

NWSA MM Retreat

May 30, 2023

Cedarbrook Lodge

Anecdotal Examples of Need for NWSA:

- NYK moves to Tacoma for new Blair development in July 2007.
- Maersk leaves Tacoma to join CMA-CGM when they established a dedicated service in Seattle (April 2009)
- Grand Alliance moves to Tacoma (March 2012) / KB heading into Inslee HQ to focus on maritime strategy, including gateway cargo; standing outside finishing POS press statement of the news that had just broken.
- American President Lines turns in the keys at T-5; settlement reached to retain cargo at T-18/Seattle Harbor for some revenue and termination of T-5 lease early. (2013?)
- Transportation Chairwoman Judy Clibborn renames SR-167 & SR-509 project as the Puget Sound Gateway Project. This occurs as Denny Heck and other Pierce/South King leaders were making a major push on SR-167 and also as KB & BB meet with Judy C about the overall competitive challenges the two ports face. (early 2013)
- Hanjin goes bankrupt so poorly that ships are at anchor around the world, unable to afford to offload cargo. With the various alliance and cargo-sharing evolutions, other carriers find their cargoes captive as well (September 2016)
- On April 1st 2017, global consolidation from 4 alliances to 3 alliances occurred worldwide. Example of COSCO & CSCL joining into one and previously calling at T-46 and T-30.
- 25+ carriers in December 2015 --- down to 13 in 2017
- Panama Canal opens in 2016 – some cargo shifting prior + ongoing ILWU concerns.
- Each harbor has unique strengths and weaknesses. Seattle complicated urban area but waterways offer some big ship advantages compared to the Blair. Tacoma has great rail, transload and some land advantages.

Tacoma Port Lures Big Shipper -- World's Largest Line Follows Others South

Feb 5, 1991

O. Casey Corr

Tacoma has done it again.

The Port of Tacoma has lured away another customer from the Port of Seattle, this time the world's largest shipping line, Evergreen Marine Corp. of Taiwan.

Tacoma says it could take the lead as Puget Sound's largest container port by year's end. After fierce lobbying by both sides, Evergreen told the ports yesterday it was moving to Tacoma to a vacant terminal, where \$8 million in improvements are planned. Seattle's plan to spend \$30 million at a shared terminal was not enough to keep Evergreen.

Both ports called the announcement good news for Puget Sound as a whole because Evergreen is remaining in the region. But longshoremen in Seattle were alarmed at Seattle's loss. Tacoma's first big catch was the Sea-Land Service, which left Seattle in 1985, followed by Maersk Line and ``K" Line, two large ocean carriers.

Longshoremen worry that opposition by neighborhood groups to terminal expansion may have created the image that Seattle no longer wants a working waterfront.

``We are deeply disappointed that we continue to wave goodbye to major shipping lines," said a statement issued by Local 19 of the International Longshoremen's and Warehousemen's Union.

The move by Evergreen, which brings about 75,000 containers to Seattle each year, will not be as dramatic a blow as the loss of Sea-Land, which brought 400,000 containers. But some view Evergreen as positioning itself for explosive growth.

Seattle counted 1.1 million containers at the end of 1990, compared with 937,000 in Tacoma. Evergreen's move from Terminal 18 in Seattle is scheduled for sometime this summer.

Zeger van Asch van Wijck, chief executive officer of the Seattle port, said the move will have no effect on the port's revenues. Evergreen used a terminal that Stevedoring Services of America leased from Seattle by , he said.

Van Asch van Wijck said he doubts Tacoma will overtake Seattle in container volume. Several large Seattle carriers, such as American President Lines, are increasing their cargo volumes, he said.

One Seattle official said last week that the loss of Evergreen would be a blow to Seattle's prestige. Van Asch van Wijck, however, said Evergreen's decision would not damage Seattle's reputation as a leader in world trade.

John McCarthy, president of the Port of Tacoma Commission, said Evergreen may put Tacoma ahead of Seattle in container volume, but he said his focus was not on counting boxes but on serving customers. A major shipping line now has capacity for big growth, he said.

“This will result in long-term regional gains. It's not anyone's loss,” McCarthy said.

A spokesman for Evergreen did not return calls late yesterday. There was no immediate estimate of how many jobs would be generated in Tacoma.

Van Asch van Wijck traveled to Taipei, Taiwan, in his effort to convince Evergreen to stay. After yesterday's announcement, he has been unable to reach Evergreen President Kuo-hua Chang to learn why the company is moving.

John Terpstra, Tacoma's executive director, said he believed Evergreen was moving to get its own terminal that could be expanded from 35 acres to 48 acres. Also, Tacoma offered immediate access to a large nearby rail yard for carrying cargo. Seattle offered to add rail lines and expand Terminal 18 by 60 acres, to 105 acres.

Many waterfront observers say Tacoma has one big edge over Seattle: cheaper land. Tacoma can offer dedicated terminals at rates that Seattle officials say are below market. Tacoma replies that its rates are appropriate to the market and an acceptable return to Pierce County taxpayers.

Tacoma will charge Evergreen \$45,000 per acre per year for its terminal. Terpstra said Seattle is charging about \$50,000 to \$60,000 per acre per year for its new leases, but he cautioned that terminal rates are only a piece of a terminal's complex financial package. Another item would be rates charged for container-cranes, for example, he said.

Terpstra said Tacoma will show a positive cash flow from Evergreen that will grow as cargo volumes increase. But he declined to detail the financial arrangements. “This is not a subsidy arrangement,” he said.

[Container Shipping in Seattle: Origins and Early Years - HistoryLink.org](#)

[Port of Seattle and Port of Tacoma create Northwest Seaport Alliance, to jointly manage their maritime-cargo operations, on August 4, 2015. - HistoryLink.org](#)

[NYK Line move to Tacoma a blow to Seattle \(seattlepi.com\)](#)

[Rivalry between Seattle and Tacoma ports historic, detrimental | The Seattle Times](#)

Update on major pieces of work within the Alliance
Impact of PMA/ILWU contract – Cargo Volumes
Parking Lot Issue

Why form a Puget Sound Seaport Alliance?

- The international container business has experienced significant change within the past few years, as a result of the major shipping lines seeking ways to reduce operating cost so that they can return to profitability.
- The shipping lines themselves, have formed alliances, allowing for the sharing of vessel assets and service to markets.
- The shipping lines have also significantly upsized the vessels in order to save on fuel costs and reduce container slot costs.
- These changes have had a cascading effect on Ports, both in increased competition to attract limited vessel services, while requiring Ports to make significant investments in Port-wide infrastructure.
- Ports are redefining their value proposition in order to be more attractive to the shipping lines and cargo owners.
- The Puget Sound Gateway is viewed by this industry as a single gateway.
- Through the formation of this alliance, our Ports can fully leverage the strengths of the gateway, make more strategic capital investments in our Port infrastructure, and provide higher levels of

Key benefits of the Seaport Alliance:

- Significant savings in capital expenditures (estimated in \$100's of millions over 10 years).
- Balance terminal capacity with market demand, resulting in sustainable business models.
- More effective gateway business development strategy, resulting in more rapid growth of cargo and job creation.
- Greater coordination with State and Federal Government for funding support and policy direction.
- Opportunity to improve labor resources with operational needs.
- Reduce operating expenses, increase financial performance of the Seaport.

