

Joint Transportation Committee
Air Cargo Movement Study
Stakeholder Panel
June 27, 2018
Port of Moses Lake |
10:30 am – 3:00 pm

Attendance:

Bruce Beckett, Port of Moses Lake
Josh Brown, Puget Sound Regional Council
Commissioner Stephanie Bowman, Port of Seattle
Sheri Call, Washington Trucking Association
Representative Bruce Chandler
Senator Maralyn Chase
Representative Judy Clibborn
P.J. Cranmer, Commodity Forwarders Inc.
Representative Tom Dent
Adam Drouhard, Alaska Airlines
Representative Jake Fey
David Fleckenstein, WSDOT Aviation
Tom Green, Sea-Tac Airport
Senator Karen Keiser

Tim Kovis, WA State Fruit Tree Association
Senator Marko Lilius
Representative Ed Orcutt
Senator Judy Warnick
Todd Woodard, Spokane International
Beth Redfield, Joint Transportation Committee

Consultant Team:

Joe Bryan, WSP
Tom Phillips, Kaiser Phillips Associates
Rita Brogan, PRR
Gracie Geremia, PRR

Welcome and Introductions

State Representative Judy Clibborn called the meeting to order. Beth Redfield of JTC staff, provided an update on the study's current status. The study team has completed a description of the air cargo system in Washington State and portions of the air cargo congestion study are finalized. The study will move forward by reviewing recommendations and drafting a final report in November and December. The next Stakeholder Panel meeting will take place on October 2.

Facilitator Rita Brogan reviewed the day's agenda including a discussion of the competitive analysis developed by WSP and what is needed to attract and retain air cargo service.

SAMP Update

Eric ffitich, State Government Relations Manager at the Port of Seattle, updated participants on the status of the Sea-Tac Airport Master Plan. Eric spoke about congestion in the Puget Sound region. Total passenger counts increased in 2014 and 2015. In 2016, the Port of Seattle held public meetings to discuss upcoming projects related to Sea-Tac Airport Master Plan (SAMP) with the public. Since then, Sea-Tac Airport evaluated near-term projects for their impact on passenger and air cargo demand over the next 10 years. The near-term projects include a terminal building and new roadway and new plane parking, 19 new gates, and a new building for cargo. SAMP is at the beginning of an environmental

review process. The Port of Seattle recently completed their third open house. A 60-day public comment period will open soon as part of the scoping process, which begins on July 30.

Tom Green, the Port of Seattle's lead on air cargo, said they are in the early stage of building the new terminal. Only one cargo space is impacted by near-term development the rest will remain unaffected. The airport is planning to relocate Swissport, the only business impacted by near-term development. Sea-Tac Airport will remove some maintenance buildings to create more space for freighter parking or passenger aircrafts. They are building out the "L shape" property to increase air cargo infrastructure. The property is not connected to the airfield, separated by Highway 15. The Port of Seattle projects these developments will allow the airport to meet demand through at least 2027.

Judy Warnick asked how Sea-Tac plans to connect the L shape property. Tom Green replied that the Sea-Tac Airport has a tentative lease with WSDOT to build a bridge across the airfield. If they do not build the bridge, trucks will transport cargo across the highway. The neighborhood is adjacent to the road distribution for Boeing and other airport infrastructure. Don Ehrlich, of Commodity Forwarders, suggested they use a dolly or airfield equipment for air cargo. Mr. Ehrlich asked where Swissport will relocate. He anticipates they will have the capacity to house Swissport on the airfield.

Basic Components Needed to Attract and Maintain Air Cargo Air Service

Joe Bryan, WSP, moved on to discussing statewide marketing strategies. He explained there are opportunities for multiple airports to work together, but the plan development and strategy is up to each individual airport. Mr. Bryan introduced Tom Phillips, who led the rest of the discussion.

Mr. Phillips described the dominant airports in the United States: Miami, Los Angeles, Chicago O'Hare and JFK. The largest metropolitan markets in the country are New York, Los Angeles, and Chicago. Miami is the seventh largest metropolitan market and Seattle is fifteenth. These dominant airports are principal gateways to other countries and regions: JFK for Europe, LAX for Asia, Miami for Latin America, and Chicago for into the interior/heartland of the United States. Seattle is the principal gateway of the Pacific Northwest.

