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Product Manager, Synchrophasors
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There’s been enough drama surrounding the transportation issue in Washington to make a full-length feature movie. Unfortunately, the movie would be more akin to “One Flew Over the Cuckoo’s Nest” as opposed to a light-hearted comedy starring Steve Martin.

This month’s issue of Washington Business covers several key aspects of the transportation issue. However, the storyline presented is not a pretty one, and a happy ending is not yet in sight.

Points of View (page 19) presents both sides of the new $30 car tab initiative with the “Save Our Car Tabs” initiative co-sponsor Tim Eyman, and Transportation Choices Coalition Executive Director Jessyn Schor.

Washington’s Secretary of Transportation, Doug MacDonald, attempts to address many of businesses’ concerns through Q&A (page 22). Meanwhile, staff writer Paul Schlienz takes an in-depth look at the potential for added toll roads in his article Not Your Father’s Toll Road (page 24).

Editor Ron Dalby’s article Keeping the Country Moving (page 26) examines a U.S. Chamber-commissioned study that documents current and future transportation needs and the funding implications on a state and national level. The study points out that not enough revenue is being generated by Americans to support the existing and future infrastructure needs. It goes on to make a series of short- and long-term recommendations—from more toll roads to “mileage-based revenue systems.”

Rebuilding the Viaduct (page 30) by Daniel Brunell reviews viaduct options being pondered by Seattle politicians and state legislators. Much of the funding has already been set aside to replace the viaduct, but city leaders in Seattle want to do away with the viaduct and go with a costly tunnel option to upgrade the city’s décor.

Finally, Paul Schlienz and Shawn Sullivan co-author Ferries in Transition (page 32), which describes the ongoing turmoil surrounding the state’s ferry system. Displayed is yet another example of unions obstructing potential efficiencies and cost-savings brought to the table by the private sector.

We hope the conclusion to the state’s transportation roller-coaster will be a happy one. However, if the current storyline continues and the current cast of characters is not replaced, this will be one ending that no one will want to stick around to watch.
Take Education Seriously

Editor’s Note: Jennifer Delgadillo is a teacher involved in the development of the 10th-grade WASL test. She writes in response to a letter from business leaders to the Legislature supporting the WASL.

Good. Maybe students, parents and teachers who have taken the system for granted will now take education seriously. Hopefully, employers will get employees who will do a good job as a result of the WASL.

Jennifer Delgadillo
Vancouver, Wash.

Stay the Course on the WASL

Editor’s Note: Jon Shroyer is a retired CEO of Sharp Microelectronics in Camas. He chaired AWB’s Board of Directors in 1998.

I hope the Legislature has the will to stay the course. The same issue is here in Arizona, but the Legislature is Republican and the governor is a Democrat, so there seems to be less willingness to do anything. Instead, they are going to argue over what to do with the budget excess.

Jon Shroyer
Tucson, Ariz.

GPA is No Alternative to WASL

It is critically important that the WASL not be weakened by including the GPA with the WASL requirement. My husband was correcting some chemistry labs this weekend, and one kid with a 3.6 GPA was complaining that he only got 3 out of 10 right. He couldn’t write complete sentences, did not do some simple error calculations, but simply copied a number (which was wrong) from another student. The way the grading systems are in public schools, the GPA is meaningless!

Lori Blau
Usk, Wash.

Higher Education Standards

I’m a mother of seven. What I would like to see is a requirement to pass the 4th-grade WASL to advance to middle school, and to pass the 7th-grade WASL to advance to high school. I feel that if we could get these kids learning what they need to learn in the elementary grades and middle school, they’ll have the skills to learn at the high school level. My guess is that most of the kids that aren’t passing the 10th-grade WASL probably did not pass the 7th grade WASL and have been “floundering” in high school.

I have three kids that have graduated from high school and two now in high school, one in middle school and one who will be taking the WASL as a 4th grader this year. None of them have had difficulties passing the WASL. My “underachiever” passed the 10th grade WASL in the 7th grade.

Good luck keeping our bar where it currently is—it’s not high enough. I really think that the resistance from educators is that the WASL measures them. What does a GPA say about a student’s real ability — what teacher is going to fail children and allow that student’s failure to be a reflection on his/her teaching ability?

Laura Mueller
Tri-Cities, Wash.

Stabilizing Health Care Costs

The necessity for setting the educational attainment bar as a minimum standard carries over into the optimal attainable health of our population and in turn into effective efforts to stabilize inevitable increases in health care spending.

It is possible to implement in Washington state’s public school K-3 and K-9 literacy proficiency—not just basic—for more than 90 percent of the student body and up to 50 percent in special education classes. This is now achievable with very affordable teacher training to include all materials, benchmark and periodic testing at a cost of less than $1.60/student/class day/year. The above stated level of proficiency gains can be attained in the state’s most “at risk” schools. Imagine the long-term results by implementing these results-based methods in Seattle’s schools for $10,000 per student per year.

Abandoning education assessment tools speaks to ever more adverse results in both economic and population health dimensions.

Steve Barchet
Chair, Education Committee
Hope Heart Institute
Issaquah, Wash.

Supporting Education Reform

I have been beating this drum for years. My personal observation has been K-6 education shows strong growth (rising trend line), middle school starts to decline significantly, and by high school we have flattened (no pun intended). Obviously there are the students who excel, but far too many don’t, and many who have the potential simply are uninspired.

Carolann Swartz
Moses Lake, Wash.

Great Job on Point Roberts

Thanks for the copies [September-October Washington Business Magazine] you sent me; we used them at our meeting last Tuesday. All were impressed and said the write-up was way better than that in the National Geographic. Thank you again for your time spent in Point Roberts.

Terrie LaPorte, President
Point Roberts Chamber of Commerce

Correction

On page 35 of the January 2006 issue of Washington Business, we mistakenly identified Greg Hall, the current city manager of Cle Elum, Wash., as Lars Gare, the previous city manager of that city. We apologize for the error.
“Please, Lord, help him get control of Congress.”

A plea for Congressman Doc Hastings, R-Wash., given during the invocation at a Rotarian meeting in Yakima in January. Hastings is chairman of the House Ethics Committee.

*The Yakima Herald-Republic, Jan. 15, 2006*

**A Legislative Mugging**

Overriding the governor’s veto, the Maryland Legislature has enacted the so-called Wal-Mart pay-or-play bill, which requires in-state companies with more than 10,000 employees to spend a minimum of 8 percent of payroll for employee health care. *The Washington Post* called it “...a legislative mugging masquerading as an act of benevolent social engineering,” and syndicated columnist George Will said, “…the mugging of profitable businesses may be just beginning. Organized labor, having mightily tried and miserably failed to unionize even one of Wal-Mart’s 3,250 American stores, has turned to organizing state legislators. The threshold of 10,000 employees (Maryland) can be lowered by knocking off a zero ... then two ...

Washington legislators Sen. Karen Keiser, D-Des Moines, and Rep. Eileen Cody, D-Seattle, are pushing the Washington version of the Wal-Mart bill, only it lowers the bar to companies with 5,000 or more employees and ups the ante from 8 percent to 9 percent of payroll that must, by law, be spent on employee health care.

**Game Over for Jock Tax**

The so-called “Jock Tax” is dead this session in Olympia. When Washington's professional athletes compete in most other states, they’re taxed on their income—even if it’s paid in Washington. For example, Seattle Seahawks players will pay the state of Michigan 3.4 percent of whatever they earned in the Super Bowl. Some states’ tax rates are even higher. Washington does not have a state income tax and imposes no such tax on visiting athletes.

*The [Tacoma] News-Tribune, Feb. 4, 2006*

**Surplus Justifies Repealing Estate Tax**

Republicans are seeking to repeal the estate tax passed last year, saying it’s hurting small employers and family-owned companies. “I said last year our state treasury didn’t need the revenue the death tax would provide, and the revenue forecasts are proof,” Rep. Ed Orcutt, R-Kalama, said. HB 2841 would essentially roll the clock back, eliminating the additional tax adopted in 2005.

*The Yakima Herald-Republic, Jan. 18, 2006*

**Tree Debate Spills Over Into Legislature**

State legislators John Ahern, R-Spokane; Jim Dunn, R-Brush Prairie; Janéa Holmquist, R-Ephrata; and Jim McCune, R-Graham, have introduced legislation stating, “Any evergreen tree ... placed or located in the rotunda of the state capitol building during the month of December is designated as the official Christmas tree of the state of Washington.”

**Feds Crack Down on Eco-Terrorism**

Zachary Jenson of Monroe, Wash., and two accomplices were charged on Jan. 17 with plotting to bomb a U.S. Forest Service facility where genetic research is conducted. The suspects are allegedly connected with numerous alleged acts of eco-sabotage.

*The Seattle Times, Jan. 18, 2006*

**This Should Be a Reality TV Show**

Ninety-eight people seeking appointment to a vacant Seattle City Council seat got three minutes each to make a case for why they should replace Jim Compton, who resigned his $97,000-a-year job at the start of the year. Here is a sampling:

- Edward Song told how ABBA's song “Fernando” helped him overcome paralyzing social anxiety.
- Evan R.L. Sutton, a former bartender at Larry's Nightclub, boasted in his application that he "maintained an average output of 100-plus drinks per hour.”
- Elizabeth Hovance, a former editor of a magazine of erotica called *Squirm*, explained that she also founded *Inertia*, a journal of poetry and fiction, and now works at Seattle public radio station KUOW.
- “I ran as a Republican,” Glenn Hampson said about his 1992 campaign to unseat Democratic Congressman Jim McDermott, “but I am not a Republican in the modern sense of the word.”

*The Seattle Times, Jan. 13, 2006*
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Mail-in Voting the Rule in Snohomish County

EVERETT — Snohomish County became the largest county in the state to go to all mail-in voting. It is the 34th of 39 counties in Washington to switch to mail-in voting. The change is expected to save the county about $1.2 million a year in equipment and personnel costs. Electronic voting machines purchased for $5 million in 2002 will be put up for sale.

War Demands Spur Growth at Fort Lewis

FORT LEWIS— Within the next several years the total number of active-duty soldiers stationed at Fort Lewis is expected to exceed 30,000. More than 5,000 additional soldiers reported for duty at the post in 2005 and another 3,300 are expected by the end of 2007. The war in Iraq and the Army’s attempts at transforming itself into a more efficient fighting force are responsible for the rapid growth in personnel.

Abundant Rain Proof that Hydropower is Renewable

OLYMPIA — Environmental groups have cooked up an initiative requiring specific percentages of energy to come from renewable sources yet they won’t term hydropower as a renewable source. Since the bulk of electricity comes from dams in the Northwest and British Columbia — a region known for its abundant rain and snowfall — isn’t it renewable? The Association of Washington Business is pushing to have water and hydropower recognized as a renewable energy source. It makes sense to us — unless it quits raining.

Jobs vs. the Environment: Tankers in Puget Sound

SEATTLE — More oil tankers would likely mean more good-paying jobs at the five refineries scattered around Puget Sound. Environmentalists, however, want nothing to do with a proposal by Sen. Ted Stevens, R-Alaska, to increase tanker traffic in the Sound. Since 1977, supertankers have been barred from Puget Sound as has the expansion of refinery activity unless needed to produce more fuels for in-state use. Stevens’ proposal will likely not see enough support to make it out of committee in the U.S. Senate.

Kirby Calls for Roll-back of Last Year’s Sin Taxes

TACOMA — Rep. Steve Kirby, D-Tacoma, said he was sponsoring two bills to roll back the sin taxes passed on alcohol, tobacco and soda pop by the Legislature in 2005. He says that since there’s a budget surplus of $1.45 billion this year, the half-a-billion dollars or so generated by these taxes is not needed and should be returned to the people. Kirby claims he is looking out for the working-class people of his district with this legislation.

Federal Judge Keeps Dams from Producing Electricity

PORTLAND — U.S. District Court Judge James Redden has again ordered the federal government to continue spilling extra water over dams on the Columbia and Snake rivers to help juvenile salmon and steelhead reach the ocean. NOAA Fisheries, the U.S. Army Corps of Engineers and the Bonneville Power Administration had proposed barging and trucking young fish around the dams to allow the generation of more electricity, but Redden was unconvinced. The amount of water spilled over the dams last summer resulted in $75 million in lost revenues, according to BPA, and caused a 2 percent to 3 percent increase in wholesale power rates.
Testing for Pesticide Exposure to Increase

OLYMPIA — Lobbyists for the agriculture industry will ask this year’s Legislature for money to pay for clinical visits so farm workers can be tested for pesticide exposure. The pesticide testing program was created in 2002 after Washington’s Supreme Court directed the Department of Labor and Industries to adopt rules and tests to ensure farm workers are not poisoned by pesticides. Results so far have been described as ambiguous.

Court Rules Starbucks Not Harmed by Charbucks

MANCHESTER, N.H. — Seattle-based Starbucks sued the BlackBear Micro Roastery in Tuftonboro, N.H., in 2001, claiming that “Charbucks,” a brand of coffee created and sold by Black Bear, was a trademark infringement, unfair competition and a dilution of the Starbucks trademark. U.S. District Court Judge Laura Taylor Swain in New York ruled against Starbucks saying she felt Starbucks failed to prove its image was tarnished by Charbucks.

Washington’s Minimum Wage Goes Up — Again

OLYMPIA — Washington’s minimum wage jumped on Jan. 1 to $7.63 an hour, an increase of 28 cents. Washington employers pay the highest minimum wage in the country. Oregon, with the second-highest minimum wage in the country, raised it’s minimum wage by a quarter to $7.50, also on Jan. 1. The federal minimum wage remains at $5.15 per hour. Washington’s Department of Labor and Industries is required by law to recalculate the minimum wage each year according to changes in the federal Consumer Price Index for Wage Earners and Clerical Workers.

