



2004 Portspin columns

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Portspin: "Mitigation" Sandcastles

We've been out on the World Wide Web, visiting the Sea-Tac Airport site, where one can read up on the all the wonderful things that the Port of Seattle plans to do to mitigate harm from the third-runway project.

It almost sounds good, till you realize that the Port is still fighting hard AGAINST doing most of this stuff. They're in not one but THREE legal appeals, always trying to do less than the law requires. In the Supreme Court, they're arguing for the right to bring in fill material that is contaminated beyond legal, established criteria, & they're arguing that the criteria are too stringent. Before the Pollution Control Hearings Board, they're resisting Ecology's new, tougher requirements for pollution control. And in the U.S. District Court, they have vigorously defended the weak, incomplete wetlands permits issued by the Army Corps of Engineers.

And most of the good things they talk about have not been completed – have not even been started, are not funded, are not even budgeted as far we can tell. The one serious project that is moving along is the construction of artificial wetlands – in Auburn, in the Green River basin. If these wetlands work (big "if"), they will do absolutely nothing for water quality in Miller, Walker, or Des Moines Creeks.

So, if while you're cruising on the Internet you happen to stop at the Airport website to read about their environmental mitigation, read with a skeptical eye. Ask yourself: Will the Port actually do this, if they win their court cases? Is there money in the bank to build the expensive stuff? How does any of this help to keep bad stuff like arsenic, copper, zinc, gasoline, & de-icing fluid from entering the local streams?

And isn't it ironic that the Port takes credit for future work that it will do only because it has been forced to, after it has been dragged through the courts kicking & screaming every step of the way.

Waiting for Spin

Last year's traffic numbers for Sea-Tac show that several things are happening that the Port of Seattle has always said would not, could not, happen. We are waiting for the spin department to figure out how to deal with the disappointing numbers given to the Port Commission last month.

First, passenger traffic at Sea-Tac has NOT followed an inevitable steady & rapid upward trend. This year's traffic is almost identical to last year's, & both are well below the Year 2000 level.

The reality is that we have had a world-wide recession following the collapse of the dot.com bubble, plus dramatic

terrorist activities, plus scares about epidemics in Asia, plus the near-death experience of several major airlines (which some people would say have been scandalously mis-managed for a decade).

Second, the number of flights in & out of Sea-Tac has NOT continued to rise at an inexorable rate. The number of flights is declining.

Airlines flying out of Sea-Tac have realized that making dozens of regional flights a day, each one operating at a loss, is NOT a viable business plan. Sea-Tac planners have always assumed that the airlines would & could operate forever with half-empty planes, & that the airlines' management would never take corrective measures. "Demand management" would never work, the planners said, not even for the sake of making a profit. This would lead to an ever-growing number of passenger flights in & out of the Airport, bringing ever-closer a time when there would be a continuous succession of intolerable arrival delays, justifying a third runway.

Third, no other airport in the region would ever dare to compete with Sea-Tac. All passenger flights would & should be crammed into Sea-Tac. This would increase the likelihood of serious arrival delays, justifying a third runway.

In fact, scheduled flights have resumed out of Boeing Field (partly to escape monopoly-level charges at Sea-Tac), & as our article on Paine Field indicates, opening up Paine to scheduled passenger service is being considered favorably by Snohomish County decision-makers.

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The Port's spending spree at Sea-Tac, especially the third runway plan, assumed that the airlines would prefer to operate at a loss. The Port assumed that the airlines would rather stay at Sea-Tac, paying exorbitant charges to build a part-time, arrival-only runway, rather than go to where fees are more reasonable. But eventually, even in the airline business, common sense prevails, & people want to make a profit. "Eventually" appears to be now.

Breaking Silence

If you want to hear the sound of silence, ask the Port of Seattle: "How do you plan to pay for the third runway?"

The Port's public-relations folk apparently have a permanent stonewall order on this issue, because the Port has a very big problem. Whatever else it is, the third runway is not a money-maker. It generates no new income, yet it is the most expensive runway ever built on land--even by the Port's understated cost estimates. So, it has to be subsidized somehow. How?

Well, last week, the Port's silence broke somewhat, when the local papers announced that it was applying heavy lobbying pressure behind closed doors to get the Federal government to pony up another \$198.1 million--curiously similar to the exact amount of the low bid for the next phase of work, opened on March 3 -- \$192.6 million.

When the FAA made its initial large grants for the runway, the understanding with the Port was "this is all you get." Maybe the Port's financial people are hoping the FAA forgets about that. Their argument is--apparently--that they unexpectedly had to meet requirements of the Clean Water Act. But, of course, that act was passed in 1973, and they have been perfectly aware of the requirements since they first brought up the project--because the communities next door have been telling them about their water pollution problems all along. So, apparently, the plan was to save money by ignoring the Clean Water Act, effectively passing the pollution costs on to the neighbors. But the neighbors organized, & took their concerns to the Department of Ecology and the Army Engineers. In general, those environmental regulators have backed up the neighbors, by requiring the Port to deal with pollution itself, at its expense.