Los Angeles's LAX dominates the west coast, with a 45 percent share of the market. The GDP for Southern California is 2.6 trillion dollars, which is about five times larger than the state of Washington. Over 1,100 flights come out of Los Angeles compared to about 300 out of Seattle. Nobody on the west coast can compete with LAX. In the Pacific Northwest, no airport will compete with Sea-Tac as the principal facility. All airport activities are justified by their markets.

Tom Phillips described the two basic business models for air cargo: 1) integrated express with door-to-door service, wherein the customer is the shipper; 2) the airport-to-airport model, wherein the customer is the freight forwarder.

There are five basic business components to attract and maintain air cargo service. Airport market area requirements are the most important because it requires good airport infrastructure, a good location, operational freedom, and a sound financial environment to succeed. Airports need a primary market within 100 miles and a strong secondary and tertiary market. Connectivity is also important for airline, road feeder service, and regional pickup and delivery. The presence of freight forwarders is important for developing the market area. Distribution services like warehouses and distribution centers, cool chain, and foreign trade zones are also important. Location depends on the type of business model. The

critical consideration for integrated carriers is being close to the customers and connectivity to the airport and interstate highway system. Airports also need proper infrastructure, including: runways, airport parking, landslide facilities like terminals and customs brokers, and interstate highway access.

Operational freedom primarily relates to international facilities and capabilities. Financial environment relates to operating costs like landing fees, aircraft parking, and facility leasing. The type of incentives airports can provide to airlines is also important. In terms of operational freedom, airlines require the right permissions, operational flexibility (including 24/7 operations), and ability to use intermodal services. An example of a lack of operational freedom includes Frankfurt and Belgium, which implemented noise control at night, which resulted in airlines choosing to use other airports.

Competitive Analysis of Select Washington Air Airports

Tom Phillips reviewed a qualitative competitive analysis of airports in Washington state. The consultant team ranked each airport with potential for air cargo against five criteria: market area, location, infrastructure, financial environment and operational freedom.

The analysis uses Sea-Tac as a baseline. The four full squares in the graphic mean they satisfy all of the criteria compared to Sea-Tac Airport. Each airport has unique strengths and weaknesses. In relation to the operational freedom component discussed earlier, Jake Fey, 27th District Representative, asked for examples of thriving airports that have lost traffic and service and what resulted. Tom responded with some policy-induced examples, such as in the airport in Schiphol, Amsterdam that wanted to focus on passenger service rather than cargo. They started turning cargo facilities into passenger facilities, and lost business as a result. Karen Keiser, 33rd District Senator, asked Tom Phillips if he could find out why the Schiphol Airport decided to reallocate air cargo space to focus on passenger aircraft. Mr. Phillips said he would find out and report back.

Rita Brogan asked if, from a competitive analysis perspective, whether criteria might have different weights due to focusing on different niches and markets each airport wants to fill. Tom Phillips explained that this analysis only shows comparability to Sea-Tac International Airport.

Todd Woodard of Spokane International Airport said Larry Krauter, Spokane International Airport's CEO, could not make the meeting, but wanted to convey that the criteria matrix focuses on what currently exists, rather than factors such as adequacy, environmental issues, capacity to grow, or access to surface transportation. The matrix includes access to trucking and freight, but not drivers. He asked if, within the adequacy analysis, there are opportunities to reposition airports. Tom Phillips explained there are a lot of factors that are not going to change, like the size of the market area. Moses Lake does not have same market area as Sea-Tac. Mr. Woodard asked what role the proximity of freight plays, in addition to being close to the customer, as identified by the matrix. Tom Phillips replied that if the airport does not have frequency or service or many destinations served, the airport will have limited utility. Greensboro, South Carolina is an example of an airport with manufacturing onsite but low frequency and few destinations served. Even though there is a Michelin Tires and BMW plant on their airport grounds, most parts are going to Atlanta because Greensboro, South Carolina has less service than Atlanta.