Plenty of Snow This Year for Area Resorts

SEATTLE — Snow came early this season to most of the Northwest’s winter resorts, perhaps making up a little for the 2004-2005 winter that wasn’t great for skiers. Crystal Mountain opened first on Nov. 4, the earliest it has been able to open in 28 years. Whistler/Blackcomb in British Columbia, Canada, opened its Blackcombe side the next day, and Mount Baker began hosting skiers on Nov. 8 with the biggest opening-day crowd and deepest snowpack on the opener in its history — more than 4,500 people and 72 inches of snow.

Columbia Crest and Bernard Griffin Make Top 100

WOODINVILLE — Wine Spectator, the nation’s leading wine consumer publication, named Columbia Crest’s 2002 Walter Clore Private Reserve as number 33 on its 2005 list of the Top 100 Wines in the World. Ste. Michelle Wine Estates, Columbia Crest’s parent company, is based in Woodinville and its vineyards are east of the Cascades. Bernard Griffin’s 2003 Columbia Valley Merlot also made the list at number 95, giving Washington-made wines two spots on the prestigious list.

Ferry Rams Keystone Dock Pilings

KEYSTONE — The Washington state ferry Quinault was slightly damaged in late December when it struck pilings at the Keystone terminal on Whidbey Island. There was no damage to the pilings, which are called “dolphins” and help guide the ferry into place. The boat suffered minor, mostly cosmetic damage. No injuries were reported.
**Governor Advocates Better Tsunami Warning System**

OLYMPIA — Coastal Washington would get more high-tech tsunami warning stations under a plan advanced by Gov. Christine Gregoire. State officials have been working on an upgrade since last summer when a tsunami warning generated by an earthquake off the California coast failed to reach several communities because of a faulty phone line. Gregoire is asking the Legislature for $500,000 to fund 10 Hazard Alert Broadcasting stations in four counties.

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**Traffic Congestion Drives Lyman to Longview**

LONGVIEW — Lyman Lumber announced it will build a series of three forest products manufacturing facilities in Longview’s Mint Farm Industrial Park that will eventually employ 480 people and generate $100 million in annual revenue. The company’s announcement, according to Longview’s Daily News, comes one month after Simpson Timber purchased land at the Port of Longview to build a mill. Lyman, a Minneapolis-based company, also has operations in Burlington. According to the newspaper, industrial land, a skilled workforce and accessing Tacoma, Olympia and Oregon markets without fighting the Seattle-area congestion was a major factor in the company’s decision. Lyman expects to employ 25 to 30 workers by year’s end.

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**Sen. Jim Honeyford Wins AWB’s 2005 Matson Award**

OLYMPIA — The Association of Washington Business announced in September that Sen. Jim Honeyford, R-Sunnyside, won its prestigious 2005 Matson Award, which honors the state legislator who has consistently supported issues important to Washington’s employers and the state’s competitiveness.

It is AWB’s highest for legislators. Traditionally the award is presented at AWB’s Annual Policy Summit at the Semiahmoo Resort near Blaine, but Sen. Honeyford was out of the country so the award was presented at AWB’s regional board meeting in the Tri-Cities on November 16.

The Matson Award is named in honor of the late Sen. Jim Matson, R-Selah, who was a veteran state legislator and member of AWB. Matson, who owned and operated Matson Fruit Company, Selah, also served on the AWB’s executive committee during the 1970s and 80s.

Honeyford was first elected to the House in 1995 and moved to the Senate in 1998. He is a Central Washington State University graduate and was an educator for 28 years before being elected to the Sunnyside City Council and then to the Washington Legislature. He also served as a police officer for five years.

He represents the 15th Legislative District which includes Klickitat and Skamania counties and parts of Yakima and Clark counties.

“Over the years, Jim Honeyford has been a stalwart for employers and promoting jobs,” AWB President Don Brunell said. “He is an able leader and a lawmaker who inspires other elected officials.

“There is no one more deserving of the Jim Matson Award than Jim Honeyford,” Brunell concluded.

Honeyford and his wife, Jerri, have four grown children and live on a farm north of Sunnyside.

Previous Matson Award winners include:

- 1995 Speaker Clyde Ballard, R-Wenatchee
- 1996 Late Sen. Irv Newhouse, R-Mabton
- 1997 Late Sen. George Sellar, R-Wenatchee
- 1999 Rep. Tom Huff, R-Gig Harbor
- 2002 Sen. Tim Sheldon, D-Potlatch
- 2003 Sen. Jim West, R-Spokane
- 2004 Sen. Dan McDonald, R-Bellevue
- 2005 Sen. Jim Honeyford, R-Sunnyside

The Matson Award is one of only five major awards presented by AWB each year. It is the only one which goes to a past or present state legislator.
Soldiers Must Pull Over to Take Cell Phone Calls

FORT LEWIS—The Department of Defense now requires drivers to use hands-free devices when using cell phones in moving vehicles at any military installation or base. This regulation applies to both military and civilian personnel. Violators may be subject to a $50 fine. Therefore, if you need to make or take a call while on base, pull over or use the hands-free device. Legislation similar to the DOD directive has been introduced to the Washington Legislature by Sen. Tracey Edie, D-Federal Way.

Washington’s State Health Plan Criticized

OLYMPIA—Washington’s Basic Health Plan, which provides health-care coverage to about 100,000 low-wage workers, focuses too much on process and not enough on the health outcome, according to a report released in early January by the Joint Legislative Audit and Review Committee. Among other things, the committee noted that the program lacks clearly stated goals and objectives, insurers are not adequately monitored, and insufficient guidelines and expectations are given to those providing the care. The program will cost about $516 million in the current two-year budget cycle.

AWB Recognizes Businesses for Environmental Excellence

OLYMPIA—The Association of Washington Business presented nine Washington companies with Environmental Excellence Awards on October 20, 2005. The businesses were cited for their efforts in environmental innovation, resource conservation, education and continuous improvement.

The 2005 Environmental Excellence Award winners are:

• The Acme Service Group, a family-owned Olympia business founded in 1925, received an environmental innovator award for demonstrating how a traditional, private energy company can pioneer renewable energy sources and services. Acme blends diesel fuel with soybean oil to produce two grades of bio-diesel, one with 99 percent soy and the other with 20 percent soy.

• Energy Northwest, a joint operating agency comprised of 19 member public utilities from across the state, received an environmental innovator award for providing conventional electric generating facilities. In recent years, Energy Northwest became a leader in developing sources of renewable energy, including wind and solar projects.

• Nippon Paper Industries USA received a resources conservation award for installing heat recovery systems on the main boiler at its pulp and paper mill in Port Angeles.

• The Seattle Steam Company, which supplies steam to downtown Seattle customers for heating and other uses, received a resource conservation award for installing a heat-recovery system able to conserve both energy and water.

• Direct Contact Inc. received a resource conservation award for altering its heat recovery vessel design, which enabled clients to recover previously wasted energy.

• Poulsbo’s Watson Furniture Group received a resource conservation award for taking a comprehensive approach to environmental stewardship, from their “green building” to the suppliers and materials they use, and for taking a leading role in reducing waste and toxics in the workplace.

• Tacoma Goodwill, operating in 15 counties around the state, received an environmental education award for its community outreach program. It sold 28 million pounds of donated material in their stores that would otherwise have been discarded, and recycled or salvaged 14 million additional pounds of material.

• Weyerhaeuser’s Charles W. Bingham Forest Learning Center at Mt. St. Helens received an environmental education award for vividly highlighting the destruction wrought by the 1980 eruption and the subsequent recovery of Weyerhaeuser’s managed forest.

• Flexcar is the oldest and largest provider of car-sharing programs in the United States. They received the continuous improvement award for continuing to expand locally and nationally, reducing air pollution, congestion and energy use.
State Must Overcome Duplicative and Overlapping Regulations

Throughout our long history, we at Weyerhaeuser have learned we must be responsive, easy to work with and offer solid solutions when building and maintaining strong customer relationships. All of us in Washington’s business community understand how these practices are necessary for success.

We’re also affected by our legislators’ decisions and actions involving land use regulations. Too often, completing a project requires an arduous journey through a regulatory quagmire. We believe it not only impedes business, but it is also costly to our state. It is time to work together to find ways to simplify the regulatory process, similar to how businesses respond to customers’ needs.

Consider how land use regulations affect the real estate and homebuilding sector. A bright spot in our state’s economy, this sector has not only contributed to Washington’s up-tick in tax collection, but gains in this sector have helped the state earn a budget surplus.

Along with growing and harvesting trees, Weyerhaeuser Company has long been involved in real estate and homebuilding. Our forest products are used to build houses and our Pacific Northwest subsidiary, Quadrant Homes, is the largest homebuilder in the state. When Quadrant completes a successful project, it’s not just our company that profits from that success. Our state’s citizens also benefit. These benefits include tax revenues that support public services, family wage jobs and access to affordable homes.

As forestland managers, real estate developers and homebuilders, we know how important it is that our business practices meet stringent standards. We must operate in ways that protect the environment and public health. At the same time, we must meet our customers’ expectations for high-quality, affordable housing. Neither can be sacrificed.

To meet these obligations and achieve economic prosperity, we believe we need better regulatory balance. This is often an overused term so let me explain how our company views the opportunity to improve regulatory balance.

We see problems caused by overlapping, duplicative permitting and appeals processes. Often, multiple regulatory agencies have authority over different aspects of the same development project. For example, for residential developments many of the same issues may be addressed in plats, site plans, and shoreline, hydraulic, stormwater and other permits. Each agency’s approval and appeal process is different and must accommodate appeals boards or courts on different schedules. This often causes unnecessary costs and delays.

Further, there are risks of inconsistent decisions by different agencies and sometimes it is necessary to cycle back to modify previous agency decisions to resolve inconsistencies with subsequent decisions. When that project involves similar agencies at different levels of government, or if environmental reviews are required, the challenge is compounded. And that is just to gain approval for a permit.

Other businesses in Washington share our company’s commitment to meet regulatory obligations. We suspect they also share our frustration with the quagmire of land use regulations. These challenges add cost, uncertainty and ever-receding completion dates. Quadrant Homes’ three master planned communities—Northwest Landing, Snoqualmie Ridge and Redmond Ridge—illustrate this point. Each project took more than a decade and millions of dollars to permit and entitle before even one house was built. Ironically, these communities are lauded by governmental land use planners as notable projects that meet the state’s Growth Management Act.

To be fair, government has made some progress to address the regulatory morass. Streamlining the permitting of public transportation projects is a good example. We applaud this and hope the same approach will be used elsewhere to achieve timely, predictable, streamlined permitting at all levels of government.

Can this be done while preserving citizen and interest group rights within the land use appeal process? Yes, because those rights are non-negotiable and must be preserved.

As stated, the challenge is changing our regulations to allow for timely decisions. In the coming months, the governor and Legislature will consider possible changes to land use and environmental laws. We must ask them to focus on simplifying this tangle of regulatory approvals and work with us to achieve regulatory balance that will benefit everyone in the state.
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Lawmakers Should Kill Gain-Sharing

Remember when your mom would say, “If something sounds too good to be true, it probably is.” Well, state lawmakers should heed that advice.

In 1998, the Legislature approved a “gain-sharing” plan that was supposed to use stock market gains to augment pension benefits for state employees—at no cost. It was a bad idea.

Now the program has self-destructed, leaving the state with a $2 billion pension liability, and lawmakers are thinking about killing it. They should do that before things get any worse.

This is what happened.

Washington invests about $50 billion worth of retirement funds in stocks, bonds and other investments. The proceeds help fund the lion’s share of pensions for state employees. Individual state workers also contribute to their pensions through payroll deductions.

In two of the state’s pension plans, the employees’ contributions are the same each month. Under the third plan, the amount the employee contributes varies, depending on how well the stock market is doing. The higher the stock market return, the less the employee pays. But there is a down side if market returns fall below a certain point, the employee's contribution increases.

Back in the 90s when the market was flying high, the state employees who paid the same each month complained that they weren’t sharing in the stock market gains. In other words, they wanted the rewards, but not the risk.

The Legislature obliged with gain-sharing. Under gain-sharing, if stock market returns exceeded 10 percent a year for four years, half the excess was dispersed to the state employees and pensioners. The program was supposed to pay for itself.

But there was a flaw. Because of the way the law was written, the gain-sharing payments permanently increased pension benefits for tens of thousands of state workers. In other words, what was supposed to have been a short-term benefit became a long-term obligation—and taxpayers ended up holding the bag.

To date, the Legislature’s “no-cost” gain-sharing program has increased the state’s pension obligation by $2 billion. Fortunately, the legislation contains a “kill switch” that allows lawmakers to end the gain-sharing program at any time. They should do just that and the sooner the better.

But more than that, they should take a lesson from what happened. Benefits have costs. There is no free lunch. If you provide a benefit, you must be able to pay for it.

Millions of private sector employees have 401k accounts, which are invested in the stock market. In good time, they reap the rewards, but when the market lags, they take their losses and wait for things to turn around. The attempt by the state to rewrite the laws of economics by providing state workers with rewards but no risks was doomed to fail—and they should learn from this multi-billion blunder.

Some say that rather than kill the gain-sharing program, lawmakers will simply delay making the needed payments, as they have in the past. That would be a BIG mistake. Delaying payment only increases the ultimate cost and makes matters worse.

Lawmakers should own up to their mistake and kill the gain-sharing program. It was a bad idea then. It still is today. ■
The Columbia-Snake River Irrigators Association

To the Columbia Water Task Force and Gov. Gregoire:
The Columbia-Snake River Irrigators Association Proposal
for Water Rights, Conservation and Instream Flows

The Columbia-Snake River Irrigators Association applauds the efforts of the Columbia River Task Force to identify and prepare new Columbia River water management regimes, where additional water supplies are accessible for irrigation, municipal and community needs, and where instream flows can be protected or enhanced.

The CSRIA proposal for new Columbia River water rights and instream flows carries forward some unique principles and management objectives.