Want to hear the sound of silence again? Ask the Port how they are going to pay for the rest the runway project. Little undisclosed costs like THE GREAT WALL OF SEA-TAC or the costs of financing on all the borrowing that they are doing.

Another bailout? Here's our guess on the Port's strategy: Never reveal the real costs of the runway or the plan for financing it. Build it piecemeal any way possible. Then when it's done, dump the bill on King County property tax payers. Dump the environmental costs on the neighbors. And pray for a bail-out.

Blaming the Neighbors For Your Own Bad Planning

In a front-page article in the *Seattle Times* for July 4, the Port of Seattle announced (or admitted) that the third runway is a money pit. Costs have doubled since 1997, the Port says, and airlines don't want to pay.

Port spokespersons blamed the cost increases on their battle with opponents, said they were applying for more money from the feds, and were going ahead anyway. But for those of us given to dissecting Port spin-doctoring, the real story was in the chart showing the Port's cost estimate for the project in 1997 and today.

When Did The Port Know? In 1997

The big ticket cost "increases" were for items that the *Port knew about in 1997*, but failed to include in their 1997 cost estimate and never bothered to estimate until now. And the new cost estimate has more bad news for whoever the Port sticks with the bill (it never pays these bills itself). This money pit is a lot deeper than the Port is letting on.

	Cost of Land		Environmental Mitigation	Other
1997 Estimate	127.5 million	374.9 million	26.6 million	58 million
2004 Estimate	195.7 million	661.8 million	197.2 million	75.3 million

Source: Port of Seattle per *Seattle Times*

Only \$26 million for *all* mitigation in 1997? On the largest fill dirt project in the State since the Grand Coulee Dam? For expanding a large airport into a densely built up area? The Port knew in 1997 that this was a ridiculously low estimate for mitigation and that the runway would do *billions* in damage to the communities around the airport.

The Port knew perfectly well when it estimated the costs in 1997 that environmental problems would be expensive, and the sheer quantity of fill would be a challenge, cost-wise.

Didn't Plan for Damages to Neighbors

In February 1997, the State paid for a study to estimate what the cost of mitigating damages from the third runway would be. This study, based on the Port's own environmental impact statement, identified over *\$2.95 billion* in damages south and west of the airport and Tukwila *alone*, not counting wetlands issues and a long list of issues where the Port's EIS did not contain enough information to be able to make an estimate. The State study also did not cover the area north of the airport.

The Port has never admitted to having any responsibility to the neighbors. In effect, it told people in the Highline area—"We've decided you can eat these costs." At the the same time, property values in Southwest King County are already lagging behind values in other parts of King County due to the runway proposal, reducing the resources locals have to pick up the Port's unfunded costs. No wonder people rallied to oppose the project.

Wetlands Cost Estimate Never Revised

The State-funded study also did not include wetlands, although it was obvious that the runway, if built, would fill a large area of wetlands that form the headwaters of three large creeks flowing directly into Puget Sound. Port planners knew that their initial design would dam Miller Creek, and dealing with that would require heroic (translation=expensive) engineering. Indeed, within six months of the 1997 cost estimate, the Port "found" twice as many acres of wetlands, and tossed in the Great Wall of Sea-Tac as the solution to the Miller Creek problem. And for six years, until June 2003, the Port never revised its cost estimate to reflect these costs. Nor did it release estimates for the huge vaults in which it plans to store winter rain for release into local creeks in summer droughts.

New Estimate, New Bets

The 2004 cost estimate reported in the *Seattle Times* shows \$197.2 million for "environmental mitigation" without telling the public what that \$197.2 million is for. It clearly doesn't begin to cover the environmental damage. What about the \$2.95 billion identified in the State-funded study? The estimate doesn't appear to include requirements for clean fill issued by the State Supreme Court in May. The Port is apparently counting on being allowed to violate those requirements. And there is still no recognition of the damages done to communities near the Airport. The Port apparently is betting that these people will not file a massive class-action lawsuit. And what about the Port's claim in its EIS that jets make no air pollution, backed up by a refusal to measure it. Those eyeing the brown cloud sitting in a bubble over the Airport might take issue with that. The Port has no plan for paying for the costs it has already listed,

much less how to pay for all the unlisted costs. But the airlines, King County taxpayers, and the Airport communities better put their hands on their wallets. We know it won't be the Port who pays.

Two Problems and An Elephant in the Living Room

The Port of Seattle made a big deal with the press this past month about receiving a promise of a future \$61.9 million grant from the FAA for the third runway. "Wow, this means that we are all set to build," the Port spin implied, as if this was all the money they need.

But, there are three problems with the Port's wow-ee spin:

- They *applied* for \$198.1 million, saying it was mostly for environmental requirements, but they they were only *promised* \$61.9 million. So what got funded and what is now unfunded? And who will pay for the unfunded parts?
- They haven't actually received the grant. It still has to be approved in Congress, which may not be a dead certainty
- Even the \$198.1 million doesn't begin to fund all the costs that the Port knows about but has not officially included in its cost estimates

Problem 1: What's Unfunded? Who Pays for All That?