Recommended Governance Structure:

- One management team accountable to two separate Board of Commissioners.
- Ports will retain ownership of their Seaport assets.
- Management Team is charged with management the Seaport assets and corresponding business, with the goal of increasing cargo volumes, job growth and financial performance.
- Port of Tacoma contributes all of its assets and current business, Port of Seattle contributes container terminals, grain terminal,
- Current seaport business agreements are secure, and cannot be changed or eliminated without the agreement from both Commissions.
- The two Ports will retain their existing Commission governance structure and asset ownership, and will contribute specific business activities into the Seaport Alliance. The two board of Commissions will vote independently on the actions of the Alliance.

- The two Seaports will form an elite management team, focused on providing the highest levels of reliability, service delivery and competitive pricing for our customers, with the goal of increasing this business activity and the financial performance of this business.
- The Ports will share equitably in the financial returns of the Alliance.
- The Ports will coordinate with each other on strategic investments within the gateway.
- The Port of Tacoma intends to contribute its container, breakbulk, auto and grain maritime cargo business into the Alliance, leaving its industrial real estate activities to be managed



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions



The Gateway History

 Port of Seattle Established 1912

Port of Tacoma Established 1918



NWSA -- DELIVERING VALUE TODAY



Better flexibility to respond to customer needs



Operational productivity & environmental enhancements



Single face to the market



Enhanced financial stability & savings on capital investment



THE NORTHWEST SEAPORT ALLIANCE

Containerized Cargo – Port Rankings

Seattle

Tacoma

- 1 **LA/Long Beach**
15,352,526 TEUs
- 2 **NY/NJ**
6,371,720 TEUs
- 3 **Savannah**
3,737,401 TEUs
- 4 **NWSA**
3,615,752 TEUs
- 5 **Vancouver**
3,054,467 TEUs

Gateways & Corridors Initiative

Prince Rupert, Canada
+5 Million TEU expansion

Vancouver Canada
+3.6 Million TEU expansion

Seattle
Tacoma

Oakland

Los Angeles
LA/LB +4.6 Million TEU expansion
Long Beach

America's Trade Battle Ground

Sydney, Canada
(New Terminal)

Melford, Canada
(New Terminal)

New York
+1.7 Million TEU expansion

Virginia
+2 Million TEU expansion

Charleston

Savannah
+3.8 Million TEU expansion

Houston
+2.3 Million TEU expansion

Miami

Lázaro Cárdenas, Mexico

Panama Canal

Expedited Clearance Pilot Process & No HMT
No HMT

No HMT

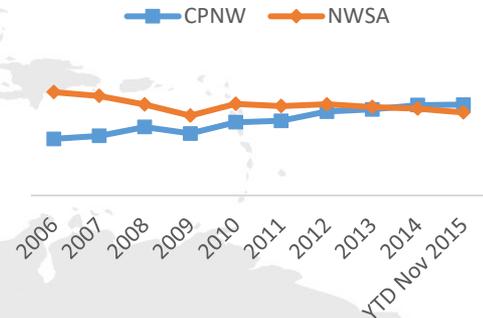
Terminal Development Projects

- Big Ship Ready
- Deepening
- Automation & New Terminals
- Terminal Expansion & Upgrades

Canadian Encroachment

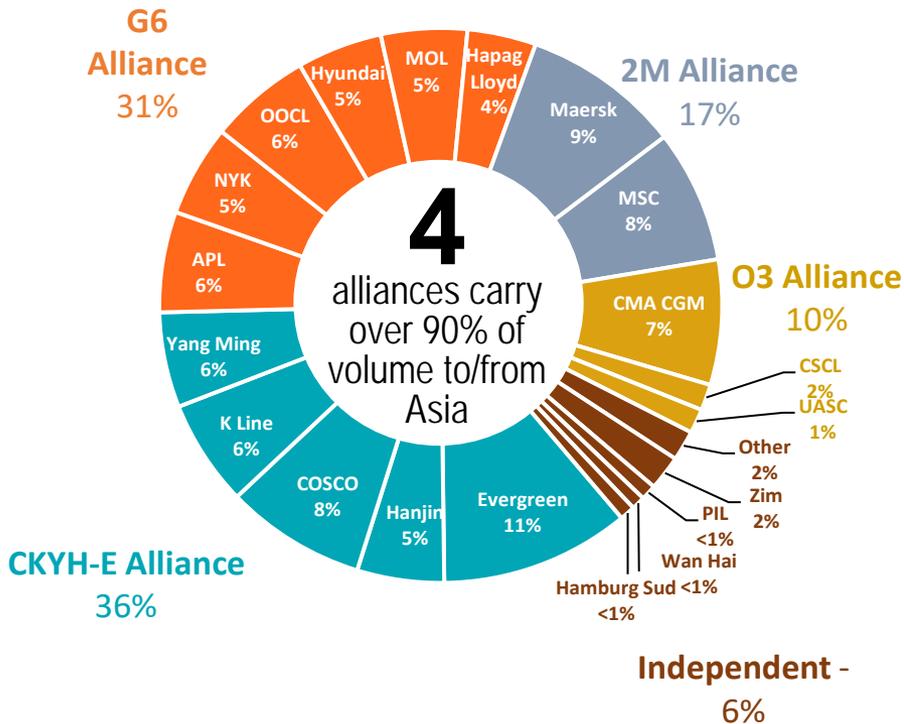
- CN/CP Intermodal Terminals
- CN/CP Railways

Washington and British Columbia Port Volume Trends (TEUS)

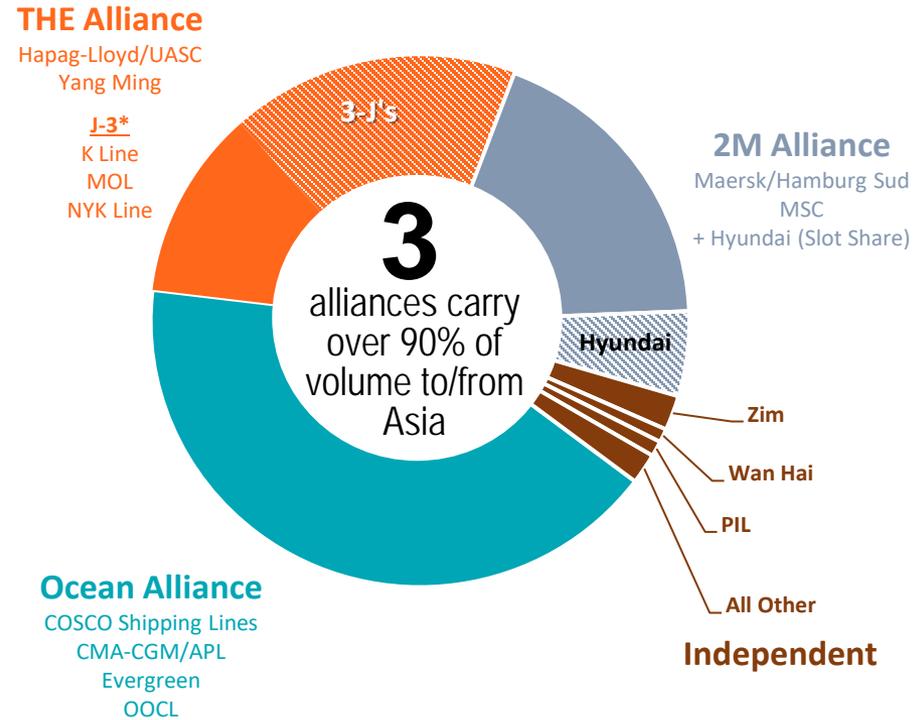


SHIPPING INDUSTRY DYNAMICS

Carrier Alliances TODAY
(2016 Transpacific Market Share %)