Proposal Principles
- Resolve the existing interruptible water right issue for the mainstem Columbia River.
  Convert interruptible rights to firm rights.
- Provide for additional water withdrawals from the mainstem Columbia and Lower Snake River system (Ice Harbor Pool and below).
- Address the July-through-August low water-year concerns raised by the National Academy of Sciences Review. Offset the impacts through programmatic measures based on best management practices and new efficiency measures.
- Provide reasonable and obtainable flows in the tributaries and mainstem.

Proposal Objectives
- Advance a regional solution for additional water supplies for mainstem Columbia and Lower Snake River water users and for tributary flow augmentation.
- Reward and recognize the efficient. Provide new water supplies to those who adopt water conservation measures and those willing to provide reasonable mitigation fees for technically verifiable results, for both existing and new water rights.
- Use Columbia River economics—private and local sector dollars—to fund flow augmentation improvements in the tributaries, through the adoption of new efficiencies. This is the most beneficial and cost-effective priority.
- Implement water conservation measures and efficiency projects to protect or enhance instream flows as a phase-one approach to new water supply alternatives.
- Optimize the potential of the proposed mitigation fees. In capital terms, approximately $100 to $150 per acre-foot for the purchase of efficiency measures.
- Consider all financing, conservation supply, and implementation alternatives.

Through Task Force leadership, and with good-faith efforts by the key stakeholders, there is ample Columbia River water for future economic and environmental demands.

Paid Advertisement
A Republican Congress continues to block an increase in the federal minimum wage. Undeterred, labor unions and their wage-raising allies have turned to the states. They’re likely to have more success there, as residents of Washington can attest.

With the new year, Washington again boasts the nation’s highest minimum wage of $7.63 an hour. It’s the continuing legacy of labor-backed Initiative 688 passed by two-thirds of the voters in 1998. I-688 boosted the state minimum wage from $4.90 an hour to $5.70 an hour in 1999 and $6.50 an hour in 2000. After that, annual increases were indexed to inflation.

Three of the five states with the highest minimum wage are in the Northwest. Oregon ranks second at $7.50 per hour, followed by Connecticut, $7.40; Vermont, $7.25; and Alaska, $7.15. Seventeen states and the District of Columbia have adopted minimum wages above the federal rate of $5.15 an hour. For those states, the higher rate applies.

The states with higher minimum wages tend to be Blue states with pro-union policies. Only one of the seventeen, Florida, is a right-to-work state; only two, Florida and Alaska, gave George W. Bush majorities in 2004.

At the same time Florida gave President Bush 52 percent of the vote, voters passed Measure 5, boosting the minimum wage and indexing it to inflation. It carried in every county, pulling 72 percent of the statewide vote. Also in 2004, 68 percent of Nevada voters passed a Constitutional amendment lifting the minimum wage and indexing it. To take effect, it must pass again this year.

These efforts stem from common roots: organized labor, the Association of Community Organizations for Reform Now (a left-leaning activist group), and liberal religious groups. Organizers plan to use the issue in 2006 and 2008 to turn out their base in key battleground states.

Among the states reportedly targeted for minimum wage ballot initiatives this year: Ohio, Michigan, Arizona, Colorado, Arkansas and Montana. All but Michigan were Bush states in 2004.

As the Florida and Alaska experiences illustrates, voters can vote with labor on the minimum wage and still favor Republican candidates. But the issue complicates an already difficult year for the GOP.

In the 1990s, economists began to challenge the prevailing understanding that increases in the minimum wage caused employment to fall. More recently, according to an Employment Policies Institute report released last August, “...a near consensus has returned to the view that minimum wage increases have significant but relative modest negative effects on the employment of teenagers and other low-skill groups.”

States that have set the minimum wage above the federal level tend also to adopt tax and regulatory policies that negatively affect business, making it difficult to isolate the effect of individual factors. A study we did for the Washington Alliance for a Competitive Economy provides additional perspective. Comparing border counties, Across State Lines looked at job growth in Washington, Oregon and Idaho. Washington—with higher taxes, higher minimum wage rates, and a more restrictive regulatory regime—trailed its two neighbors. Idaho, a right-to-work state with lower business taxes and the federal $5.15 minimum wage, fared best.

In 2004, only about 2.7 percent of all hourly workers were paid at or below the federal minimum wage, according to the U.S. Bureau of Labor Statistics. About half of them were under 25; one-fourth were teenagers. A disproportionate number were unmarried part-timers, primarily holding food service jobs.

People rarely remain long at the minimum wage, typically advancing to more lucrative employment. Increasing the minimum wage, therefore, provides little benefit to the working poor. The primary benefit accrues to those who manipulate the issue’s popularity to rally their political base and build support for so-called “family-friendly” legislation like family leave, pay-or-play health insurance and “living-wage” laws. Such attempts to dictate wages and benefits appeal to the kind of folks who want to give workers a raise without themselves having to meet a payroll in a competitive marketplace.

Ultimately, the costs compound and someone must pay the bill. The price may be reckoned in jobs destroyed or outsourced, careers denied, and opportunities lost.
Does $30 Really Mean $30?

As more people bought $100,000 motor homes and expensive SUVs, the sticker shock extended far beyond the dealer’s showroom. Every year it walloped them when they went to the courthouse to buy their car tabs.

The Legislature recognized the growing discontent in 1998. When former-Gov. Gary Locke vetoed legislation reducing the Motor Vehicle Excise Tax, Republicans filed Referendum 49 and voters approved it. The idea was to start ratcheting down the MVET while maintaining a steady funding stream for transportation projects.

The state then was flush with money and sitting on $1 billion in reserves. Tim Eyman, father of I-695, captured the drivers’ uneasiness and argued that taxpayers ought to have that surplus money back. His contention gathered popular backing because people were fed up with paying $600 a year for a Ford Explorer’s car tabs. Besides, there seemed to be no end to the state’s booming economy, particularly in the Puget Sound area where the dot.com revolution was in full swing.

Eyman filed I-695. His group, Permanent Offense, gathered more than half-a-million signatures putting the initiative on the November 1999 ballot. He also quickly exploited the MVET’s other Achilles heel—money from the tax was being siphoned from roads to fund law enforcement, mass transit and emergency services. Eyman’s contention was that transparency in state and local government was lacking and the politicians could find the replacement money by shifting around current accounts.

Then Gov. Locke and opponents decided to fight the ballot measure head on with a coalition of unions, businesses, citizen groups and environmentalists rather than sponsor an alternative—a measure which would retain the MVET, but at a much lower rate.

Voters overwhelmingly passed the initiative, eliminated the 2.2 percent MVET which had its roots dating back to 1937, and established the $30 car tab. When the courts upheld I-695, the Legislature, at Locke’s urging, codified the court’s rendering.

The initiative did not, however, repeal the sales tax motorists pay when they first purchase and register their vehicle and it did not eliminate the Regional Transit tax (Sound Transit) of .003 percent of the market value.

Then in 2003, along came Seattle’s now defunct monorail project and voters in that city reinstated MVET which allowed the city to collect up to 1.4 percent of value for vehicles registered within the city limits to build the monorail from Ballard to West Seattle.

In 2005, Washington legislators, with the backing of Gov. Christine Gregoire, passed a bold transportation funding package. The increased funding followed on the heels of what was commonly called the “Nickel Package” passed by the Legislature in 2003. That legislation increased the gas tax by five cents a gallon.

The center piece in last year’s funding scheme was a 9.5 percent gas tax increase phased in over four years. Petitioners led by KVI talk show hosts Kirby Wilbur and John Carlson collected more than 400,000 signatures for I-912 in just over a month. Despite the strong spontaneous outpouring of signatures, I-912 failed. Some believe the rock slides on I-90 blocking the state’s main east-west transportation artery and the impact of hurricanes Katrina and Rita highlighted the need for more infrastructure investment.

While voters last fall focused on the gas tax increase in I-912, Eyman started beating the drum to repeal the weight fees added to the 2005 legislation and paid by motorists when they license their cars and trucks. His war cry is, “Thirty bucks means thirty bucks!”

In January when the Legislature convened, Eyman filed the “Save Our $30 Tabs” initiative. Since this will be hotly debated, Washington Business is presenting both sides. Meanwhile, please go to the Department of Transportation’s Web site at the link below to learn for yourself what projects are at stake.

www.wsdot.wa.gov/NR/rdonlyres/34E01CEF-06C7-42AE-8C68-7C355739D5CC/0/NewFundingPackage2005.pdf
Professional anti-tax activist Tim Eyman is at it again. This time, he’s attempting to repeal new transportation funding—a move that would cost us more than $2 billion in revenue for projects across the state. Eyman’s so-called “Save Our $30 Tabs” initiative is already enduring harsh criticism from business, labor and the environmental community.

The new car tab initiative would flatten the Department of Transportation’s currently graded scale, which calibrates a vehicle’s tab from its weight, assuming that heavier vehicles cause more wear and tear on our roads. For example, a car weighing less than 4,000 lbs (84 percent of the vehicles registered in the state) would have a tab fee of $40—a $10 increase from last year.

Eyman’s campaign to expunge these new fees has led him to characterize Washingtonians as “junkyard dogs,” “tortured victims” and “uneducated voters” who will eat up whatever he’s dishing out. We see them as innovative problem-solvers who can look at a multitude of funding sources and technological choices to solve our state’s transportation problems.

One thing clearly seen in the last election is that voters want progress, and Tim Eyman’s initiative is a clearly out-of-touch fringe sentiment. His us-versus-them message won’t resonate with voters. Indeed, this initiative would effectively kill many of the projects that voters just endorsed by rejecting Initiative 912.

Business, construction, consulting firms, transit agencies, the environmental community, drivers, walkers, bike riders and bus riders all rallied behind the “No on I-912” campaign and soundly defeated it. Our citizens said that they are willing to pay small tax increases for massive improvements to our transportation system, and they will do so again to defeat another attempt to obstruct progress on transportation.

Don’t believe Eyman when he says these fees are unnecessary extra taxes for transit. The gas tax and the car tabs combine to create the pool of money for our transportation solutions. These small fees are a significant funding source that makes it easier to move people using different modes of transportation. If we lose our current car tab fees, we’ll lose a huge chunk of transportation revenue—one that pays not only for transit, but bike lanes, sidewalks and road projects all across Washington. Approximately 50 percent of the new funding from car tabs is for road congestion and safety projects. So whether you ride your bike, take the bus, or drive your car, you lose big time. In addition, loss of these fees will severely impair our ability to effectively move Washington-produced goods.

Tim Eyman is also trying to convince citizens that our elected officials are corporate fat cats smoking cigars, counting cash in the back room, and spitting on the face of voters, but that notion is ridiculous. Eyman claims that public trust in government is at an all time low, but in reality last November we saw citizens cautiously put their trust in the elected officials who represent them, representatives making tough choices that truly benefit their constituents.

Most interesting is what Tim Eyman is not saying. He has offered no solutions on how we would fund more road projects, congestion relief, transit, bike lanes or sidewalks.

From today until next year’s election, we will be educating citizens about the funding and governance of our transportation agencies and how it affects their lives, as well as making sure every new tax dollar is delivered as planned. Most Washington citizens understand that just saying no on transportation doesn’t mean much—who will be concerned about slightly lower taxes if our bridges collapse or we’re sitting in traffic 2 to 3 hours a day?

Let’s look at Eyman’s new, thinly veiled attempt at taxpayer protection for what it really is—just a guy who found an easy way to make a buck at the expense of every citizen in this state. Eyman is attempting to divide and conquer, but he won’t succeed because we’re all in this one together. If Tim Eyman says “$30 tabs, round 3,” we say “Real Transportation Solutions, round 2!”
Taxpayers Are Entitled to $30 Car Tabs

We’re entitled to $30 tabs because the voters have twice approved initiatives requiring $30 tabs. Those two votes of the people were moral contracts between the citizens and their representatives. Those votes should have been respected. It is contemptible that state and local governments, especially Sound Transit, are spitting in the face of voters and forcing a third $30 tabs initiative to be sponsored.

If politicians had listened to the voters, SaveOur30Tabs.com Initiative would not be necessary.

We’re entitled to $30 tabs because Olympia unambiguously promised they’d keep vehicle tabs at no more than $30. The vote was 84-13 in the state house, 39-9 in the state senate, and was promptly signed into law by then-Gov. Gary Locke. Locke summed up Olympia’s promise: “We should carry out the people’s will and make sure that we keep the tabs at $30.”

If politicians had kept their promises, SaveOur30Tabs.com Initiative would not be necessary.

We’re entitled to $30 tabs because vehicle owners are already paying more than their fair share. We pay a massive sales tax when we buy our vehicles, and we pay a huge gas tax when we use our vehicles. Monthly payments for our vehicles are a big chunk of family budgets, as are insurance, maintenance, repairs, parking and tires. For people who want heavier vehicles to pay more, they already do because of the gas tax. For people who want expensive vehicles to pay more, they already do because of the sales tax. We already pay more than our fair share for our vehicles.

If politicians had one ounce of compassion for the average taxpayer, SaveOur30Tabs.com Initiative would not be necessary.

We’re already hearing the usual threats, lies and scare tactics about SaveOur30Tabs.com Initiative. These predictions of doom and gloom are laughable. State and local governments spend more than $40 billion every year. SaveOur30Tabs.com affects less than 1 percent of government spending. It’s a drop in the bucket. And again, these are revenues that state and local governments are not legally or morally entitled to. They shouldn’t be imposing these taxes in the first place.

Even with $30 tabs, taxpayers are already paying more than their fair share. Washington is the 8th highest taxed state in the nation. We’re forced to pay one of the highest sales taxes in the nation. One of the largest gas taxes in the nation. We’ve got skyrocketing property tax bills. Business taxes, utility taxes, telephone taxes. Our state’s crushing tax burden has working families and senior citizens struggling.