Senator Judy Warnick asked if the analysis tracked where trucks come from and how far they travel to reach the airports. She asked if the team could assess a "leap frog" technique where trucks offload at

Moses Lake and Spokane and are then flown to Sea-Tac. Tom Phillips said that they are looking at how we can use outlying airports as a consolidation point for trucks going into Sea-Tac Airport.

Tom Phillips discussed opportunities for airports in Washington State. The consultant team looked at international freighter operators, including charter or scheduled service. They also looked at belly-passenger cargo airlines. Some of these airlines also operate freighters. For example, Korean Air operates about 30 freighters. The team also looked at opportunities for express air-cargo carriers and third-party logistics companies and airport based distribution center.

Non-integrator freighter operators have the capacity to attract the air charters market or the scheduled service market. Moses Lake chose air charters as their key market. To attract air charters, airports need the competitive factors of convenience, pricing, and consistency. The most obvious air charters include cherry charters to central Washington and special charters to Snohomish County Paine Field and King County International. The strongest factors for scheduled service include strong local and secondary markets. The team looked at niche markets for cargo generated in eastern Washington. Special charters are also possible from Paine Field and King County International airport. In terms of freight operators, there are opportunities for charters in central Washington and to Paine Field. For scheduled service, there are likely niche markets in eastern Washington, the intermountain region, Paine Field, and King County International.

Non-integrated passenger belly operators' specialty is carrying cargo in the wide belly. The competitive factors include possessing a large market area for passenger and cargo, a network of freight forwarders, and wide body aircraft international service. The assessment determined that Sea-Tac Airport is the only competitive airport in Washington for this market, but there are long-term possibilities in Spokane.

Josh Brown, Puget Sound Regional Council, asked why Sea-Tac Airport is missing from the previous slide's assessment of non-integrator freighter operators. Tom Phillips said Sea-Tac Airport already has a market and should have been included on that slide.

Integrator/express airlines include the following competitive factors: strong primary and secondary markets, late pickup and early drop-off times to customers, fit within the existing network. Fitting within the existing network is why Spokane meets the needs of UPS. The key gateways will always be Sea-Tac Airport and King County International Airport, because of their primary market area. Paine Field has the capacity to handle overflow.

Airport-based logistics, distribution centers and inland ports serve as network hubs for consolidation and distribution of air, truck, and rail freight and other related commercial activities. This focus enables third party operators to relocate logistics activities outside of expensive real estate markets, such as Seattle-Tacoma. It's important to think about logistics and not just air service. Although there may not be a lot of scheduled service or 365-day activity at a place like Moses Lake, airports can still develop a niche market, like logistics. The same companies that participate in rail and air understand trucking. An example of an airfield that focused on this is Huntsville, Alabama. Huntsville is a key distribution point for Panalpina, one of the world's largest freight forwarders, because they have good connectivity and a long runway. They have upwards of 40 international flights a week coming in and out of Huntsville. Another example is Rickenbacker Airport in Columbus, Ohio. They are not manufacturing anything in Columbus, but Rickenbacker got its start from The Limited clothing brand. The Limited company had their distribution center in Columbus and started bringing charters in from Hong Kong. Rickenbacker

Airport generates about 100,000 tons of cargo a year just by serving the distribution needs of limited brands. Rickenbacker, a success story, increased scheduled service by focusing on logistics.

Inland ports started as points for ocean distribution. Inland ports take cargo from larger airports and transport them by truck to a smaller location like Moses Lake or consolidate cargo in different places and ship them directly to a larger airport like Sea-Tac. It saves Sea-Tac Airport space and generates business for airports in Washington's interior. The key factor is to attract air cargo for multi-modal distribution. Multi-modal distribution provides network systems for shippers and cargo carriers and helps mitigate the negative impacts of the Port of Seattle's logistical activities by providing the private sector with different types of options. The inland port value proposition boosts local economies by providing jobs and secondary businesses.