Carrier Alliances TOMORROW
(April 2017)



20 CARRIERS



13 CARRIERS

KEY INFLUENCERS OF THE SUPPLY CHAIN

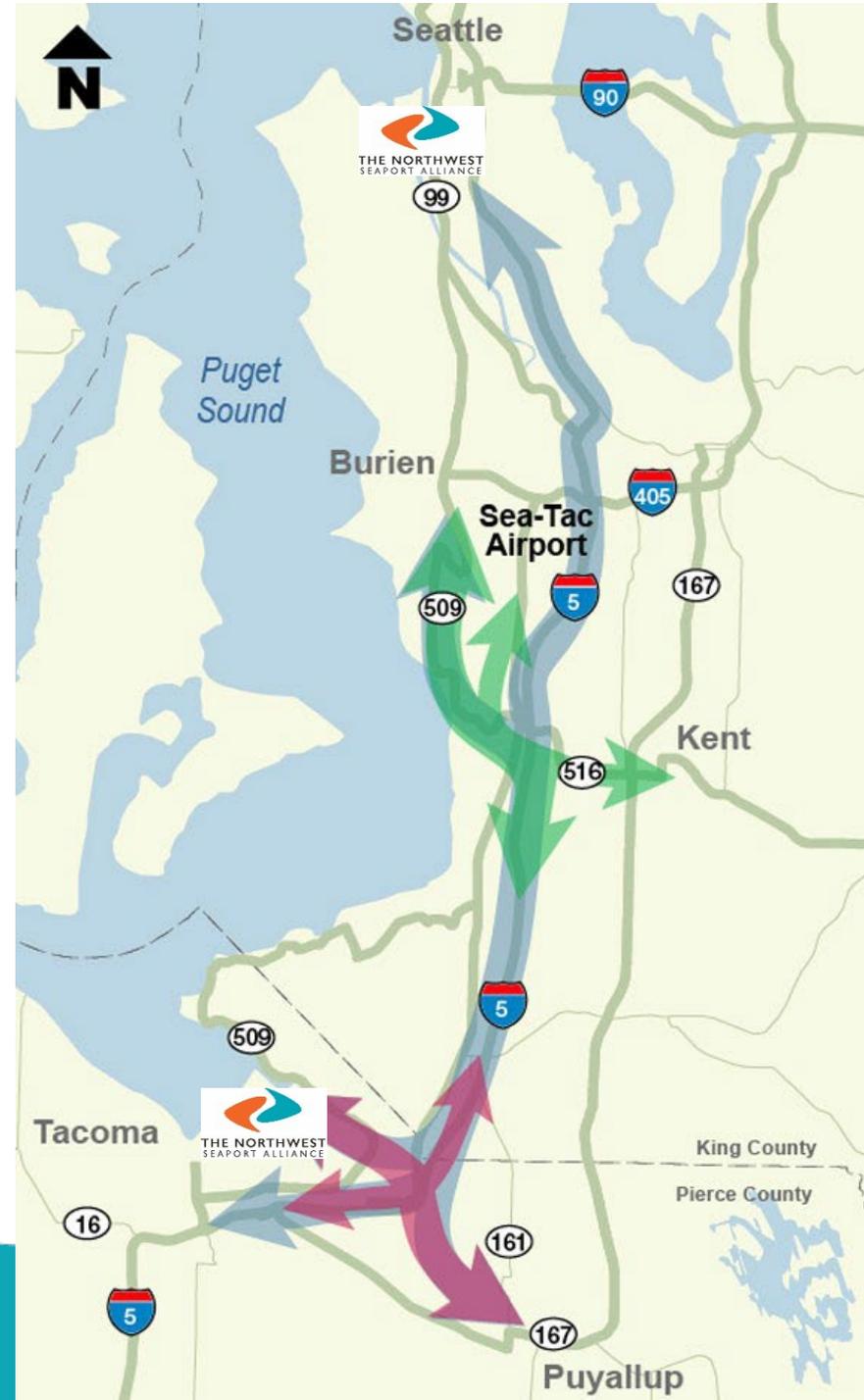


Puget Sound Gateway Program

Includes SR 509 and SR 167

Benefits:

- Improves regional mobility and relieves congestion on local roads and freeways
- Completes critical freight links between the North and South Harbors
- Supports regional job and economic growth
- Supports master land use and economic development plans



KEY STRATEGIC FINDINGS FOR THE PNW GATEWAY



Inadequate capability to handle multiple ultra-large container ships

- Too many small terminals that do not fit the strategic requirements for handling big ships.



Formation of mega-alliances

- Consolidation of ports and terminals
- Shipping lines divesting of terminals



Excess terminal capacity

- Too many acres dedicated to containers



PNW GATEWAY CRITICAL SUCCESS FACTORS



Increased terminal utilization



Productivity enhancements



Rail competitiveness



Infrastructure investment



Regulatory climate

FMC Discussion Agreement

Our purpose for the scope, function and terms of the Seaport Alliance is to enhance regional job creation by anticipating the needs of our maritime cargo customers and marshaling our resources and joint capacities to continue to provide the marketplace with the highest quality service and infrastructure, and thereby serving as sound stewards of the public's assets. We believe that advancing this alliance is the best way for the two port commissions to meet our direct responsibility to the citizens of Pierce and King Counties as this approach will ensure continued local control through the current elected governance structure while improving gateway competitiveness.



Inter-Local Agreement (ILA)

WHEREAS, the Ports will remain separate port districts governed by locally elected port commissioners; this and future planned actions discussed herein will not consolidate or merge the Ports. At the same time, the Ports are committed to shared core objectives of financially viable business models that support customer success, value the port-labor partnership, protect and increase regional jobs, benefit the citizens of

Pierce and King counties, promote the Pacific Northwest corridor's role in US trade strategies and the greater North American economy, and ensure the ability of the Ports to reinvest in terminal assets and infrastructure; and

WHEREAS, the continued competitiveness of the Puget Sound gateway would be enhanced by leveraging the strengths of each port to reach shared goals for the region and the State in ways that either port acting alone could not achieve; and



ILA (cont.)