During these times when family budgets are stretched to the limit, Olympia is gorging itself on tax money. Fiscal restraint has been checked out the window. Last year’s session involved a spending orgy unprecedented in our state’s history. Priorities of Government was replaced with Pig-Out on Government. This year, it’s only going to get worse since state government overcharged the taxpayers by a whopping $1.6 billion. This massive tax surplus has become Olympia’s special interest slush fund. “Should we spend it now or should we spend it later?” is the only thing we’re hearing in Olympia.

That $1.6 billion tax surplus is not the government’s money, it’s the taxpayers’ money. We’ve been overcharged $1.6 billion—we deserve 100 percent of it back. Every dollar, every penny. But if Olympia is just too greedy to part with 100 percent of it, or 50 percent, or even 25 percent of our money, then at least the passage of SaveOur30Tabs.com ensures about 10 percent gets refunded to average taxpayers in Washington.

How can politicians look us in the eye and say that it’s unfair to return 10 percent of the massive $1.6 billion surplus to the taxpayers? The answer is they can’t.

In 2006, we’re fighting to save our $30 tabs. Don’t let politicians ignore our two votes, break their promises, and allow vehicle tabs to once again become obscenely expensive. We’re entitled to $30 tabs. Help us protect taxpayers this year with SaveOur30Tabs.com.
Doug MacDonald, a native of Mercer Island and a Harvard Law School graduate, has been Secretary of Transportation since April 2001. Mr. MacDonald joined WSDOT following a 9-year tenure as Executive Director of the Massachusetts Water Resource Authority where he provided leadership for the large capital investment program and for operating improvements to achieve higher quality of drinking water, for wastewater treatment and for public sector business efficiencies.

Q With the failure of I-912, how is the department organizing its project lists to address critical needs?

A Today, project lists are mostly set by the Legislature. The money that survived I-912 from the new gas tax increases had already been assigned by the Legislature to specific projects to be constructed in specific time frames over the next 16 years. The Legislature also selected the projects for the “Nickel Program” enacted in 2003. Other projects are designated by the Legislature each biennium for the funds not covered by those two programs.

We think the Legislature did well in selecting projects that address safety needs, ease chokepoints, and add some new capacity and also assure that existing facilities are properly rehabilitated. Our job is to get the projects built.

Q The other part of the transportation-funding package that was not addressed in I-912 is the fees the Legislature passed. How are those fees being used and for what projects?

A In addition to the gas tax increases, the Legislature added a weight fee on passenger cars (most of us will pay $10 a year), increased the light-truck weight fees by $10 to $30 a year (depending on weight), and added a yearly $75 motorhome fee. Drivers’ licenses and license plate charges were increased a bit, too. Together these fees raise about $110 million each year. These revenues will be applied partly as cash and partly as long-term support for bonding for the benefit of the entire 2005 project list. That includes highways and some investments for which gas tax funds generally are not eligible such as freight rail and passenger rail projects, public transportation needs, and safety projects for walking and biking.

Q In looking ahead at the transportation infrastructure needs, will we need to raise more money to fund it? If so, where do you see the funding coming from?

A The need for regional funding identified by the Blue Ribbon Transportation Commission in 2002 must still be addressed. Even with the statewide package of projects funded by statewide tax increases, regional needs remain. Businesses and citizens in the central Puget Sound area are going to have to step up if these needs are to be met. This is a major unresolved topic on the transportation agenda.

Q Recently the U.S. Chamber of Commerce released a report calling for tolls and mileage charges to replace gas taxes. The theory is that as vehicles become more efficient and hybrids take over the highways, there will be insufficient revenue to support the growth and maintenance of our highway network. Is the assessment on target, and, if so, what does it mean for Washington?

A The U.S. Chamber is right that the current system will need changes. Almost everyone agrees that in the future gas tax revenues can’t do the whole job. There is broad agreement that tolling will have to resume its long-standing role. We’re already part of that national trend with toll financing for the new crossing at Tacoma Narrows. Shortly we will be piloting a tolled HOT lane on part of SR 167. This is one of many projects around the country where variable charges for road use will try to improve highway efficiency, reduce congestion and raise revenue. Change is coming. We have no choice but to pay for a transportation system that will support our economy and our communities.

Q Have the road slides on I-90 near Snoqualmie Pass changed your priorities? Specifically, will I-90 widening start sooner than 2010?

A We have not changed our basic priorities. However, we have taken a closer look at similar slide hazard areas along I-90 across Snoqualmie Pass. This continues a statewide program in place since 1995 identifying 2,700 slope hazard locations on the state highway system and correcting, so far, over a hundred of them at a cost of more than $100
million. We expect the 2006 Legislature to consider moving up the I-90 widening project, scheduled to begin in 2011, in the Lake Keechelus area containing some of the most worrisome slopes. Other special work may also be considered for several other sites on the I-90 slope hazard list.

Q The television commercials opposing I-912 put a sense of urgency around projects like the 520 floating bridge and the Alaskan Way Viaduct. How will we address those critical needs, and what needs to happen to complete those projects?

A The governor, legislators, the mayor of Seattle and other local officials have all given these projects their full commitment. On the viaduct, the question is how best to match project visions against the available funding—the state gas tax increases and other local and federal sources—to achieve the most cost-effective implementation.

The SR 520 corridor presents some very tricky questions. What transportation benefits should the corridor provide? Where will impacts of new facilities fall and how will those best be reconciled with local neighborhoods? How will tolls and other financing sources add to the down payment committed to by the 2005 Legislature? The Draft Environmental Impact Statement coming in May should add some clarity on these points and underscore the project’s urgency.

Q What are some of the other critical projects which impact safety? When will they be addressed?

A Two favorite projects of mine show the range. One is the statewide program to install cable barriers on freeway medians to prevent crossover collisions. Lives are being saved across the state by this simple technology. Gov. Gregoire directed this inexpensive but effective program to continue even as Initiative 912 attacked its funding source. We finished the first new installation in November. It added 70 miles of freeway median in to the 50 miles where cable barrier had already been installed. More is coming with the money the Legislature directed in 2005.

Another favorite program of mine is the cluster of projects to straighten out the mess on I-5 through Tacoma, a perennial list leader as the state’s worst accident location. We began a Nickel Program project last summer and construction is now highly visible alongside I-5 between 48th Street and Pacific Avenue. This entire program won’t be finished, however, until the Nalley Valley Viaduct is rebuilt in three stages, smoothing the I-5 merges and completing the SR 16 widening to I-5 from Gig Harbor. The Nalley Valley reconstruction projects will be funded with money from the 2003 and 2005 gas tax increases and construction will begin in 2008. There are dozens of other projects coming all across the state. Some fix bridges. Some ease conflicts with freight. Some smooth nasty merges and other accident- and congestion-prone bottlenecks. Almost every project includes safety dividends.

Q Increasingly, security is a concern for our state ferry system. How are those concerns being addressed, and where is the funding coming from to beef up the state patrol’s presence at terminals and on the boats?

A The U.S. Coast Guard, the Washington State Patrol and Washington State Ferries are all working together on ferry security. The State Patrol has created a new vessel and terminal security unit. New resources, from explosive-sniffing dogs to new surveillance cameras, are in place. Everyone is participating in training and drills and we are asking riders to help, too. Federal money secured by our congressional delegation has helped defray some of the costs, so an already strained ferry budget is feeling the pressure.

Q There is a concern about the safety of the Steel Electric boats built in the late 1920s. How are those concerns being addressed, and when will those boats be replaced?

A The Ferry System operates four vessels built in 1927. They are operated under current certificates issued by the U.S. Coast Guard. Their hulls would not meet today’s standards for new vessels. For this reason and efficiency considerations, they should be replaced. The replacement program has not moved as quickly as we had hoped, and we expect that it will be several more years before the last of these vessels can be retired.

Q In the past, J.M. Martinac, a Tacoma ship builder, presented a plan to build five Island-class ferries to replace the Steel Electric boats. Why has that plan not been adopted?

A J.M. Martinac Corp., once an active Puget Sound shipbuilding firm, submitted in 2001 a proposed vessel concept and contracting/finance plan for a new ferryboat class. The vessel concept did not meet WSF’s needs. The proposed procurement and business arrangement did not match a competitive procurement approach enacted by the Legislature in 2001. In 2003, the attorney general and the state treasurer also found other deficiencies in matching the proposal to state law. Subsequently, Martinac has participated in the procurement program being conducted by the Ferry System.

Q How do you see the state addressing the need to add rail capacity? Is it through raising track elevations to bypass traffic crossings, or is it in finding new routes across the Cascades?

A Rail freight capacity is important. It matters for our position in global trade. It matters for our agricultural producers. It matters because all forms of freight rail help ease highway congestion. Rail capacity improvements require investment from the railroads themselves. They require careful integration with the state’s transportation programs for public investment plans. They may merit new state and other public funding, adding to the hundreds of millions of dollars WSDOT and Sound Transit have paid or committed for track improvements to make both freight and passenger services more efficient on the mainline and to separate motor vehicles and freight trains at grade crossings. Look for a lively discussion of whether the BNSF tunnel at Stampede Pass should be crown-cut for use by double-stack container trains, and how that project should be funded. Also, keep an eye on short-line rail needs and prospects desired by local communities and shippers all over the state.
Ready or not, tolls are returning to Washington's highways — and sooner than you may think.

by Paul Schleinz

Long-time residents of Washington remember when several bridges, including the Tacoma Narrows, the Evergreen Point, the Hood Canal, and Spokane’s Maple Street Bridge, had tolls. Unlike many states, where tolling became a permanent fixture on numerous turnpikes, bridges and tunnels, Washington’s tolls were typically limited to the period where bonds were being paid off on a specific project. With the exception of the Columbia Gorge’s Bridge of the Gods, which is still tolled, Washington’s highways are now entirely funded by the state’s gas tax.
Tolls, however, are poised to make a comeback as gas tax revenues decline due to more fuel-efficient vehicles.

“The Legislature is only interested in tolling on specific, new, limited-access projects, like bridges,” said Sen. Brad Benson, R-Spokane, ranking minority member of the Senate Transportation Committee. “We’re not going back and retrofitting any existing bridge or other project with tolls.”

Washington’s first toll booths in 22 years will begin operating in April 2007, when the new, eastbound span of the Tacoma Narrows Bridge opens to traffic. The old, westbound bridge to its side, however, will remain free of tolls.

Other projects that are likely to be tolled are the replacements for the aging Hood Canal and Evergreen Point bridges.

“Tolling is traditionally used on infrastructure like bridges and tunnels where you have high costs and a captive audience of motorists with few alternatives to using these facilities,” Michael Kitchen of the Puget Sound Regional Council observed.

Should Seattle insist on building a tunnel to replace its decaying Alaskan Way Viaduct, tolling is mentioned as a possible way to generate the funds to pay for this project.

“I would be tempted to give Seattle the option of using tolls if it’s able to sell the idea to its voters, although people who want to avoid tolls would just go on I-5,” Benson said.

Transponders, Not Toll Booths

When most people think of highway tolling, they picture traditional toll booths where motorists, often in long queues, inch their way toward a booth where they stop and hand over a fee to use a bridge, tunnel or turnpike. This familiar model does not, however, reflect 21st century tolling technology, which is just starting to emerge on America’s highways. Indeed, the seeds of this technology have already been planted in Washington.

Next to the toll booths on the western approach to the Tacoma Narrows Bridge will be what may be a harbinger of the future of tolling. A special lane will allow vehicles with prepaid accounts to zip past the toll booths and onto the bridge without stopping. These vehicles will be equipped with radio frequency identification transponders that will receive a pulse from overhead readers. Once the pulse is received, the transponder will send a signal to the reader with the driver’s identification number. The reader will then take the number and put it into the collection system, which will assess the appropriate fee to the prepaid account.

Similar technology is already in use along Washington’s highways as a substitute for traditional weigh stations. Indeed, truckers currently have the option of using transponders that can be remotely read as they cruise down the highway as an alternative to time consuming weigh station stops.

Transponder technology, similar to that which is envisioned for the Tacoma Narrows Bridge, will also be deployed on State Route 167’s high-occupancy vehicle lanes between Auburn and Renton. Once these lanes are equipped with overhead remote readers in late 2008, the lanes will be re-designated as high-occupancy toll lanes.

Currently, State Route 167’s HOV lanes are restricted to vehicles with two or more passengers. When the conversion of these HOV lanes to HOT lanes is complete, vehicles with double occupancy will still be able to use the lanes without charge. Other vehicles with prepaid accounts and transponders will also have access to the HOT lanes regardless of the number of passengers.

A Different Paradigm

The State Route 167 HOT lanes are a pilot project to test new tolling technology, which may ultimately be deployed on a much greater scale. In 2005, the Legislature authorized a commission to conduct a comprehensive study on tolling. Although the commission’s final report will not be released until July, initial indications are that the report will take a positive view of tolls.

“The commission thinks tolling will have a role in Washington state transportation,” said David Forte of the Washington State Department of Transportation. “Tolling has a role for traffic management of the system and it has a role to supplement revenue generation.”

Forte believes that while some projects will start out using manual tolling, within anywhere from five to 30 years, all tolling will be electronic. In addition, he believes that the entire highway system could ultimately be tolled in the future.

Transponder technology is not the only possible means of electronic tolling. In Toronto, cameras digitally photograph the license plates of all vehicles that enter a high-tech toll road. Drivers are identified by their license numbers. If they do not have prepaid accounts, they are sent a bill for their use of the highway.

Another method that is being considered in Oregon is the use of global positioning satellite technology to determine where a vehicle is at any given time. Were such a system to be deployed, value pricing, based on the time and place a vehicle is on the road, would be possible. According to a recent study by the PSRC, this could result in charges of $7.50 for a peak-hour drive from Mercer Island to Tacoma. The same trip at off-peak hours would cost 75 cents.