Sea-Tac Airport can increase efficiencies by utilizing Port of Seattle owned land adjacent to the airport, including the L-shaped property discussed earlier. Of key importance to utilizing land is developing branding, facilities, and connectivity, as well as strategizing how to move cargo from off-airport facilities and determining what the state can do to help facilitate this activity and growth. Some examples of state support might include creating a joint commission on air cargo or creating joint advertisements for airport exposure and targeted marketing. Zhengzhou Airport in China has similar ambitions as Moses Lake and is where Apple iPhone is made. The manufacturing plant has 350,000 workers, which is more than the entire city of Anchorage, Alaska.

Tom Phillips explained that basic marketing principals say you need to maintain what you already have and then expand on existing integrator operations. The most difficult task is to attract new types of activity. For example, SF Express is the largest air cargo carrier in China. Right now they have about forty to fifty 737s and a series of 757s, 767s, and a few 747s. They are prominent in the Southeast Asia region, but currently use third party airlines to serve the rest of the world. They hope to change that. They are going to start direct service using a charter three times a week into Anchorage and then Anchorage to JFK. It is also important to continue attracting cherry air charter operations to central and eastern Washington airports. Another key priority should be developing non-hub airports into centers for regional ground-based logistical operations, including e-commerce, to relieve pressures at Sea-Tac Airport. In addition, scheduled freighter service is a more realistic longer term goal for some airports such as Paine Field, Spokane International, and Grant County International. Spokane International Airport will eventually attract wide-body passenger service, bringing with it the potential to grow their belly cargo. In the next task, the team will create a statewide strategy including specific steps with the help of the panel's expertise.

Strengths, Weaknesses, Opportunities and Threats for Select Airports

Tom Phillips described the Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis conducted for select Washington State airports. Sea-Tac Airport shows a capacity to accommodate future demand, is a regional e-commerce hub, is a base for integrator airlines, and can be a key link in the growing aerospace industry supply chain. There are significant threats to Sea-Tac Airport. Fifty percent of the market is integrators. That could change if they restructure operations. Sea-Tac Airport experiences significant competition from Vancouver International Airport and Portland International Airport. In addition, air cargo security regulations get more oppressive every day.

The team identified several opportunities at Spokane International Airport. Tom said they see Spokane developing as a regional e-commerce hub. As the economy grows, they have the opportunity to attract more international freighters and charters. Spokane Airport has a lot of on-airport land, giving it the ability to master on-airport development. An example of a master-planned airport is Alliance Airport in Fort Worth, Texas. They do not have a lot of air cargo, but are more of an overflow airport for FedEx and UPS. Threats to Spokane International Airport include competition from Sea-Tac, Moses Lake, Boise, and Great Falls, restructuring of FedEx/UPS/Amazon Operations, trucking versus air service, economically weak airlines, and the global trade war.

King County International Airport has many of the same opportunities. King County International is a base for integrator airlines, has a good opportunity for international freighters, domestic and international charters, and contracts logistics/distribution centers. One of the biggest threats to King County International includes the restructuring of UPS operations. This already happened with Boeing Field when DHL decided to relocate their operations over to Sea-Tac Airport. Other threats include competition from Sea-Tac Airport, Vancouver International Airport, and Portland International Airport. Like Sea-Tac Airport, they also suffer from overly congested highway access.

Snohomish County Paine Field already has a lot of specialty charters from Asia and Europe on a modified Boeing 747. They have facilities and operations to handle wide body operations and aircraft.

Grant County International Airport opportunities include expanding international cherry charters, which they are already taking advantage of, and rail coming in, which attracts the same type of companies and operators. They are an alternative to Sea-Tac Airport for cherry air charters. The cherry season generates over 100 charter operations a year. Threats to Grant County International Airport include competition from Spokane International Airport, and Yakima Air Terminal/McAllister Field, trucking versus air service, and economically weak airlines. Weaknesses include the size of the local economy and population and lack of scheduled airline and air cargo service.

Bellingham International Airport is very close to the Canadian border, which creates an opportunity for cross-border operations. They have a good opportunity to develop a foreign trade zone (FTZ).

