallups to capitalize on their cultural heritage and share it with the community.