Advocates see value pricing as a means to make the system work better since fewer vehicles would clog the highways at peak hours due to the higher cost.

“If you look at a practical capacity of a lane of roadway, it’s about 1,800 vehicles per hour,” Rep. Fred Jarrett, R-Mercer Island, a member of the House Transportation Committee, observed. “Currently, we’re about 400 cars through the system out of the 1,800 we should be getting. Value pricing is a way to allow you to do this.”

Tolling through GPS is likely to see fruition in Britain before it is deployed in the United States. Indeed, it has been announced that in the near future all vehicle movements within the United Kingdom will be tracked via GPS. Because of its profound implications for privacy, this prospect has been greeted with controversy and unease.

“I think privacy is a legitimate concern,” Benson said. “My way of avoiding a situation where every car is tracked is to make electronic tolling voluntary instead of mandatory.”

While Jarrett supports the expansion of tolling on a larger scale than has been seen in Washington, he feels the Legislature is likely to be cautious in applying tolls.

“We’re going to start going through a period of 10 to 15 years where you’ll see incremental implementation of different types of tolling to start educating people about how they work,” Jarrett concluded. “Over time, I’m expecting we will be able to show that places that are tolled actually perform better. Then I think you’ll start to see people understanding why a different paradigm would be useful.”
The good news is that to maintain the current state of congestion, safety and quality in our nationwide highway system for the next 10 years, we're only going to be about a half-a-trillion dollars short of the necessary cash, based on current taxation at all levels. The bad news is that if we want to improve the highway system during that same time frame, we're fully $1 trillion short of the funds needed. A trillion bucks is the numeral one followed by 12 zeros.

"Current transportation funding is not enough to maintain our current system, much less make improvements," according to Thomas Donohue, president and CEO of the U.S. Chamber of Commerce. "The consequences of an inadequate transportation system are long-lasting and severe — congestion, decreased productivity and more accidents."

Donohue made these remarks early in 2005 when he announced the U.S. Chamber had commissioned Cambridge Systematics of Massachusetts to conduct a far-reaching study documenting current and future transportation needs and matching these needs with funding expected to be available from existing revenue streams. They were to finish the study with recommendations on both short- and long-term funding solutions.

The results of the study aren’t pretty and strongly suggest that major changes in how we tax ourselves to provide transportation infrastructure are coming, and may already be overdue.

### The Shortfall

According to the Cambridge study, to maintain the current conditions of the nation’s highways, bridges and transit infrastructure, “...an expenditure by all levels of government of $222 billion ($125 million in capital investment and $97 million for operations and maintenance) [was] needed in 2005 and $295 billion by 2015. Below this level, highway and transit systems deteriorate and congestion grows.”

To improve the conditions, the need was $271 billion available in 2005 growing to $356 billion for 2015. It was also noted that spending these amounts would provide a positive benefit/cost ratio and improve U.S. productivity.

Revenues fell well short of these goals with only $180 million expected to be available in 2005 from the usual sources such as federal and state motor fuel taxes and other programs, $42 billion short of the money needed to maintain the system, and $91 billion short of the money needed to improve the system just in that year alone.

These calculations were all made prior to the August 2005 enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users. And while it does change the equation slightly, the underlying problem still exists — Americans are not generating enough money through existing tax programs for transportation infrastructure to fund the maintenance and improvement of our nation’s transportation systems — not just roads, but including railroads, port facilities, mass transit and even bike trails.

According to Cambridge, “Total national needs for the period from 2005 to 2015 will be $3.4 trillion to ‘improve’ the system, but total revenue will be only $2.4 trillion, leaving a cumulative gap of about $1 trillion.” The money available to fund just the federal government’s portion of this amount is expected to fall $20 billion short each year for maintaining highway and transit systems and $43 billion short each year for improving these systems.

### Where the Money Isn’t

It is almost certainly a given that we’re going to see different ways of taxing ourselves in the years ahead as regards to our usage of motor vehicles. The current federal gasoline tax used to provide transportation funds has lost one-third of its power due to inflation since it was last raised in 1993. Some states, like Washington, are already moving to aggressively increase state taxes on motor
fuels as a means of increasing transportation dollars. Yet taxes based solely on the amount of fuel you pump into your car may become increasingly unrealistic in the years ahead.

Depending on how you describe “fair share,” those driving hybrids and other extremely fuel-efficient automobiles aren’t paying their share of taxes because they purchase relatively little motor fuel at the pump and can then drive a considerable distance on the nation’s roads. At the same time, our federal tax structure is encouraging people to purchase these kinds of vehicles by awarding tax credits to those who buy one. Thus we’re increasing the outlay from the federal treasury while at the same time encouraging a product that will decrease input into the federal treasury. Both tend to reduce the federal money available for transportation products.

**Possible Short-term Federal Solutions**

In the short term, Cambridge offers eight possible mechanisms for making up most of the federal shortfall:

- **Indexing federal motor fuel taxes starting in 2005**—equivalent to an increase of about one-half cent per gallon each year—would raise an average of $5.6 billion annually for the Federal Highway Trust Fund and $62 billion cumulatively through 2015.

- **Indexing federal motor fuel taxes retroactively to 1993** (the date of the last increase)—equivalent to an increase of about six cents per gallon in 2005 and an increase of about one-half cent per gallon each year thereafter—would raise an average of $19 billion annually and $211 billion cumulatively through 2015.

- **Eliminating current Highway Trust Fund user fee exemptions**and recapturing interest earnings on the HTF balances would add an average of $2 billion annually to the HTF and $22 billion cumulatively through 2015.

- **Increasing use of tolling for new infrastructure**, including federal authorization of tolling Interstate highways, could generate approximately $12 billion through 2015. (Editor’s note: Tolls are starting to put in an appearance in Washington with the new Tacoma Narrows Bridge.)

- **Continuing use of Transportation Infrastructure Finance and Innovation Act credit instruments** and Federal authorization of tax-exempt private activity bonds could generate $450 million annually and $5 billion cumulatively by 2105.

- **Issuing “Build America Bonds”** would yield net non-HTF proceeds of $30 billion for investment between 2005 and 2010.

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**HOW MUCH IS A TRILLION?**

- The Sun is 92,955,870 miles from Earth. If we built one trillion miles of road, we could go to the Sun and back 5,379 times.

- You could buy 10.2 million of Mercedes-Benz’s most expensive convertible at $98,000 each.

- Double the net worth of the 20 richest people.

- You could buy 4 billion XBox game stations. Microsoft still won’t make a profit, though.
• Dedicating 5 percent to 10 percent of current U.S. Customs duties for investment in port and intermodal freight projects would generate $1.6 to $3.1 billion annually and $17 to $34 billion cumulatively.

• Granting of investment tax credits to equity investors in new freight-related capital improvements could attract up to $6 billion of private capital between 2005 and 2009.

This entire package would meet about 70 percent of the federal shortfall needed to maintain the U.S. transportation system and 28 percent of the federal money needed to improve it.

All of these proposals were written in early 2005, none have since been enacted, and none appear to be on the congressional agenda as of this writing. So, if we were counting on any of these short-term solutions, we’re already at least a year behind.

**Long-term Solutions**

As more and more fuel-efficient vehicles take to the nation’s roads, the amount of money produced by motor fuel taxes is expected to dwindle relative to the number of miles driven. The Cambridge study addresses this problem by proposing vehicle miles of travel fees. In one form or another, all of their long-term solution strategies are based on VMT fees:

• Implementing a mileage-based transportation revenue system to help address long-term revenue shortfalls.

• Adopting two VMT fees: a state VMT fee as well as a local option VMT fee to help ease local congestion.

• Indexing VMT fees to inflation to help close the annual gap between transportation needs and revenues.

• Consider varying the VMT fees by vehicle weight, fuel type and consumption, environmental impact, road system, and/or geography to account for different levels of use and impact and to ensure that all users of the system pay their share of infrastructure costs.

For many, this is one of the ultimate Orwellian ideas. Essentially, it will require the installation of a device in your vehicle to record where and when it was driven.

Implementing these devices will not be cheap, and to that end the Cambridge study recommends the federal government provide “strong leadership” and offer states incentives to develop and test mileage-based revenue systems. “This process could lead to the eventual phasing out of the federal motor fuel tax and replacing it with a federal VMT tax,” notes the Executive Summary for Phase II of the report.

It is probably more realistic to assume that a federal VMT fee—if enacted by Congress—would be used to supplement the federal motor fuel tax, at least initially. It seems unlikely that Congress will scrap an existing revenue stream generating billions of dollars annually in favor of a completely new method of taxation. And, as more than two centuries of U.S. history have demonstrated, taxes, once in place, are all but impossible to remove.

The complexity of repairing, rebuilding and upgrading just a single interchange on I-5 near Tacoma, as shown here, offers some perspective on just how difficult—and expensive—it will be to markedly improve our nation’s transportation infrastructure.
Rebuilding the Viaduct

Seattle’s on its Own for Tunnel Money

Story and photos by Daniel Brunell

The Nisqually Earthquake severely damaged the Alaskan Way Viaduct. Currently, the 52-year-old, two-tier road is a patchwork of repairs by the Washington State Department of Transportation, repairs which have been ongoing since the magnitude 6.8 tremor struck on Feb. 28, 2001.

Since the earthquake, replacing the viaduct has become an urgent priority for the City of Seattle as well as the State of Washington.

More than 100,000 vehicles—one quarter of all north-south traffic—use the viaduct every day. Billions of dollars in goods reach the Port of Seattle, downtown Seattle and Sea-Tac Airport via the viaduct. Businesses from across the state rely on the viaduct to bring goods to market.

The extreme congestion on I-5 and downtown following the earthquake highlights how critical this infrastructure is. Without the viaduct, Washington’s economy suffers.

The viaduct, though, is only part of the problem. The 71-year-old waterfront seawall has suffered significant damage from a massive infestation by gribbles, which are wood-chewing crustaceans.

A 2002 inspection showed the gribbles infestation has eaten the wooden seawall to the point of collapse. The seawall keeps the fill dirt under the waterfront from penetrating Pioneer Square and secures the viaduct itself. Without the seawall, the whole of downtown built on fill is in trouble.

In 2005, the Washington Legislature passed the transportation funding package that provides approximately $2 billion to replace the viaduct and seawall. In addition, the 2003 “Nickel” Transportation package supplies $177 million. The federal government has kicked in $231 million, and $8 million more is available from other sources. As of now the project has almost $2.4 billion in dedicated funding.

In the year since the 9.5 cent gas tax increase passed and now survived an initiative challenge (I-912), the state officials have moved quickly on the viaduct. There are two finalized designs. One replaces the viaduct with another double-deck highway. The other is the cut-and-cover tunnel.

The replacement option is appealing because of its low cost and shorter construction time—and almost all of the approximately $2.8 billion needed is in place.
Many in Seattle, though, look beyond the road and see this as a chance to redevelop the waterfront.

Seattle Mayor Greg Nickels, the city council and the Greater Seattle Chamber of Commerce support the tunnel option. This six-lane tunnel in the mold of Boston’s “Big Dig” would replace both the viaduct and the seawall at the same time.

Supporters claim that the tunnel would dramatically improve the aesthetic appeal of the waterfront, developing it into a more tourist-friendly place. It would tie downtown Seattle directly to the waterfront, with open spaces for arts, entertainment and commerce. Traffic capacity would not be compromised and the design would allow for wide shoulders, which the current viaduct lacks. But the tunnel has several powerful critics.

“The tunnel option is not the best one for several reasons,” said Wes Uhlman, of Wes Uhlman and Associates. Uhlman served as mayor of Seattle from 1969 to 1977, served in the Legislature and chaired AWB’s Board of Directors.

“From a cost-benefit view, the huge additional cost cannot be justified. Also, the proposed methods to pay for the $1.5 billion shortfall would place an onerous burden on those Seattle residents least able to pay. For example, a portion is proposed by the mayor through increased water bills to be paid by all Seattle residents. Is it fair to force Seattle residents to pay a regressive tax such as this for a more aesthetically attractive waterfront, which most Seattleites neither want nor can afford?”

Critics also charge that the tunnel option will not be safe for trucks carrying flammable and hazardous materials. WSDOT says that flammable and hazardous materials constitute only 2 percent of all freight traffic in the corridor and cause only minimal delays as these trucks navigate surface streets.

But the biggest thing holding back the tunnel is money. Several methods for raising the estimated extra $1.5 billion needed have been proposed. Along with the increased utility fees, a local property tax assessment and tolls are options championed by tunnel proponents.

As Seattle scrambles for the money and addresses tunnel concerns, some suggest we use the state’s budget surplus to fund the tunnel. Others disagree.

“We made it clear last year that we would put $2 billion in for the viaduct to be replaced,” said Rep. Beverly Woods, R-Poulsbo, ranking minority member on the House Transportation Committee. “We have made it clear to the people of Seattle that we will hold them to that.”

“The Legislature has stepped up in good faith. It’s time for Seattle to step up to the plate,” said Sen. Mary Margaret Haugen, D-Camano Island, chair of the Senate Transportation Committee. “There is a real push from the Legislature and the governor’s office to get this project started at the soonest possible moment.”

The race to replace the viaduct is not only a safety concern but a political football. A growing movement in Seattle believes the viaduct should be torn down and not replaced.

Environmental organizations and civic groups have taken advantage of the delays to start a grassroots campaign with that in mind. They claim that other cities have torn down highways with some degree of success. However, these groups fail to note the cities that have done this already have centralized populations, multiple highway alternatives and a well-integrated mass transit system, all of which Seattle lacks.

According to the WSDOT, this option won’t be considered and the viaduct project will move forward—as soon as Seattle decides what to do next. 

Many favor the cheaper above-ground replacement option that would rebuild the viaduct and seawall separately.

Others want to replace the viaduct with a more aesthetic tunnel option that would cost an additional $1.5 billion.

The tunnel would not restrict traffic and would allow for wider road shoulders, which the current viaduct lacks.