The team lumped Yakima, Tri-Cities, and Walla Walla together because they are very similar. Opportunities at these airports include: inland port, domestic charters, contract logistics/distribution center, intermodal opportunities, and export consolidation. Threats include restructuring of FedEx/UPS operations and competition from areas such as Grant County International Airport, Spokane International Airport, and Sea-Tac International Airport, economically weak airlines, and other local/regional logistics parks.

Senator Judy Warnick talked about the FAA trade challenges airports face. She asked if that is a challenge all over the state and country and how we can address that. Tom Phillips said these issues must be addressed at a policy level. The executive branch of government oversees the US Department of Transportation (USDOT). Recently the FAA has been trying to eliminate modification of standards. Rob Hodgman of the WSDOT Office of Aviation said this is a challenge across the state and said that they have been able to sit down with them and find middle ground.

Senator Marko Liias suggested the team reach out to Congressman Rick Larson, ranking member on the Aviation Subcommittee in Congress. Senator Liias asked if the team could engage with federal partners

to make them a part of the conversation when the Stakeholder Panel holds their October session. Todd Woodard of Spokane said they have the same issues. He suggested also engaging with Senator Cantwell, ranking member of the Aviation Subcommittee in Congress. Tom Phillips stated that stakeholder panel group should speak with the same voice.

Josh Brown of the PSRC asked how the group finds growth opportunities for all of the airports. One of the opportunities include the emergence of integrators from China. Mr. Brown asked how we can compete better with Anchorage. Tom Phillips said Anchorage is not among the top ranking air cargo airports in the world. They do not have nearly as much air cargo as the data appear to indicate because they include transit cargo in their calculations. If one looks at on-plane and de-plane cargo, Anchorage probably has a third of the air cargo that they show. In addition, Anchorage is located on the Great Circle Route, between North Asia and North America. The longer airplanes fly, the more fuel they need to carry. Many airlines benefit by stopping in Anchorage to refuel. You can carry 9 to 10 more tons if you stop in Anchorage than if you stop in Seattle. Anchorage also has foreign trade zones and a fuel consortium owned by airlines.

Opportunities of Interest and Potential State Role

Rita Brogan introduced the next agenda item, a discussion around opportunities of interests and the potential role the state can take. She summarized the key points from the last Stakeholder Panel meeting: identification of infrastructure needs to support air cargo competitive advantage, an analysis of economic benefits and other impacts, identifying tools to support a competitive advantage, market intelligence and trend analysis, convening partners, and funding support.

She said the Staff Working Group also discussed opportunities of interests and the potential role the state can take. The Staff Working Group discussed defining and marketing state airport networks as a system, identifying roles for various airports, exploring the inland port concept, considering investment in a broader transportation network for both individuals airports and marketing, joint marketing with state support, highlighting FTZ benefits as part of statewide marketing, potential legislation on workforce issues (pilot and maintenance), and looking at best practices from other states.

Ms. Brogan asked the panel members what opportunities they find interesting and what the state's role should be.

Joe Bryan elaborated on Tom Phillips' point about the inland port concept. Joe said using the term "inland port" is misleading because it implies international cargo, but it is more of an inland distribution operation, some of which is international. For example, Columbus, Ohio benefited from the build of Columbus as a distribution center. The railroad in Columbus, Ohio is near the Rickenbacker Airport. Once warehouse distribution activity is established, some of their activities require airline service. It creates its own demand. The Columbus, Ohio passenger airport has very little international service. Belly cargo service is primarily provided through Chicago. For domestic activity, having integrators nearby justifies charters. Distribution has a side benefit to air cargo development since freight forwarders and other involved typically use multiple modes and often make decisions. So, once the decision-makers in the freight industry are involved in a location it can lead to air cargo business.

In the last four years, the average number of distribution centers used by American companies have quadrupled. The move is driven by needing faster delivery services. Spokane Airport gets distribution that serves the intermountain region. Air Cargo needs to fit into the larger picture.