WHEREAS, pursuant to Federal law 46 USC Title 46, Congress has granted authority for ports and marine terminal operators in certain circumstances and if approved by the Federal Maritime Commission, to “discuss, fix or regulate rate or other conditions of service; or engage in exclusive, preferential, or cooperative working arrangements, to the extent that such agreements involve ocean transportation in the foreign commerce of the United States.” 46 USC § 40301(b)(1-2), and

WHEREAS, the Ports are committed to working together based on trust and transparency, mutual respect for the goals and public input of the people of both Pierce and King counties, and a recognition the region is stronger when its leaders collaborate and leverage limited public resources and

WHEREAS, the Ports are committed to serving the citizens of Pierce and King counties and the manufacturing and agricultural exporters throughout the state by supporting thousands of existing jobs, growing new jobs, securing new investments, and generating significant tax revenues to state and local governments and





THE NORTHWEST
SEAPORT ALLIANCE
Gateway to Solutions

For more information,
please visit us at
www.northwestseaportalliance.com



facebook.com/nwseaportalliance



twitter.com/SeaportNW



instagram.com/nwseaportalliance

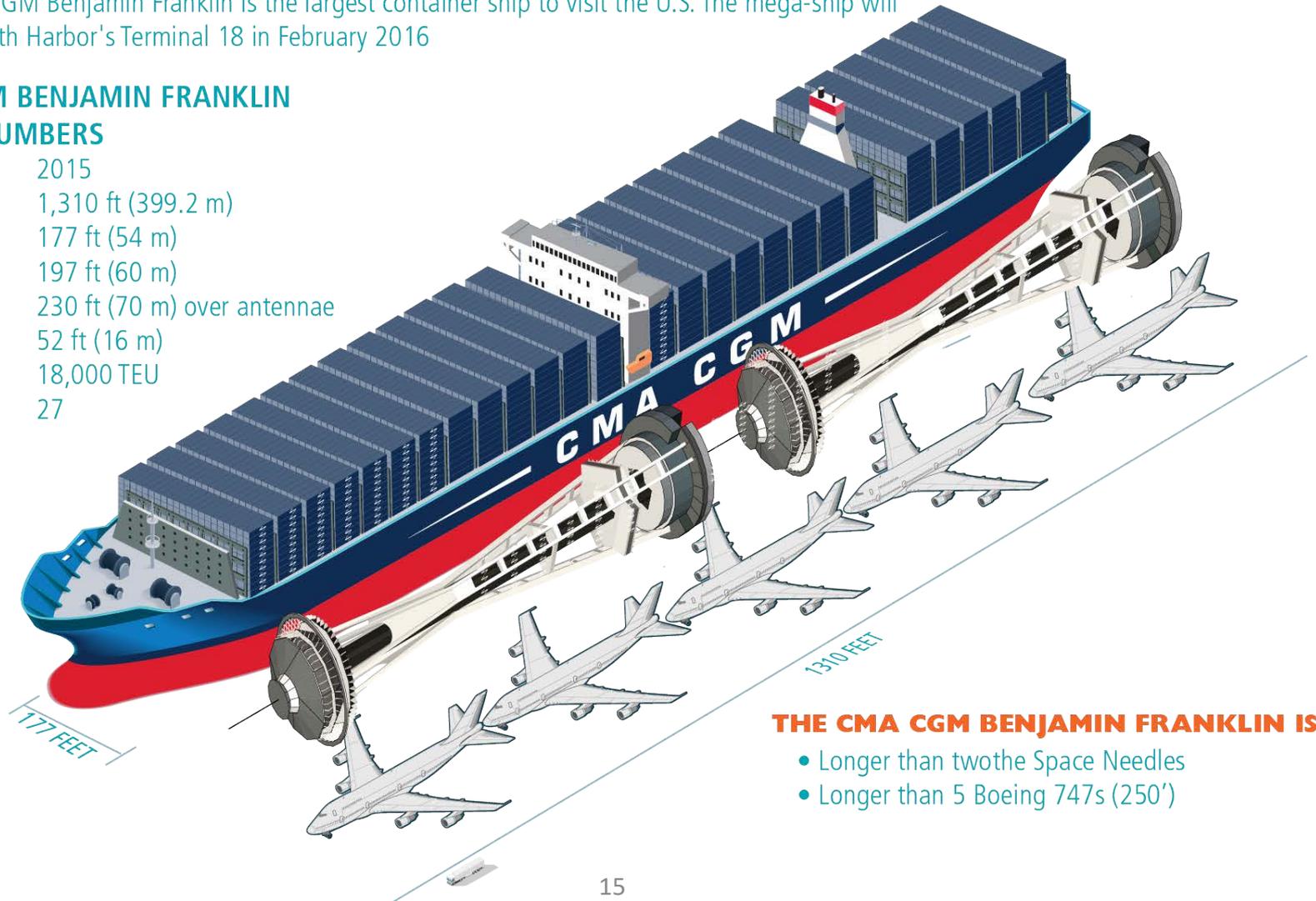


THE NORTHWEST SEAPORT ALLIANCE IS BIG SHIP READY

The CMA CGM Benjamin Franklin is the largest container ship to visit the U.S. The mega-ship will call the North Harbor's Terminal 18 in February 2016

CMA CGM BENJAMIN FRANKLIN BY THE NUMBERS

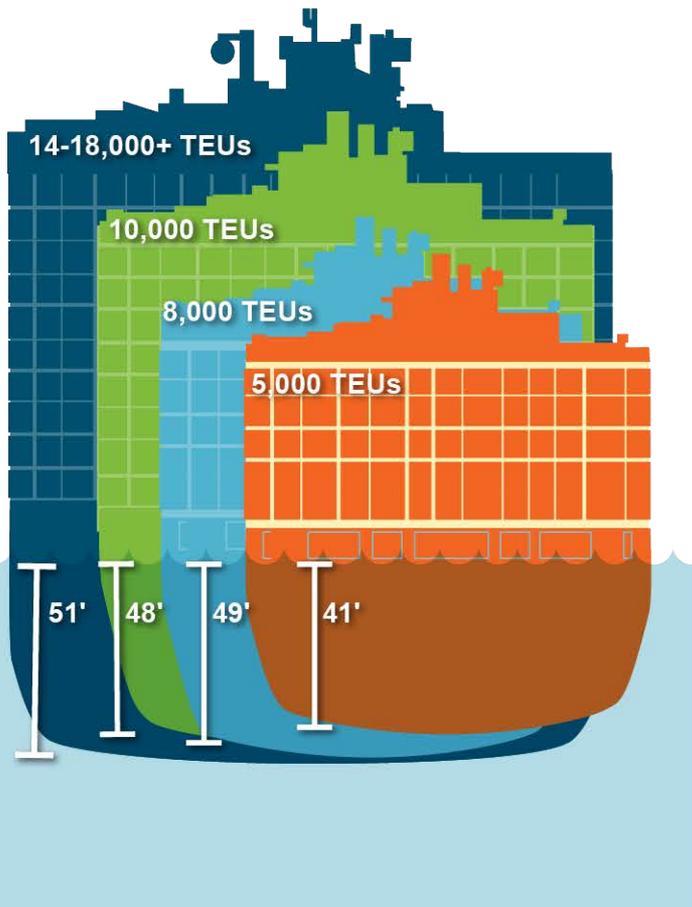
Built	2015
Length	1,310 ft (399.2 m)
Width	177 ft (54 m)
Height	197 ft (60 m)
	230 ft (70 m) over antennae
Draft	52 ft (16 m)
Capacity	18,000 TEU
Crew	27



THE CMA CGM BENJAMIN FRANKLIN IS:

- Longer than two the Space Needles
- Longer than 5 Boeing 747s (250')