City planners dream of revitalizing the Seattle waterfront with a pedestrian- and tourist-friendly environment.
Washington's ferry system, the largest in the United States, is a crucial link in the state's transportation system. Without ferries, the San Juan Islands would languish in isolation, the easy passage over the Puget Sound between Seattle and the Kitsap Peninsula would be impossible, and there would be no surface link between Washington and Vancouver Island. In short, western Washington would be a completely different place.

Washington State Ferries came into existence with the state's buyout of Puget Sound Navigation in 1951. Originating in the early 1900s, Puget Sound ferry service was initially provided by a number of companies using small steamers known as the "Mosquito Fleet."

By 1929, the ferry industry had consolidated into two companies: Puget Sound Navigation Co. and Kitsap County Transportation Co. A strike in 1935 forced Kitsap County Transportation Co. out of business and left the Puget Sound Navigation Co., commonly known as the Black Ball Line, with primary control of ferry service on Puget Sound.

As Washington's ferries enter their second century, it is a system in transition. Will the system's 54 year-old governmental monopoly hold, or will private ferry operators be allowed to provide transportation options on the Puget Sound? And how soon will the system's aging vessels be replaced with new ferries?

A war has been raging for three years between WSF, Kitsap Transit, Argosy Cruises and Clipper Navigation. Each has its own agenda, plan and ideas for how the ferry system should operate.

The turmoil stems from one ferry run between Vashon Island, Southworth and West Seattle—the run with the most daily riders. Washington State Ferries believes one boat traveling from Seattle to Vashon, then to Southworth and back to Seattle would service riders the best. "A ferry from Seattle to Southworth is a no," Mike Anderson, WSF director said. "It would take too much away from our ridership."

Kitsap Transit Argosy Cruises and Clipper Navigation all disagree with WSF's aversion to a Seattle-Southworth run.

"The people in Southworth are fodder to support the smaller number of riders in Vashon," Richard Hayes, director of Kitsap Transit, said.

Kitsap Transit wants to see the state implement a public-private partnership between county transit authorities and private ferry operators. By having two smaller boats running from Seattle to Vashon and from Seattle to Southworth, Kitsap Transit has the blessing of both the riders in Southworth, and, more importantly, the blessing of Seattle's city council.

"Seattle doesn't want any additional car ferries," Hayes said. "We have aligned ourselves with Seattle and private interests to live within the Growth Management Act."

Why the huge fight between WSF and Kitsap Transit?

"The state's unions feel like they are in trouble because private ferry runs might be successful," Hayes said. "Unfortunately, the unions have enough power in the House to keep us from getting what we want."

Private Runs, New Boats on Horizon

by Paul Schlienz and Shawn Sullivan
Both private ferry operators agree with Kitsap Transit’s belief that unions are significant part of the problem.

“No one begrudges fair pay for fair work, but this is out of hand,” Argosy Cruises owner John Blackman said. “When it comes to operating passenger-only ferry services, the private sector can do it more efficiently—which ultimately keeps fares lower and riders happy.”

Clipper Navigation is concerned by WSF’s inability to recognize high demand areas. “Washington operates the largest ferry system, but the most populated areas separated by water do not have a ferry service,” Clipper Navigation President Darrell Bryan said.

The battle over passenger ferry service should conclude in the Legislature this year, but which organization will get its way remains a mystery. Key players in both the Senate and the House will have the final say. Let’s just hope legislators keep the best interest of taxpayers in mind when they finally decide.

Building ferries for the Washington fleet has been controversial as well. For example, the most recent debate centers around replacing the Steel Electric boats, built in 1927 and carrying 75 cars and 800 passengers. The boats, built the same year Charles Lindbergh made the first trans-Atlantic flight, are relegated to less traveled routes such as the Port Townsend-Keystone run connecting the Kitsap Peninsula with Whidbey Island. Along with being antiquated, the Steel Electrics have single compartment hulls which make them particularly susceptible to sinking.

J.M. Martinac, a Tacoma shipbuilder, proposed replacing the aging Steel Electric boats. Martinac’s first proposal called for five state-of-the-art, 130-vehicle, 1,200-passenger Island-class ferries which it would build and lease to the state.

That proposal was rejected by the ferry system and the Legislature. Martinac, a union yard, then proposed to provide the designs to the state and competitively bid on the boats. That proposal never reached critical mass even though the long-time Tacoma shipbuilder believes it can show that their proposal saves taxpayers and ferry riders money and provides safer boats to the fleet sooner.

Martinac also contends its new ferries could safely navigate in and out of the Keystone Harbor even at low tide and believes it can save the state from spending $53 millions to relocate the Whidbey Island dock and $38 million in maintenance needed for the Steel Electrics.

WSF engineers have their own plans. Last year WSF announced it would acquire four new ferries.

“The new ferries will fit in the mid-range of the ferry fleet,” said Dave Humphreys, WSF’s vessel project engineer for new construction. “They will have capacity for 1,200 passengers and 130 to 144 autos, depending on the Legislature’s budget, and will be interchangeable on different routes. Although you won’t see them on the Seattle routes, they will be operating in the San Juan Islands and on routes like Mukilteo to Clinton.”

The new vessels are planned to be the cleanest, most comfortable, safest and most environmentally-friendly ferries that have ever sailed Washington’s waters.

Even if the two watertight compartments are flooded, the vessels will remain stable. Driving or walking on to a ferry will become safer and more accessible thanks to lower slope ramps. In addition, wider lanes and higher clearances will improve vehicle loading and accommodate large trucks.

“Our new ferries will be designed to be very fast in loading and unloading vehicles,” Laurens Zuidweg, WSF’s director of vessel engineering, said.

The ferries will have better heating and ventilation, and more internal seating. The two passenger decks have sheltered observation areas, which will protect passengers from the weather as they observe the great scenery that is visible from every ferry route.

Initially, it was expected that new construction to build the new ferries, estimated to cost approximately $284 million, would begin in 2006, and that the first new ferries would go into service in 2008. This timetable, however, has been delayed, because the ferry system has gone back to the Legislature and requested funding for five new ferries instead of the four that were originally proposed. Currently, the Legislature is considering this request.

If the Legislature agrees to the ferry system’s proposal, the contract for constructing the new ferries will be awarded in July 2007. Delivery of the first of the new ferries will then be slated for December 2009, with the remaining four vessels following one at a time in eight-month intervals.

With the critical importance of ferries to Washington’s transportation system, one can only hope that the Legislature will act quickly so our aging ferry fleet can be replaced with new, seaworthy vessels as soon as possible.

Washington’s ferries have served this state well through the years. It is essential that the system remains absolutely first rate.
Looking for GOLD

Story and photos by Ron Dalby

The only light that exists 1,200 feet beneath the surface of the earth is that which you bring yourself.

This is darkness so complete, so overwhelming, that few have ever experienced it and no words can really describe it. But gold lurks in that darkness, in tiny specs too small to be seen by the naked eye, even with light, and it’s this invisible gold that provides some of the best-paying jobs in northeastern Washington’s Ferry County.
According to Bob Taylor, vice president and general manager of the Kinross K-2 mine and the mill just outside of Republic, Kinross is “...probably the largest employer in town, one of the few with a full benefits package. And, we pay the best wages in town.”

Last July, Taylor said Kinross employed 108 people in Republic. An average salary for a Kinross employee is about $54,000 a year plus benefits worth about 30 to 40 percent of the salary. The average annual wage in Ferry County is only $17,000 a year and benefits such as health care are relatively rare.

Kinross, though, expects a lot from its employees. Most employees in the mine and the mill work 12-hour shifts, four days on and four days off. The miners extract some 900 tons of ore a day from the mine, and the mill workers essentially grind it into dust, then extract the gold from the dust.

But, as of this writing, a lot of Kinross employees were sidelined, waiting out the ponderously slow process of obtaining the necessary permits for another mine.

K-2, the mine that was active last summer and through the fall has played out; all of the economically recoverable gold has been extracted. Now Kinross awaits approval for its planned Buckhorn Project. “Buckhorn is our future,” Buckhorn project manager Clyde Gillespie said. “We’re very excited about it.”

This is the second go-round at trying to get approval to mine the Buckhorn gold deposit. The first proposal by a previous owner was for an open-pit mine that would literally take the top off of the mountain. It would have involved huge piles of tailings and the construction of an onsite mill. That plan was rejected.

Kinross has instead proposed an underground mine that will have very little surface impact and a site that can be easily brought back to natural conditions after the seven-to-eight-year useful life of the mine. And Kinross already owns a mill a few miles away in Republic.

According to Gillespie, “The biggest possible complaint is ore truck traffic from the new mine to the mill.” However, much of the route is the same as the route traveled by the trucks from the K-2 mine.

If all goes well, Kinross hopes to begin work on the new mine on July 21. Gillespie says it will take six months to construct the mine and 10 months to develop it. He figures the first ore will reach the mill in the first quarter of 2007.

Gillespie also notes that the area around the Buckhorn Mine offers huge potential for additional gold discoveries, and, with a little luck, the seven-to-eight-year life of the Buckhorn mine might be extended.

Gillespie also said, “We want to keep our fine, productive workforce intact. It’s very important to get Buckhorn approved.”

Environmental Groups Don’t Want a Mine

According to a January 9, 2006 article in The Seattle Times, the rising price of gold is spurring demand to open sites like Buckhorn for development. Environmental groups, however, still hope to stop Buckhorn development, just as they stopped the earlier plan to create an open-pit mine at the site. It does not matter to them that Kinross has offered a much more environmentally sound proposal.

“We take environmental management very seriously,” Gillespie said. “It’s second only to safety.”

That care for the environment can be easily seen at the tailings pond just outside the mill. In a process that relies on cyanide to extract the gold, the water discharged from the mill is chemically treated to destroy the cyanide prior to entering the impoundment. Ducks and geese will actually land in the tailings pond behind the mill, but they rarely stay long. The water is pure enough to provide suitable habitat for the waterfowl.
This pure water comes from a mill that can crush 75 tons of ore an hour into dust.

“Our long-term average is about 30,000 tons of ore a month,” said Barney Darnton, chief metallurgist.

The ore, which often arrives at the mill as boulders, must be ground down to a fine dust of 50-micron particles—that’s 50 millionths of a meter. Needless to say, the mill can be a noisy place as huge steel crushers take the rock through several stages to grind it finer than flour.

Once the ore is ground to dust, it is mixed into a slurry by adding water. Then cyanide is added to remove the gold from the slurry. After 48 to 72 hours in the cyanide solution, the muck is passed over carbon made from coconuts which breaks down the gold-cyanide molecule. Net result is the production of about 400 ounces of gold a day. The residual cyanide is then chemically destroyed.

“Our permit is for 40 parts-per-million cyanide” in the water released to the tailing pond, Darnton said. “We take it down to one.”

A normal shift at the mill is four people, according to Darnton. At changeover time, though, for a brief period there may be only two people working. The small crew is due to computerization. Literally a single person sitting at a table in the mill building can control virtually the entire operation of the facility.

Safety

In recent weeks there has been a lot of news about mines, most of it from West Virginia and most of it bad. Kinross takes care not to make such headlines.

“Safety of my people is my primary concern,” Taylor said. When interviewed on July 27, Taylor proudly noted that Kinross had gone 486 days without a lost-time accident.

Even visitors to the mine are part of the safety record. Before anyone goes down into the earth there’s an extensive briefing on various dos and don’ts as well as instructions on what to do in case of various emergencies. Each visitor is also equipped with a hard hat and an emergency breathing apparatus. More importantly, each visitor is taught how to use the emergency breathing apparatus.

Lauren Roberts, operations manager at the mine site, said, “We’re very proud of our safety program. We’re proud of our guys coming to work, then leaving in the same condition they came.”

He also speaks highly of Kinross’s involvement in the local community. The company sponsors scouting programs, Little League baseball teams and recently ponied up $40,000 to support school activities that were threatened by budget cuts.

The mine is a 2.5 mile tunnel in concentric circles leading 1,200 feet down into the earth. Along the way, branches of the main tunnel lead into areas where gold ore was extracted or is still being extracted. And traffic is fairly heavy in the one-lane tunnel.

Diesel-powered ore haulers carry fill down into the mine to back fill tunnels that are no longer used. Then they move to the side of the current digging and are loaded up gold-bearing ore to haul to the surface, 21 to 22 tons at a time.

As you watch the ore trucks pass and as you observe your surroundings through the beam in your headlamp, you quickly realize that everything in this subterranean world is grey. Bright-yellow Caterpillar® tractors are grey. The once-green port-a-potty is grey. Even the men working down here appear grey. All of this is from the dirt that is part of this environment. The men go can clean up after their shifts, but much of the equipment remains underground for long periods of time.

The Routine

Safety is the order of the day for everyone involved. Every miner and visitor going into the mine must place a tag on a board near the entrance noting his trip underground. That tag remains in place until the miner returns to the surface. High-risk activities such as blasting cannot take place until there are no tags on the underground section of the board.

Every man underground has his safety equipment with him at all times and every man is sober and well-rested before beginning his shift. Kinross management will brook no lapses in its safety program.

Every person who works for this company appreciates the interest shown in his/her well-being. And all of them are here because they want to be here, even while waiting to return to work at the new mine if the state can ever get through the permitting process.

All of these men could go to work tomorrow at mines in other parts of North America—the industry is booming right now because of the high price of metals on the world market.

Roberts said it best: “They live here because they want to live here. This is an awesome place to live if you love outdoor activities.

“And there’s also the sense of community. People pull together here. Your neighbors care about you.”

The first two stages of processing at the mill break down the ore into two-inch pieces or less before grinding it into dust.
There is a big fallacy about the banking industry. People envision the world of high finance as one controlled by magnates in New York, London and Zurich skyscrapers made of glass and steel. Or they think of it as Wall Street investors with some magical power over their finances.