Rob Hodgman said that he is intrigued by the infrastructure concepts and asked whether it would be possible to know specifics for each airport based on what the consultants have seen. Tom Phillips said the consultants can advise and provide tools at the state level. For example, Michigan is planning a funding share to develop a strategic cargo plan for each airport. Mr. Phillips suggested looking at an air cargo panel or commission and a funding or loan program that the state can develop.

Joe Bryan added that expanded information infrastructure could help multiple players to function collaboratively. All groups working in air cargo can benefit from shared systems for communication. For example, the Port of Los Angeles' information infrastructure facilitates batching. Washington State could facilitate that type of capability in airports statewide. The technology allows system users to see capabilities from a statewide perspective to optimize decision making. Tom Phillips described Mr. Bryan's idea for a cargo community system saying it takes an orchestrator to put this information together.

Senator Marko Liias said Puget Sound facilities have natural gravity. He asked what the team can do to help the areas that do not have that natural gravity, like Moses Lake or Spokane. He also said it is important to be able to fit this priority into existing funding. Senator Liias stated it would be helpful to look at the existing program's scoring criteria and framework to understand why they are not competitive. If we are going to put in new state funding, it has to be contingent on a shared strategy. The focus should be on places outside of Puget Sound to relieve congestion and create more opportunities in areas that do not have that gravitational pull.

Stephanie Bowman, Port of Seattle Commissioner, reiterated that by building distribution networks, air cargo will naturally follow. Eastern Washington's opportunities include distribution and logistics centers. For example, the Northwest Seaport Alliance, which includes the Port of Seattle and the Port of Tacoma, came together three and a half years ago to do international marketing. It has made a world of difference to move customers between both harbors. Stephanie underscored the need for a statewide network marketing tool. She said the Port of Seattle will be happy to help with statewide marketing. Tom Phillips said the team is unlikely to recommend new construction, but will look at how the state can facilitate collaborative branding and marketing. He asked if the state can implement policy decisions or rule changes to make it easier to develop services and facilities.

Don Ehrlich concurred with the need to organize on the east side of the mountain. He asked the group to analyze and think about how to bring businesses from the Puget Sound to the east side. Freight forwarders will come as an industry, when airports have the horsepower to make that attractive. As long as you have the infrastructure, businesses will come.

Bruce Beckett mentioned that at the last Staff Working Group, there was concern about any recommendations that might favor one port over another. The larger picture is to think about preventing Washington agriculture products from diverting to Canada and take advantage of opportunity in central Washington. The team needs to look at bringing in that type of traffic in the state and expanding market opportunity.

Representative Judy Clibborn said the Port of Seattle's overgrowth impact is driving it to look at other areas around the state. The goal of this group is to bring airports together. This coordination and

cohesion of airports working together across the state is beneficial. The state's role is to coordinate, rather than dictate.

Representative Ed Orcutt said he is less interested in shifting manufacturers out of the Puget Sound than exporting eastern Washington products out of eastern Washington airports. The legislature recently negotiated a large transportation package. He has heard many people talking about how eastern Washington needs to improve its roads so products can get over to the Port of Tacoma, Port of Seattle, and Sea-Tac Airport, but he has also heard about population growth in the region. These needs conflict. We need to do something different. He asked if planes could transport goods between airports instead of trucks.

Jake Fey said the team needs to explore distribution. He mentioned not seeing many businesses or people making the distribution decisions present at this meeting. He is concerned about this group's proposed solutions fitting with existing and future business decisions. He wants businesses to be more aware of advantages, but does not want to make investments based on limited knowledge. Jake agrees with Ed about having a solution with Sea-Tac Airport, because environmental issues, traffic issues, and public reaction to those will only worsen existing problems. Jake supports statewide marketing and gaining more business expertise.

Adam Drouhard said he works for Alaska Airlines, both on the passenger and cargo side. He said the passenger side is the easiest to work in, because there is an abundance of data available from the Department of Transportation (DOT), which can be used to plan routes. The cargo side is more unique, because there is less data available for planning. Air cargo relies on multi-modal transportation, including trucking. There is value in trying to clarify the needs and demands of central and eastern Washington.