BIG SHIPS & THEIR IMPACTS



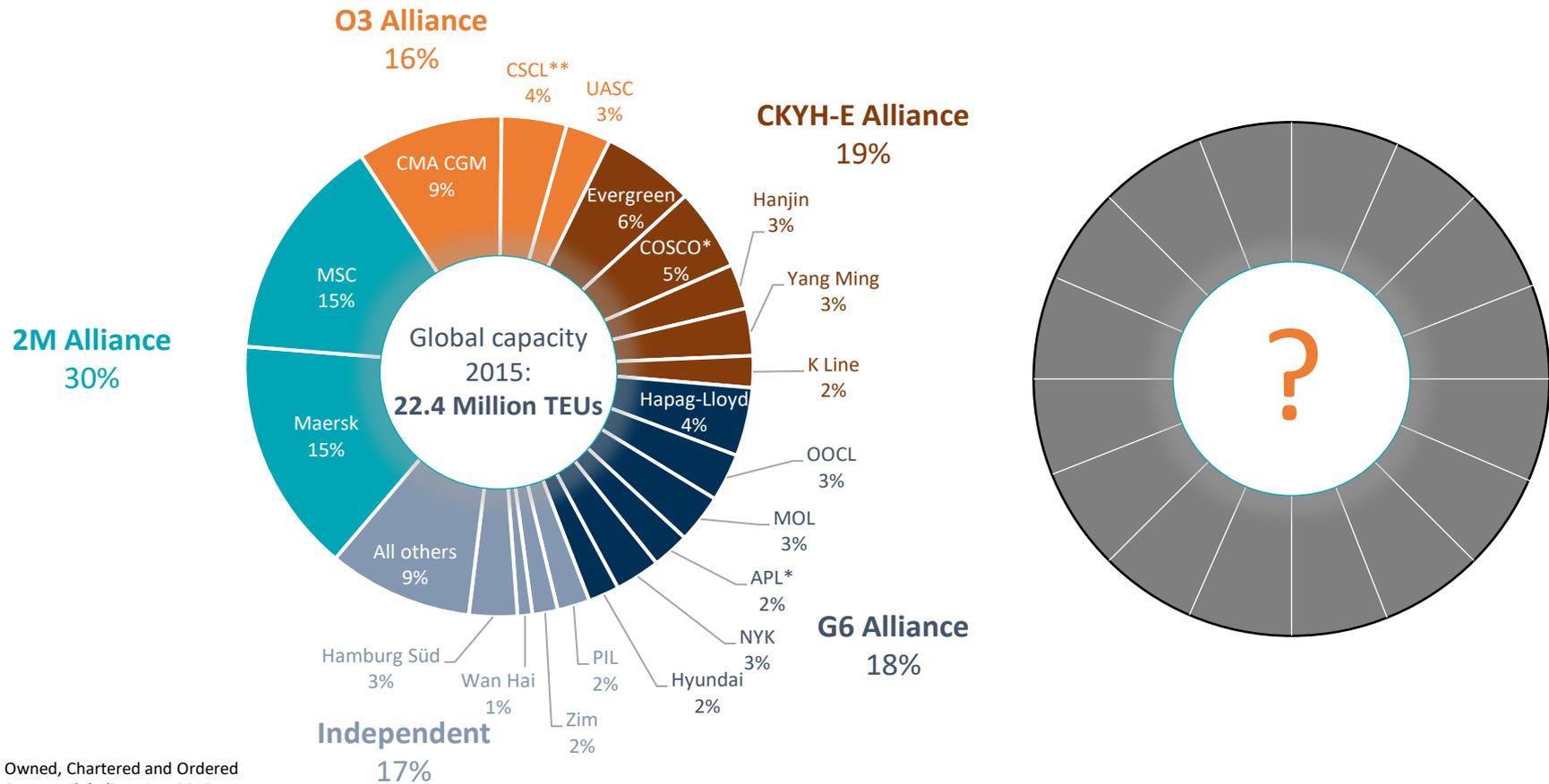
Year	Vessel Capacity	Status	Length	Beam	Draft	Containers high on deck	Containers below deck	Containers across
2000	5,000 TEU	Began calling PNW	935'	131'	43'	9	5	15
2009	8,000 TEU	Began calling PNW	984'	141'	48'	9	6	17
2009	10,000 TEU	Began calling PNW	1145'	150'	49'	10	8	18
20??	15,000 TEU	Have yet to call	1230'	184'	51'	10	8	22
20??	18,000 TEU	Have yet to call	1312'	194'	51'	10	8	23

Significant Changes in the Industry - Shipping Alliances

Global TEU Capacity %

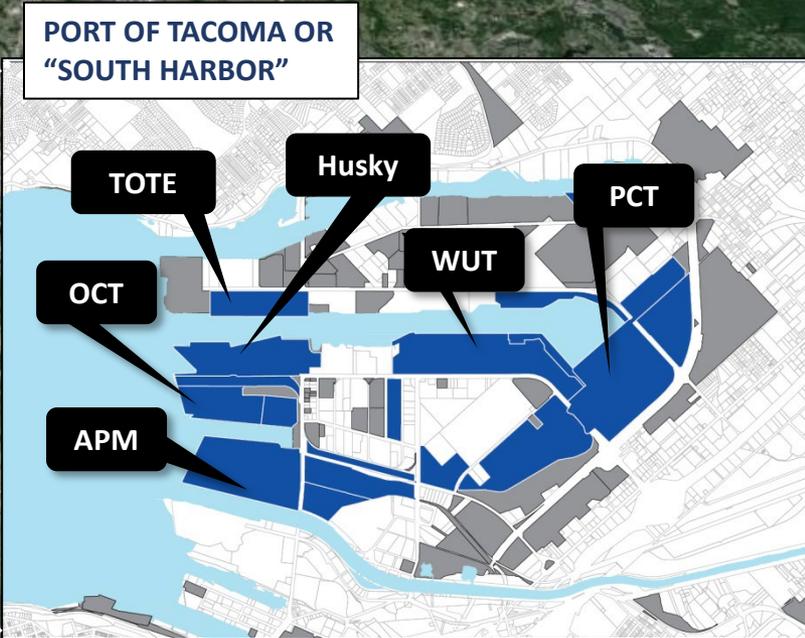
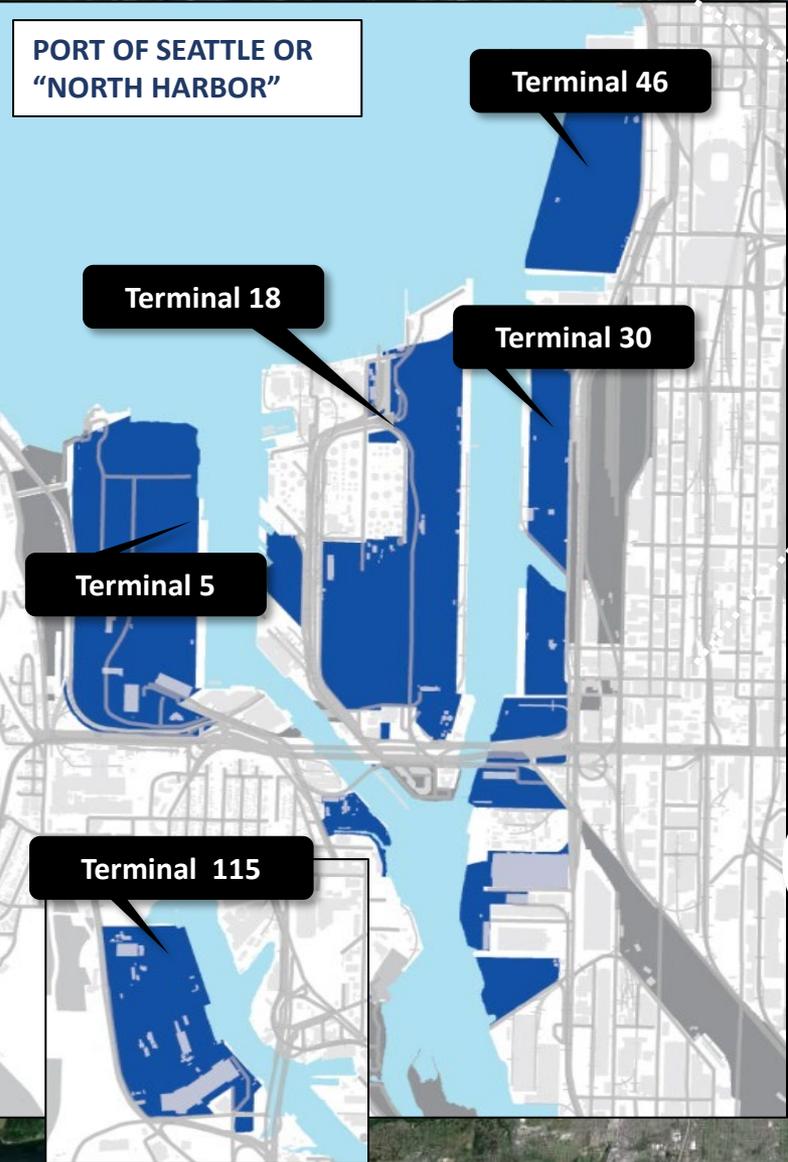
TODAY