Contrary to this belief, a large proportion of the nation’s money still resides in local banks. It is these local banks that many in the community come to for small business, home and car loans. These small banks grow with the community and develop a special bond with their patrons.

It is this local focus on community banking where Sterling Saving Bank has excelled over its 21-year history. Founded by Harold Gilkey and Bill Zuppe in 1983, Sterling is one of the fastest growing financial institutions in the country. With more than 135 branches covering Washington, Idaho, Oregon and Montana, Sterling serves the wide range of people that call the northwest home.

Sterling is a member of the Federal Deposit Insurance Corporation, an independent agency of the federal government created in 1933. FDIC insures customer deposits in banks up to $100,000 and is the safety net established during the Great Depression. Sterling trades on NASDAQ as Sterling Financial Corporation under the symbol STSA.

The Spokane-based bank expanded in other financing ventures and into the commercial real estate lending markets in California and Arizona as well. But for the most part, a large percentage of its growth is in the Pacific Northwest.

Over the last few years, under Gilkey and Zuppe’s leadership, the board brought several prominent banks into the Sterling family. For example, in 2004, Sterling acquired Klamath First Bancorp, Inc., adding nearly $1.0 billion in deposits and 48 more branches.

In 2003, Sterling started its transition to the next generation. Gilkey and Zuppe became co-chairs of the board and turned most of the day-to-day operations over to Heidi Stanley, vice chair and chief operations officer, and David Bobbitt, president and chief production officer.
Before joining Sterling in 1996, Bobbitt was employed by West One Bank for 26 years. Stanley, who was named one of the “25 Women to Watch in Banking” by U.S. Banker magazine joined Sterling in 1985 after a stint with IBM in San Francisco.

This rapid growth comes from an equal combination of increased banking within its existing system and from acquisitions, said Stanley, who also was elected as AWB’s Board chair in 2002 following in the footsteps of her father-in-law, Larry, and currently chairs the Greater Spokane Area Chamber of Commerce. (Larry Stanley led AWB in 1991).

“Today bank customers expect more from their banks. By combining Sterling’s products and services that go well beyond traditional checking and savings accounts, we provide a winning combination for our customers.

“One of the phrases that we like to use around here is ‘Hometown Helpful.’ How we treat each of our customers, employees, stockholders and each other is engrained in our culture,” Stanley added.

In the world of account numbers, automatic tellers, and online banking, Sterling believes its niche is personal banking designed to forge a comfortable relationship with its customers.

She admits it is hard work maintaining its culture, but it is worth it because “…it separates us from larger banks.” Evidence of that philosophy is engraved on the bank’s Web site where the tagline reads: The Perfect Fit Bank.

Sterling’s growth over the last several years has been meteoric. In 2000, its net income was $13.7 million, but by 2004 it skyrocketed to $56.3 million. In 2000, Sterling had $2.6 billion in total assets. In 2004, assets nearly tripled to more than $6.9 billion.

A lot of these values stem from Spokane where Sterling has been based since its founding. Even though more than 60 percent of its business is in the Seattle-to-Salem corridor, Sterling remains strongly committed to Spokane. Its headquarters is an anchor in the city center revitalization.

“We like it here. It is a great place to live with a wonderful workforce, several major universities that produce some of the best talent in the country, and affordable housing,” Stanley, who grew up in Spokane, said.
Wells Fargo has named Susan Hendrixson, Angela Korvas and Debbie Tagliavore as vice president and senior business banking relationship managers, and Aaron McDonald has been hired as a credit analyst for the Wells Fargo's Bellevue Business Banking Team.

Joanne Busselmeier has been named new finance and administration manager of the Tacoma-Pierce Chamber of Commerce, and Dianna Gray has joined as a graphic designer.

Olson Engineering, Inc., Vancouver, has announced the hiring of Bart Stepp, P.E., to manage its new water and wastewater services.

Gloria S. Hong and Douglas J. Steding have joined Stoel Rives L.L.P. as associates in the Seattle office. Hong is in the litigation practice group and Steding is in the firm’s resources, development and environment practice group.

The Northwest Environmental Business Council, based in Portland, Ore., welcomes Robert Grott as its new executive director. The Council selected Grott for his strength in non-profit leadership, small business experience and ties to the Pacific Northwest.

Seattle-based West Coast Paper has elected Teresa M. Russell to co-chair its board of directors, with responsibility for board development, executive selection, strategic planning and brand management.

Intel has promoted Jerry W. Knoben to vice president of the technology and manufacturing group and general manager of systems manufacturing at their Dupont facility.

Banner Bank has hired Charley Hanses as vice president/commercial loan officer at its Yakima Main Branch.

First American Corporation announces that J. Gregory Harrington has been named president of First American International Services Group.

Zachary Ham has joined Everett-based Dykeman as an architect.

Certified public accountants Heather Clark and David Fischer were recently promoted at Everett-based Hascal, Sjoholm & Co. P.S. Certified Public Accountants.

Sen. Steve Johnson, R-Kent, will step down at the end of the term to campaign for the state Supreme Court. U.S. Rep. Dave Reichert’s brother, Steve Reichert, announced plans to run for the Senate seat.

Poe Construction of Auburn has promoted Kyle Fry to senior project manager/principal, and hired Kay E. Benefiel as manager of its newly formed special projects division.

Qwest Field and Qwest Field Event Center in Seattle have hired Paul Schieck as assistant general manager.

Ken Johnson will join the Puget Sound Energy's Corporate Affairs team in Bellevue as director state policy and government affairs, replacing the retiring Mike Tracy.

Joy Angsioco, P.E., recently joined the Bremerton office of Parametrix. She joins the engineering services group where she will primarily focus on water/wastewater projects.

Venture Financial Group, Inc., parent company of Venture Bank, Lacey, announced that Sandra L. Sager has been hired as executive vice president and chief financial officer.

Wayne E. Carver, former assistant district director for economic development for the U.S. Small Business Administration, has joined West Coast Bank in Vancouver.

Jon Clemens has been named chairman of the board of the Washington Technology Center in Seattle. Clemens is founding president and CEO of Sharp Laboratories of America Inc., Camas, and the current president of Sharp Technology Ventures.
Kent
A Nice Place to Live

by Paul Schlienz

Kent is a city with many advantages, including a great location, a strong industrial base and affordable housing. From the vantage point of State Route 167, Kent spreads out over its namesake valley, the floodplain of the Green River. On clear days, Mount Rainier, approximately 40 miles away, spectacularly dominates the southeastern horizon. The Kent Valley is predominately industrial today, but was once full of truck farms owned and operated by Japanese immigrants who were tragically displaced by internment during World War II.

Kent was incorporated in 1890, making it the second oldest city in King County. From its inception, it was an agricultural support town. Originally, hops were the dominant crop. By the 1920s and the advent of truck farming, Kent was known as the “lettuce capital of the world.”

With the 1963 completion of the Howard Hanson Dam, flood control came to the Green River, and the Kent Valley was secured for industrial expansion. Boeing immediately took notice of this opportunity and began constructing the Kent Space Center in 1964. Many other firms followed Boeing to the valley.

Growing Industrial Center, Historic Downtown

Boeing remains Kent’s largest employer. Its Kent facility, most famous for developing the Apollo program’s moon buggy, employs 4,000 people. Today, Boeing develops its integrated defense systems in Kent.

Other major Kent employers include REI’s corporate headquarters, Starbucks main West Coast roasting plant, Mikron Industries, the Hexcel Corporation and Sysco, a huge food distributor.

With more than 45 million square feet of industrial space, Kent is one of North America’s largest warehousing and distribution centers. Nevertheless, Kent still has vacant land that is available for office and industrial development.

Kent has much to attract business. Its location—halfway between Seattle and Tacoma, and close to Seattle-Tacoma International Airport—is ideal for distribution. Less obvious to a casual viewer, but equally important, is the fact that Kent’s city government has created a supportive environment where business can thrive.

There is no city business and occupation tax in Kent. Neither is there a municipal head tax. In addition, the city has made it a priority to create and maintain an excellent road system that can support distribution.

Three nearby colleges—Auburn’s Green River Community College; Highline Community College, straddling the boundary between Kent and Des Moines; and the Renton Technical College—provide Kent’s business community with employee training.

The heart of Kent is its historic downtown, adjacent to the Union Pacific and Burlington Northern Santa Fe railroad tracks, which provide another important north-south link to Seattle and Tacoma.
Like many downtowns, Kent’s central business district suffered as retail shifted to suburban shopping centers. Downtown Kent lost both Penney’s and Ben Franklin to newer commercial centers on the East Hill, the city’s largest residential area.

Downtown Kent, however, never died, and is now undergoing a noticeable resurgence. The business district is full of traditional storefronts that go back to Kent’s earlier incarnation as an agricultural support town. Boasting a wide variety of shops and restaurants, Kent’s old downtown is full of activity and commerce. Empty storefronts, that tell-tale sign of urban decay, are exceedingly rare.

Downtown Kent remains the city’s center of government. City Hall, one of Kent’s major employers, never left downtown and contributes mightily to the vitality of Kent’s traditional heart.

During the 1990s, King County selected a site near downtown Kent to build its mammoth Regional Justice Center. This complex, including a courthouse and jail, employs approximately 700 people. In addition, the Justice Center generates a constant, daily flow of jurors, attorneys, expert witnesses and people who come to watch trials.

Cleverly, the City of Kent found a way to use the Justice Center to help revitalize downtown.

“One of the negotiation points the City of Kent had with King County was that there be no on-site cafeteria at the Justice Center,” Nathan Torgelson, Kent’s economic development manager, recalled. “We wanted the people at the courts to access restaurants around downtown.”

**Kent Station’s Fast Track to the Future**

Within walking distance of both the Regional Justice Center and Kent’s old downtown is Kent Station, an entirely new retail/restaurant/entertainment district, which is expanding. Designed along the lines of a traditional business district with streets and storefronts, in contrast to a shopping mall, Kent Station is proving to be a popular addition to the city. Among Kent Station’s tenants are a 14 screen movie theater and 11 new eating establishments. In addition, Green River Community College operates a branch campus at Kent Station.

Much more is coming to Kent Station. Currently under construction are 85,000 square feet of retail space. Later additions will include residential development and an expansion of Green River Community College’s branch campus. A large plaza—to be the site of community festivals, a farmer’s market, and a summer concert series—is envisioned as a connection between Kent Station and the old downtown.

Kent Station takes its name from an actual commuter rail station, which is immediately adjacent to the movie theater. The station is Kent’s point of access to Sound Transit’s Sounder commuter rail line, which runs along the BNSF tracks between Seattle and Tacoma. With two trains running north and two trains running south each day, the service is extremely limited. Nevertheless, it has proven popular, and the trains are filled with passengers. Future plans include expanding the service to 18 trains per day.

Kent Station is attracting investment into Kent’s downtown. Plans are already underway to build a $12 million hotel/condominium project in the old downtown.

**Increasingly Diverse Hometown**

Kent is also home to 84,210 residents. Housing costs are lower in Kent than in many Puget Sound communities, and Kent’s location is often ideal for two-income households.

“I have met couples in Kent where one works in Seattle and the other in Tacoma,” Kent’s Mayor Suzette Cooke said. “Kent is the natural place for them to live.”

The Kent School District’s excellent reputation is a strong draw for families with children. Kent also has an extensive and nationally recognized parks and recreation system. The city’s big, annual festival, Cornucopia Days, always attracts crowds from far beyond the city’s boundaries.

Kent’s population is also becoming increasingly diverse. Mexican restaurants and markets are a common sight in Kent. On the city’s north side is the unique and fascinating Great Wall Mall, a retail/restaurant complex that caters to several East Asian ethnic groups. On the East Hill, plans are under way to build the India Gate Mall. Meanwhile, Kent’s Ukrainian population is growing and increasingly visible.

The future in Kent is bright. There is every reason to believe it will continue to grow in residents, commerce and amenities.  

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Kent Station, a major new commercial center has risen within walking distance of the Sound Transit commuter rail station. The King County Regional Justice Center can be seen at top.
AWB Members Receive Over $2.7 Million

The giant check tells the story: A $2,700,723 refund for members enrolled in the AWB CompWise Workers' Compensation Retrospective Rating (Retro) Program.

AWB CompWise members earned refunds on their workers' compensation premiums because of their superior performance in maintaining a safe workplace. Having fewer accidents and returning injured workers to the job quickly is a win-win for both employees and employers. AWB's Retro employers routinely outperform others in the state.

Refunds of up to 60 percent
The AWB CompWise Retro Program uses a merit-based refund formula so that companies have more control over their individual refund potential. The lower your company's claims are within the group, the higher your refund potential. Some companies earned refunds as high as 60 percent. With L&I's recent announcement that premiums will increase again this year, participation in AWB CompWise is even more important as companies try to find ways to reduce costs.

Making a difference
Since its inception in 1996, AWB's CompWise Retro Program has focused on two goals: improving worker safety and providing a valuable service to its members. "Our Retro program is a true member service," AWB President Don Brunell said. Unlike some programs, all of the refund dollars go back to members. While the big check took center stage at the board of directors meeting, the real benefit of the AWB CompWise Retro program is improved safety in the workplace.

Programs for three industry groups
AWB CompWise offers groups for the following industries: Manufacturing, Retail, Wholesale, Service and Temporary Employers. Services offered through AWB CompWise can help you put together an effective program and reduce your worker's compensation costs.

For more information about AWB CompWise, visit www.awb.org or call 1-800-521-9325.

More than $2.7 million was awarded to members at AWB's December 2004 board meeting. Photo (from left): Judy Coover of Printcom, Inc., Don Brunell of the Association of Washington Business, Lynn Townsend-White of Western Polymer, and David Quiring of Quiring Monuments, Inc.

A History of Success for AWB Members
Since its inception in 1996, AWB's CompWise Retro program has delivered nearly $19 million in refunds to members.