Tim Kovic, WA State Fruit Tree Association, said he was in a meeting last week with the Northwest Seaport Alliance, which runs inland depot facilities in California with the Alliance's terminal operator SSA Marine. They would like to do something similar in Washington. With that model, a shipment of apples needing delivery on a certain day can be delivered to the depot for holding. Chelan Fresh would be a good partner for starts, and if it makes financial sense, other large chartering firms might see its value.

Representative Bruce Chandler said the elected officials' responsibility is not to make things worse. He believes the legislature needs to examine the costs they may be inadvertently imposing on the shipping industry by trying to participate. He thinks that subsidizing other people's investments can limit access. He frequently hears from contractors about requirements to maintain runways. An emerging shortage is gravel, but nobody seems to be looking at alternatives. He asked how we can maintain and improve our facilities and secure funding.

Representative Tom Dent said the initial goal was to look at Sea-Tac Airport, because it is becoming more saturated. As we move into the future, it's important to look at the big picture of the whole state. We need to find ways to bring air cargo into eastern Washington to relieve congestion in western Washington. We need to look at numerous ways to relieve congestion.

Rita Brogan asked the consultant team for any additional observations.

Joe Bryan said the team is recommending solutions that require the state to play a facilitative role, over additional capital investment. Competitive grants have been a successful way to access capital. For

example, California received money from the FAST Act for freight investment. It could have allocated it to various projects, but instead combined that money with other funds to invest in projects consistent with a set of criteria. Each application made a case for its own proposal, including how their project benefits the market, the public, shippers, and the economy. Mr. Bryan said the facilitation ideas do not require large amounts of funding. The information systems are inexpensive. At the local level, every airport has a right to make their own case for capital grants by demonstrating market support and how the project will pay off. The state may provide some funding and an overall structure, but the airports' individual choices are ultimately market driven. He asked the group for their thoughts.

Marko Liias said the Freight Mobility Strategic Investment Board already does much of this work. He suggested that we should determine whether air cargo groups are eligible or how would score if the criteria don't match. Washington State did a similar competitive process with their FAST Act dollars. The state is pledging money for freight mobility, but air cargo is either ineligible, they are not applying, or the existing criteria is not working. Senator Liias suggested the team look at ways to work with current programs, before creating new programs. Joe Bryan said FAST Act money is more oriented for the roadside, although the existing program might be able to set aside funding for air cargo.

Eric ffitich clarified that there is a funding cap on non-road projects. He said that Senator Maria Cantwell advocated for a floor (minimum) rather than a cap. WSDOT is working on a freight plan, however it does not appear to include air cargo projects. The South Aviation Terminal at Sea-Tac Airport was 20 years away when the Port inquired about potential funding, but WSDOT wanted near-term projects at that time. The state has made a significant investment in the Puget Sound Gateway project. Although Gateway is not explicitly air cargo, it is an investment in the road network that transports freight to Sea-Tac. Mr. ffitich is interested in the current amount of investment in the road network. He suggested that there should be more air cargo projects in the pipeline.

Representative Judy Clibborn said we do not want to lose sight of the role of the private sector. All existing pots of money have their own rules. We will lose if we do not take information from the private sector on how we can influence them to relocate to other areas. It is going to be a private sector decision. The state should look at any criteria with a private sector perspective.

Senator Judy Warnick said she spoke with Karen Keiser about Sea-Tac Airport getting overwhelmed by demand. This process provides an example of what can be done if we ask each other the right questions. She agrees with Representative Chandler that legislators can set up regulatory parameters, but then they need to get out of the way. We need to get more interested in what we are doing to help the entire state. This is exactly what was envisioned when the JTC originally considered getting an air cargo stakeholder group together. She appreciates everyone coming to Moses Lake.

Bruce Beckett from Moses Lake expressed appreciation that the group chose to come out to Moses Lake for this meeting and thanked everybody who made the trip.

Next Steps

Beth Redfield thanked everyone for their attendance and invited them to the next Stakeholder Panel meeting on October 2 at Boeing Field. The study's next task includes developing a statewide business strategy. She said that stakeholders can always email comments to her or contact the main JTC number with ideas and questions.