TOMORROW



Owned, Chartered and Ordered
 Source: Alphaliner Dec 2015
 *COSCO & APL may change alliances in 2016
 **CSCS will leave shipping industry in 2016

Current Marine Cargo Facilities



Opportunities for Excess International Container Capacity

Autos & RO/RO



Project Cargo



Logs



Bulk Commodities



Domestic Cargo



**CARGO
DIVERSIFICATION**

Industrial Properties



Breakbulk



Domestic Container



Terminal 5 Modernization

Upland
Improvements

Dock
Strengthening

Berth
Deepening

Power
Upgrades





THE NORTHWEST
SEAPORT ALLIANCE

General Central Peninsula

Terminal Expansion & Redevelopment

Olympic
Container Terminal
(OCT)
54 AC

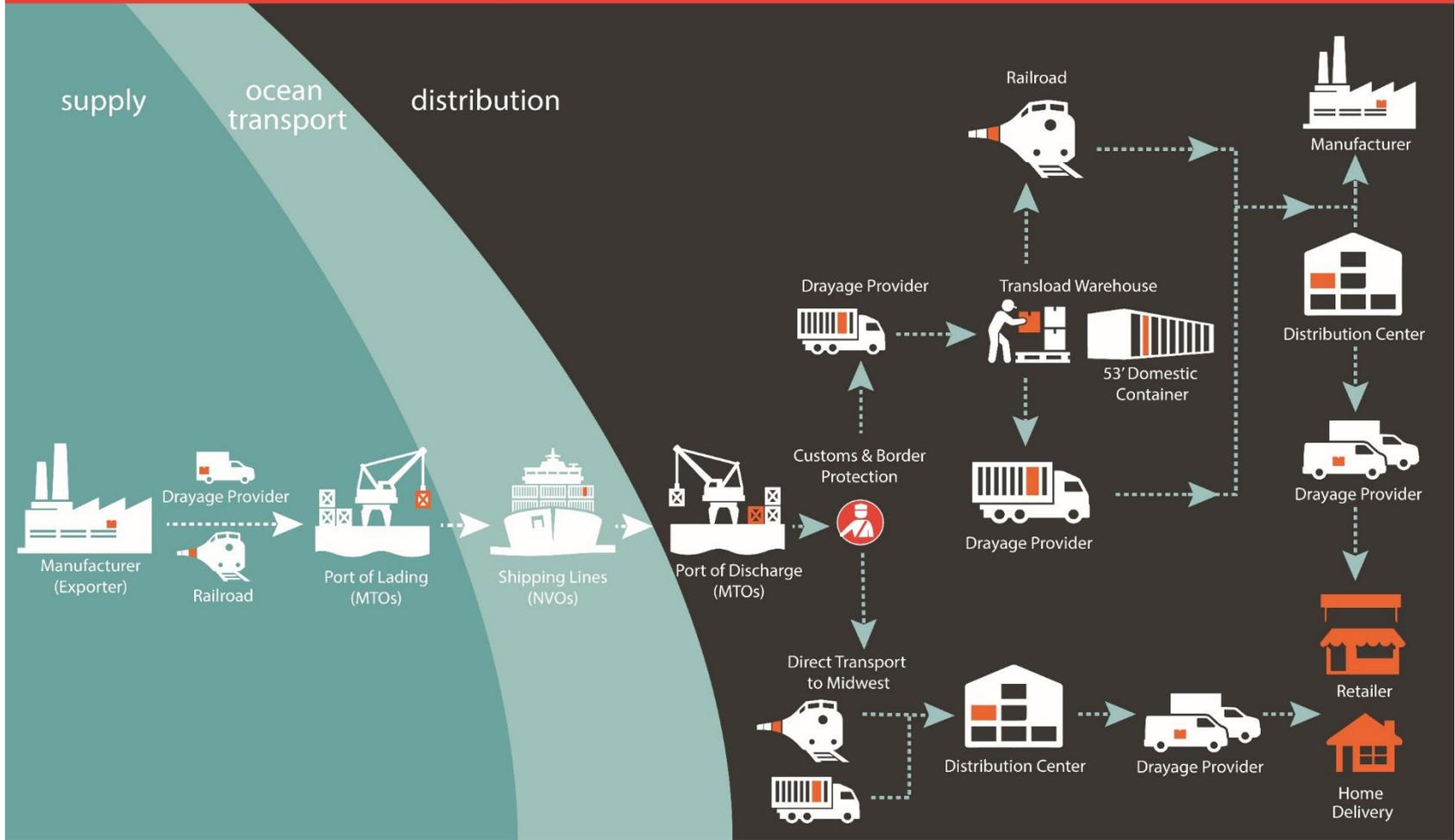
Husky
Terminal
93 AC

North Intermodal Yard (NIM)

APM Terminals
135 AC

South Intermodal Yard (SIM)