For more information about AWB CompWise visit our Web site at www.awb.org or call 1-800-521-9325.

Request your free, no-obligation proposal today!
Lighting Up Could Be Costly

Last December, Washington became the most stringent state in the nation when it comes to banning smoking outside of private homes. Initiative 901, which passed overwhelmingly in November, bans all smoking in public places and places of employment.

Many business owners, thinking the new law applied just to bars, restaurants, bowling alleys and similar establishments, were caught unaware when the law went into effect with new requirements for their businesses.

With some definitions in the law as hazy as the smoke clouds they’re meant to prohibit, questions have arisen. And, there’s talk about changing the law.

**Initiative 901 Requirements**

I-901 amends Washington’s Clean Indoor Air Act to prohibit smoking in all public places and places of employment as well within 25 feet of any entrance, exit, opening window or ventilation intake at a public place or place of employment.

A public place where smoking is prohibited is any part of a building or vehicle used by and open to the public, regardless of whether the building or vehicle is owned by a public or private entity. In addition, public place now includes bars, bowling alleys, non-tribal casinos and similar businesses. Restaurants can no longer designate smoking sections. A hotel or motel can reserve no more than 25 percent of its rooms for smokers. Private residences are specifically excluded from the definition of public place.

A place of employment is any area under the control of a public or private employer through which an employee is required to pass during the course of employment, including the 25 feet from doors, windows and air intakes. A private residence or home-based business is not a place of employment unless the home-based business is child care, adult care, foster care or a similar social service.

I-901 also requires owners and lessees of public places and places of employment to conspicuously post no-smoking signs at all entrances. Retail stores and service establishments must post signs at the entrances and prominently throughout the inside.

Local law enforcement agencies are charged with enforcing violations of smoking in a public place or place of employment or defacing a non-smoking sign. Local health departments are charged with enforcing violations by owners or lessees of public places or places of employment who do not prohibit smoking as required.

A smoker who violates I-901 can by ticketed by local law enforcement and assessed a civil penalty of up to $100. A proprietor who violates I-901 is first given a warning, and can then be held liable for up to $100 per violation. Each day a violation occurs constitutes a separate violation.

Lastly, a business owner may be able to obtain a waiver of the 25-feet rule for the exterior of their area if they can make a sufficient showing to the local health department that the purposes of the law would be protected by a lesser distance because of the unique set-up or location of the outside area in relation to doors, windows, etc. It will be hard to say what makes a unique circumstance until health departments start acting on these petitions.

**Questions Raised**

As I-901 went into effect, questions arose about how to comply with the 25-foot rule, especially as it relates to places of employment. Other common questions: What about company cars? What about construction sites? What about partially enclosed parking lots? What about industrial manufacturing so large that designated smoking areas would not threaten non-smokers with second-hand smoke? In some of the gray areas of the law, it is not at all clear what is and isn’t a place of employment, and businesses bear the risk of noncompliance by acquiescing to employee’s desires to smoke.

**Latest Developments**

As a result of the confusion, some lawmakers and businesses are talking about clarifying amendments to the law, specifically to the definition of place of employment. Some small business owners, including restaurateurs and bar owners, are also talking about a waiver for businesses losing a certain percentage of revenue due to the initiative. It takes a two-thirds supermajority of both houses of the Legislature to pass a bill amending an initiative within two years of its passage. It remains to be seen whether enough political will exists to amend I-901.
Ask parents what they want most for their children, and you'll get a universal response — happiness. And one thing of which I’m quite sure, being trapped in a dead-end job while trying to raise a family is not a recipe for happiness.

However, too often that is exactly what happens to students who graduate from high school today without basic reading, writing and math skills. We know all too well that quality career and continued learning opportunities for those low-skilled graduates are nearly nonexistent. Too often those students end up bouncing around low-wage jobs or spending money on remedial community college courses, frustrated as their dreams slip away.

To avoid this trap and really have a shot at a full and rewarding life, every student needs to achieve at a higher level in high school than what has been accepted in the past. At a minimum, they need to be able to read and write coherently and compute basic algebra.

That is why Washington’s education standards and new graduation requirements exist. Developed primarily by teachers — through an extensive and thoughtful process — the high school standards represent the basic skills every young person needs. The Washington Assessment of Student Learning is the tool used to measure if students have achieved those standards. For the first time in 2008, students will be required to demonstrate achievement of those standards in order to earn a diploma.

Let’s be clear, though. While the new graduation requirement sets a higher expectation for all students than has been required in the past, these standards are by no means high, and achieving them alone does not mean a student is college or workforce ready.

Students are first tested on the standards in the 10th grade (with multiple opportunities to retest in 11th and 12th grades), but the test assesses what many eighth-graders are doing in other countries. These expectations are reasonable and, in reality, students will likely need much higher skills to be successful after high school.

That is why the Washington Roundtable, along with a broad group of education and business organizations, fully supports asking students to meet the WASL’s reading, writing and math requirement in order to graduate in 2008; adding science in 2010. We support this expectation because we know students need these basic skills and we also believe they can achieve them. In fact, every student should be encouraged to go well beyond the standards tested on the WASL.

Some students may struggle with the format of the exam. They should have an opportunity to demonstrate their skills in a different form. We support the 2006 Legislature’s efforts to approve an alternative comparable in rigor to the 10th-grade WASL for students who have taken the exam at least twice, but have not yet performed at the required level.

We also know that some students will need additional academic help. We support Gov. Christine Gregoire’s proposal to provide additional funding in the 2006 supplemental budget for targeted academic help, especially for students from diverse ethnic and economic backgrounds.

The progress our students have already made indicates they can and will rise to this challenge. Achievement among all students, and in every ethnic group, has risen significantly in the years since the WASL has been administered. It will only increase as we give students more opportunities to demonstrate their skills and as we invest in academic help for those most in need.

That is what happened in Massachusetts, a state that implemented a similar graduation requirement in 2003. Ninety-four percent or more of each class required to meet higher standards in Massachusetts has succeeded. The small percentage of students unable to meet standards before the end of senior year has access to aligned community college programs where they can continue to pursue a diploma. Students here should have access to similar programs as well.

Students across all ethnic groups and income levels in Massachusetts are achieving and graduating with better skills. And the drop-out rate among ethnic minority groups has declined since the requirement went into effect. That can happen here.

Expecting more from all students and aligning instruction to help them reach and exceed those expectations is the only way to make sure they get the skills they need. It can’t be done without the graduation requirement. The requirement is the one factor that motivates schools to focus on learning for all students and motivates all students to take learning seriously.

Washington cannot shrink from this challenge. If we do, it will be tantamount to giving up on students and the skills we know they need. Now is the time to believe that all students can learn and achieve. Now is the time to give them the assistance they need to get there. We all benefit from a better educated citizenry.

Steve Mullin is president of Washington Roundtable, a nonprofit public policy organization comprised of chief executives representing major Washington employers.
Like it or not, technology continues to shape politics, public policy and information dissemination. Lobbyists call themselves the “Third House” in Olympia, implying their role in developing legislation. Technology-based activists might well call themselves a “Fourth House,” as journalism’s ivory towers are torn down and the power of the media elite slowly declines. As Dan Rather and his former producer Mary Mapes can tell you, the media now faces real-time accountability.

The most visible tool of this online grassroots movement is the Blog. Blogs are online diaries available for public viewing and comment. A blog’s power is derived from the ad-hoc community that develops around it. These online journals have paved the way for citizen activists who may have a strong opinion about a candidate or issue. Often, a like-minded web audience is drawn to a blog that offers “scoops” on news events or unique insights into current issues.

Blogging significantly impacted the 2004 elections even before “Rathergate.” Presidential candidate Howard Dean harnessed blogs to create a national grassroots buzz about his campaign. Although his support base was thin and catered to the extreme left, his positions served as a powerful tool for online fundraising and grassroots organizing.

In this year’s elections bloggers will sharpen their skills and expand their support base as they prepare for 2008. And, good bloggers are not unskilled amateurs. Many are highly accomplished people beyond just the Internet. Blogging will play a continued role in enhancing one’s news-gathering experience, but it won’t replace traditional media.

Political parties and campaigns will maximize blogging as a marketing tool, disseminating news releases and puff pieces. Don’t be misled. Blogging’s true power comes from individuals. Effective blogs are personal in nature—ordinary people sharing unique insights, opinions and information.

Blogs confer neither a Republican nor Democrat advantage. Although the most prominent example in 2004 benefited the Bush/Cheney campaign (Rathergate), a study released by Pew Internet & American Life Project revealed that there were 7,151 liberal blog posts compared with 6,716 conservative posts during the latter part of the 2004 presidential campaign (based on the top 16 liberal and conservative blogs at the time).

Soon blogs will become real-time action alerts for organizations and issue-based movements. A great blog provides new information and insider perspectives previously exclusive to caucus hacks and overpaid consultants. Blogging cultivates a new breed of “deep throats,” providing whistleblowers and silent majorities an instant platform to get information out faster than newspapers, television or radio. Suddenly, low-level staffers and unknown citizens have a conduit to supplant agency directors, legislators and party bosses. Left unfiltered, such movements may forever change the way issues are heard and acted upon.

Questionable statements during Senate hearings may create a public scandal, while in the past these would have been just another footnote in a staff report. Offhand comments made by caucus leaders in the past might be published throughout the web. Or, last-minute negotiations on a key amendment that marginalizes a particular group may spur an online movement to unseat a particular politician.

Expect the blogging phenomenon to continue in 2006, but don’t expect a Rathergate-type event as the mainstream media has learned that plagiarized content or unsubstantiated stories will likely have to answer to a conscientious blogger somewhere. Policy makers will probably learn the same lesson very soon.
Today, Washington is investing in transportation at levels not seen in generations — since the days of Gov. Albert Rosellini. While motorists stuck in traffic and businesses depending upon trucks to move their goods welcome the increased investment, most of today’s dollars are going toward repairs and retrofitting of structures built during Rosellini’s time as governor, 1956-1964.

In the 1950s President Dwight Eisenhower committed our nation to building an interstate highway system modeled after Germany’s autobahns — an efficient network of divided highways constructed by Hitler before World War II. In the 1950s and 1960s federal, state and local taxes poured into road and bridge projects across America. Drivers then willingly paid at the gas pump to eliminate two-lane highways.

“I had a pretty good knowledge of what needed to be done. Frankly that’s why I ran for governor,” Rosellini said.

“In my administration, transportation was a top priority. Projects like the Evergreen Point Bridge were stuck in decade’s-long fight over where to build the bridge and who would pay for it.”

The idea of a second Lake Washington bridge languished because of local squabbling, funding problems and lack of leadership. This vital link to the lake’s eastside gathered dust on the drawing board for more than a decade before Rosellini convinced King County and the Legislature to build the bridge.

“His role in moving the Evergreen floating bridge off a political impasse was critical,” said former Seattle Mayor Wes Uhlman, who was a 22-year-old freshmen legislator when Rosellini became governor. “He brought Scott Wallace, then King County commissioner, into the picture and convinced him to get the county to guarantee the bonds. Without that guarantee, it would not have been built.”

When completed in 1963, the bridge was one of four indispensable bridges built during Rosellini’s Administration. The others were Astoria Bridge linking the Washington and Oregon at the mouth of the Columbia, the Goldendale Bridge across the Columbia easing travel between Yakima and Portland, and the Hood Canal Bridge bringing together the Kitsap and Olympic peninsulas. All were toll bridges and the political agreement was the crossing fees would be lifted once the construction bonds were retired — a tradeoff which haunts lawmakers today because it didn’t allow repairs, replacement or increased capacity.

During his two terms, the majority of I-5 between Everett and Olympia was completed as were State Routes 8 and 12 from Olympia to Aberdeen and Highway 18 between Auburn and North Bend.

Rosellini’s accomplishments were not limited to roads and bridges. He helped launch a futuristic mass transportation icon for the 1962 Seattle World’s Fair — the monorail. It’s hard now to remember the days before maintenance, accidents and political problems beset the monorail, but it was as much a featured attraction as the Space Needle during the fair.

“After the Fair, we wanted to expand the monorail to Sea-Tac Airport,” Rosellini said. “It just never happened for a variety of reasons.”

After losing his bid for a third term in 1964, Rosellini remained active on transportation issues. From 1979 to 1992, he served on the Washington Transportation Commission, formerly known as the State Highway Commission.

Rosellini is also still very active in state politics. He advocates for toll roads, among other things. “Tolls are a funding source that works,” Rosellini said.

Today, Rosellini is a sharp, 96-year-old attorney who practices law from his office in Seattle’s Georgetown section just north of Boeing Field.
Asbestos victims can’t wait much longer for reform.

It’s time for the asbestos litigation crisis to end.

A federal solution is desperately needed to assure fair compensation for asbestos victims, job security for American workers and a boost to the U.S. economy.

Current legislation before the U.S. Senate will create a $140 billion trust fund — the largest in history, without a single dollar of taxpayer money. The fund will take asbestos litigation out of the courts — preventing trial lawyers from filing claims on behalf of those who are not sick and draining precious resources away from those who are. It will also stop the growing number of companies forced to file for bankruptcy as a result of mounting asbestos lawsuits.

The list of unions, manufacturers and veterans’ organizations that support asbestos legal reform continues to grow... you should support it, too.

We support asbestos legal reform ... so should you.

For more information visit: Asbestossolution.org
Of all our business banking tools, this may be the most valuable.

It’s called a cup of coffee, and it goes for about a buck. We use it to get to know you. Not just your name or what business you’re in. Those are good warm-up questions. But Sterling tries to dig deeper, with questions like “How do you make money?” and “What are your best opportunities for growth?” They’re the kinds of questions that lead to other questions, which ultimately lead to an intimate understanding of your business banking requirements.

Then, and only then, do we talk about all of the other tools that might interest you—like production loans, merchant services, deposit accounts, or maybe a piece of pie.