

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 8C
Date of Meeting June 6, 2023

DATE: May 17, 2023

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer

Project Manager: Steve Balaski, Director of Business Development

SUBJECT: The 2023 Northwest Seaport Alliance (NWSA) Rail Cargo Incentive Program – Enrollment extension

A. ACTION REQUESTED

Request Managing Members of The Northwest Seaport Alliance (NWSA) authorization to extend the enrollment period of the 2023 Rail Cargo Incentive Program from April 30th to June 30th, 2023.

B. SYNOPSIS

At the April 4th Board meeting, Managing Members authorized the 2023 Rail Incentive program. The Program Description, as approved, included April 30 as the deadline for receipt of signed Participation Agreements from participating carriers. Due to several factors, a number of ocean carriers were not able to meet this deadline but have requested approval to participate. Staff recommends extending the enrollment period to June 30.

C. BACKGROUND

At the April 4th meeting, Managing Members authorized the 2023 Rail Incentive program.

The rail cargo incentive program is an important tool to help protect market share and attract incremental volume to the gateway. Assuming total funds approved for the program are distributed, we expect the incentive program to generate approximately 60,000 additional rail lifts, equivalent to approximately 15% of

2023NWSA international intermodal lifts or 10% of the average of international intermodal lifts from 2019 – 2021.

The program, as approved by our Managing Members at their April 4th Board Meeting, included the requirement that participants submit a signed Participation Agreement by April 30, 2023 in order to be considered eligible to participate. This requirement was clearly communicated to all potential participants in the Program Description. As such, any subsequent changes to the program, including extension of the enrollment period, require approval by the Managing Members.

The 2023 Rail Incentive Program has generated strong interest from the ocean carriers. Thus far eight carriers have executed agreements.

Due to various factors, a number of ocean carriers were not able to meet the required April 30 deadline and have requested approval to participate based on a June 30 start date.

D. FINANCIAL IMPLICATIONS

The \$3,000,000 rail incentive fund, as approved at the April 4th Board meeting, will include \$1,500,000 of NWSA cash plus \$1,500,000 of credit associated with Tacoma Rail for rent payments used for incentive vs rent payment of the South Intermodal Yard (SIM).

Should approval be granted by the Managing Members, those qualified carriers that signed up between May 1st and June 30th 2023 will be eligible to receive incentive starting July 1, 2023 instead of May 1st, 2023 as stated in the original program. Extending the enrollment period is not anticipated to have any additional financial implications.