IMPORT SUPPLY CHAIN



Operations Service Center

Key Performance Indicators



KPIs

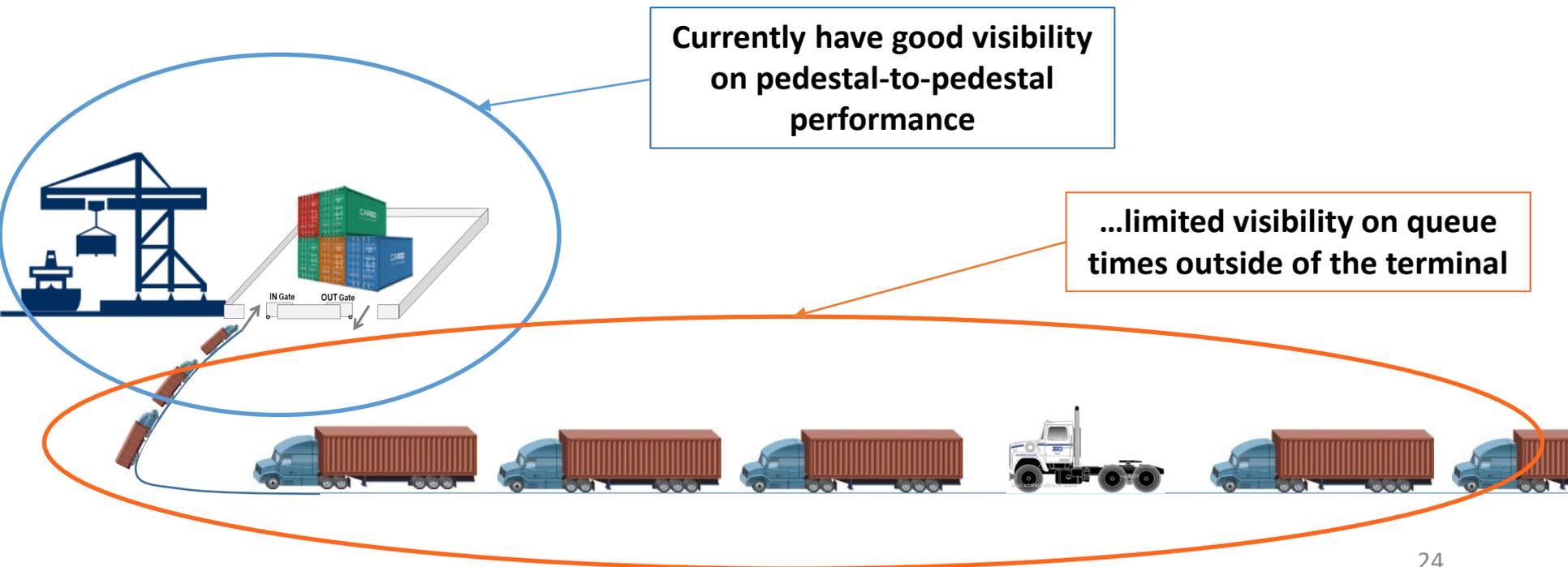
- On-Time pro-forma vessel arrival and departure
- Vessel production
- Truck turn time
- Average import rail dwell
- Import rail transit time

Executive Advisory Council

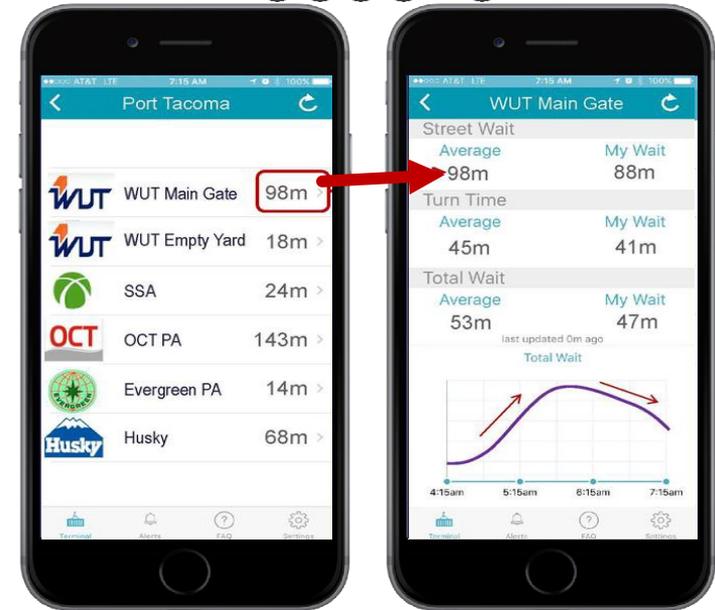
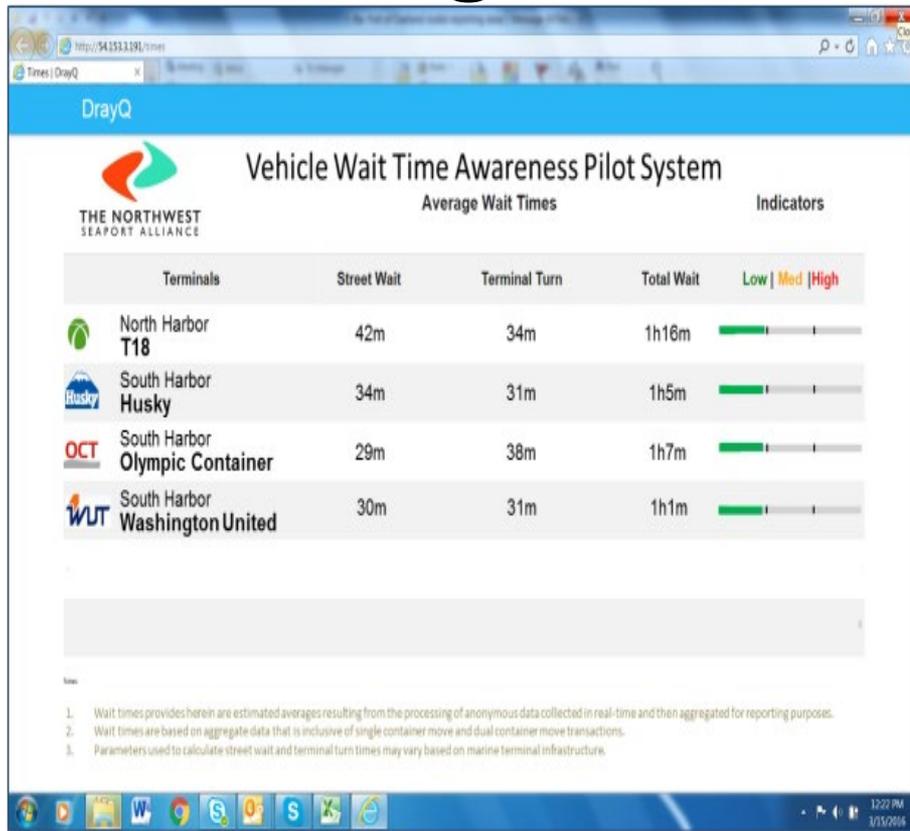


Drayage Truck Wait Time Awareness Program – DrayQ

Goal: Provide visibility of full terminal turn times to port community with the long range goal of integrating the supply chain



DrayQ – smartphone and dash boarding technology



Smartphone access and dash boarding provides estimated transaction times at marine terminals based on real time feeds of current activity levels