What got funded and what's now funded? That's the very question the Port's latest spin was designed to cover up. The Port did not give any details, and the local press didn't ask. The editors of this column were told that the information going to the Congress from the FAA is secret from the public until the Congress has dealt with it! (Like it wasn't the public's money.) So we wish we could tell you, but it's a deep, dark secret.

Who will pay for the unfunded costs? We don't know that either, but we are guessing it won't be the Airport. Unlike other businesses, the Airport does not treat pollution control as a cost of doing business. It never budgets for the costs of damages to the neighbors from Airport operations. It has never paid for a single major environmental measure from Airport income. It uses only FAA or State grants, or increased property taxes—anything to shove its own costs onto someone else. If unable to do that, it dumps the problem on the neighbors. The neighbors have two options: pay the costs themselves or live with the mess. This is how the Port deals with noise pollution, air pollution & associated health problems, depression of property values, pollution of local aquatic resources, surface-transportation SNAFUS—you name it.

This approach is called cost-shifting. The Port is very good at it, helped along by weak federal & state laws, weaker enforcement agencies, not to mention a local press that rarely, if ever, raises the obvious, inconvenient questions about costs. Cost shifting begins with totally inadequate cost estimating systems. It continues with a total absence of independent cost/benefit analysis. And it ends, of course, with Portspin.

Problem 2: Will Congress Really Approve?

The Port's spin on the \$61.9 million letter of intent makes it sound like the Port had already received cash. In the real world, it is not certain they will actually *get* all or any of this. A Congressional committee must first approve the LOI, then, next year the new Congress must appropriate the money.

In 1999, after a lot of pressure (some it from the Congress) FAA adopted a requirement that all its project grants be subject to a rigorous cost-benefit analysis, in accordance with carefully prescribed procedures. However, the Port and FAA did no such cost-benefit analysis on this latest application for more third-runway money. Both know perfectly well that a real cost-benefit analysis of this project wouldn't hold water for ten minutes.

Instead, they tried to circumvent the rules by claiming this was an "amendment" of their 1997 grant. It remains to be seen whether the Congress will let them get away with this scam. Granting this application would render the new procedures moot, because almost every airport in the country has had been given grants at some time in the past. So, just ask for an amendment to your grant from 1991—or 1941—& away you go, with no pesky cost-benefit analysis. Cute, isn't it?

...And the Elephant in the Living Room

And what about that elephant in the third runway's living room: the three *billion* dollars in unfunded damages to the neighbors identified by the State-funded study in 1997, but overlooked by the Port ever since? When the inevitable class-action suit against the Airport happens, will the FAA fund the Port's costs? Can the Port cover those with its insurance or its income? Do they even have a plan beyond trying to pretend the elephant ain't there and issuing press releases calling the neighbors bad names.

Oops: Another Elephant

Right now, Airport income is used only for expanding the Airport or making it plushier. But even here, there are unfunded costs. Port planners are gambling on a projected massive increase in income from the fees from airlines—just to pay for the expansion *without* dealing with mitigation for the neighbors, & only covering a portion of the environmental costs. It's revealing to note that Alaska Airlines says it's in favor of the runway, but that it's opposed to paying its share of the costs—Alaska wants the Federal taxpayers to pick up the tab. It seems that Alaska is learning the fine art of cost-shifting.

The Port also seem to counting on Sea-Tac becoming a hub airport, attracting lots of new business—and new revenue. But looked at honestly, this won't work. The most efficient airline at Sea-Tac, Alaska, says it can't live with the proposed new fees. The "Big Six" American airlines (locked into the hub-&-spoke system) are all in bankruptcy, just coming out of it, or thinking how helpful a good bankruptcy would be for them. The hub airlines are in bad shape and getting worse. The hub system is broken beyond repair. As the hub airlines go under, they will drag the hub airports with them. And note, point-to-point airlines like Southwest are canceling flights out of Sea-Tac because of the high landing fees. Sea-Tac is pricing itself right out of the market. No airline is compelled to serve Sea-Tac. No airline is compelled to lose money on Sea-Tac operations just to make the senior Port staff & our inattentive Port Commissioners look good. Won't happen.

So, it does come down to doing a real cost/benefit analysis, as the law would normally require, which includes ALL the costs and doesn't "pad" the benefits. Rather than issue another warped press release, the Port should stop with the Portspin and level with everybody. With a shortfall in FAA funding of \$137 million, how much higher must the Port fees to airlines, or local real-property taxes, or both, to cover the remaining costs of the runway? What's the plan for dealing with damage to the neighbors' property? Or is the Port content to risk enormous damage lawsuits from neighbors? Has management considered that the Port itself is headed toward financial ruin, even a municipal bankruptcy?

Those who hoped the FAA meant business about subjecting boondoggles to real cost-benefit analysis are watching this application with interest. In the meantime, the Port is desperately trying to hide the true costs of this runway. And the folks who gave their credit card to the Port will be the last to know.