Northwest Ports Clean Air Strategy



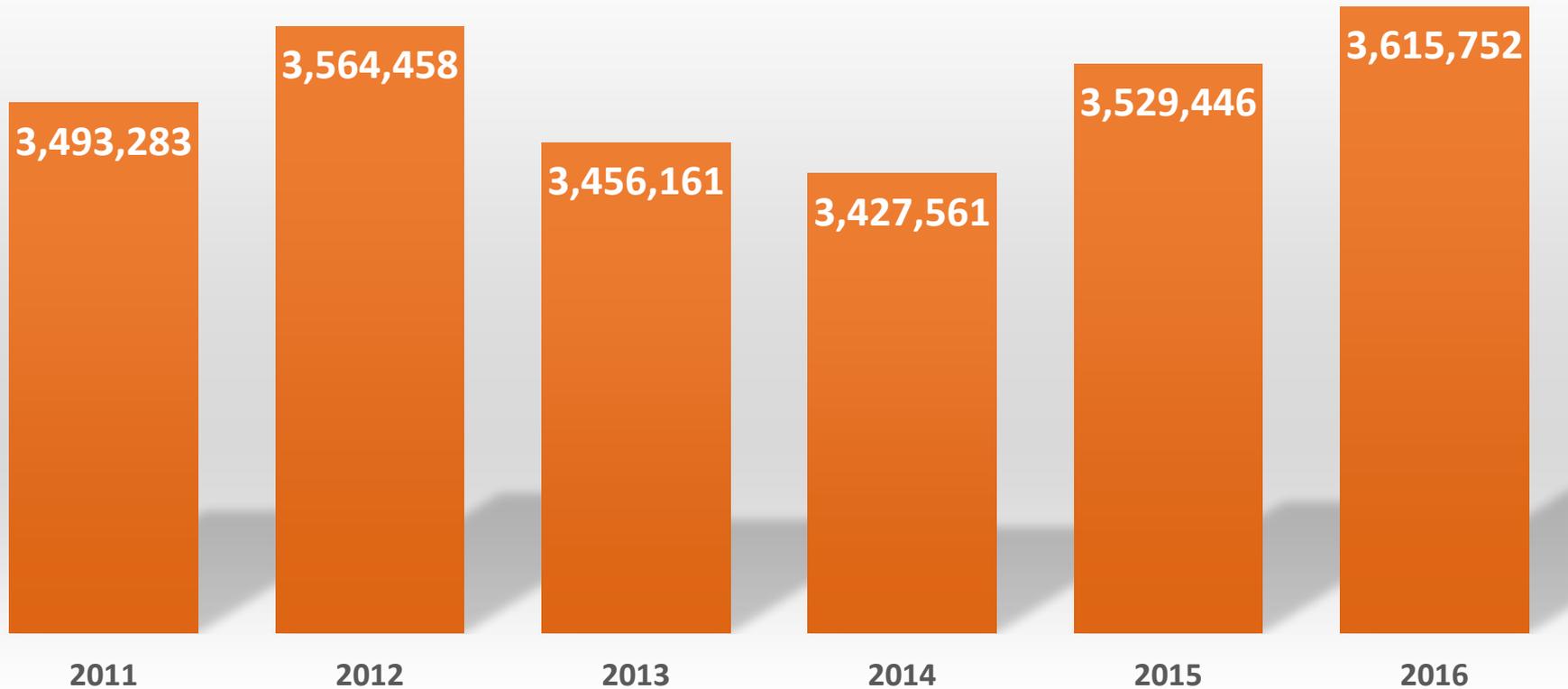
Clean Trucks Program



Fostering Economic Growth in the Pacific Northwest

The Northwest Seaport Alliance— Container Volumes

TEUs – 2011-2016





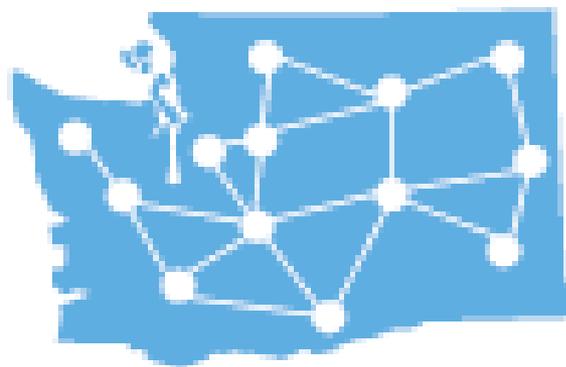
Fostering Economic Growth



\$231M
Washington
State



\$148M
Counties
& Cities



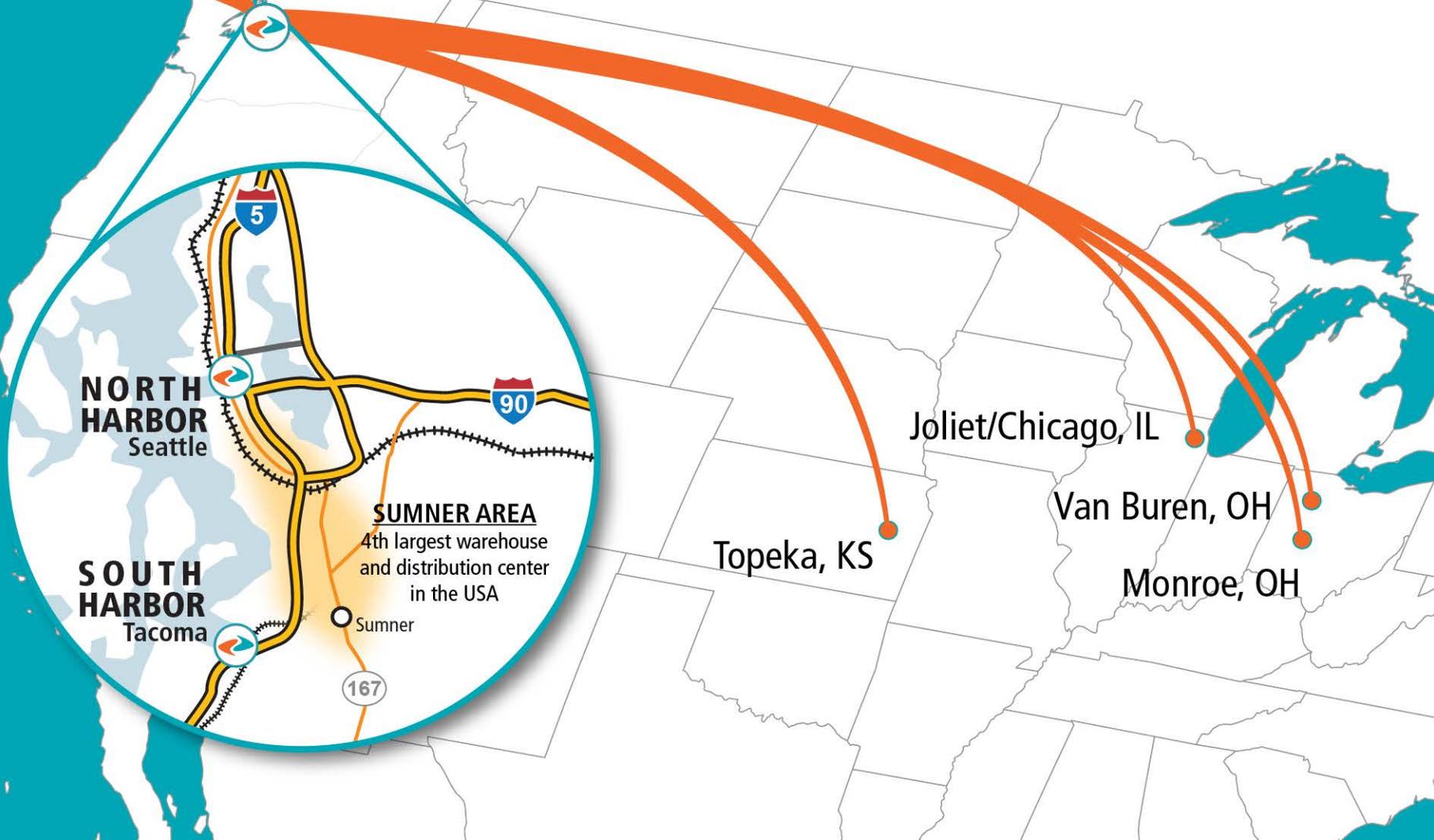
Related economic activity is affiliated with **\$138.1 billion** in total economic activity in the state – one third of Washington's GDP & 4 of every 10 jobs.



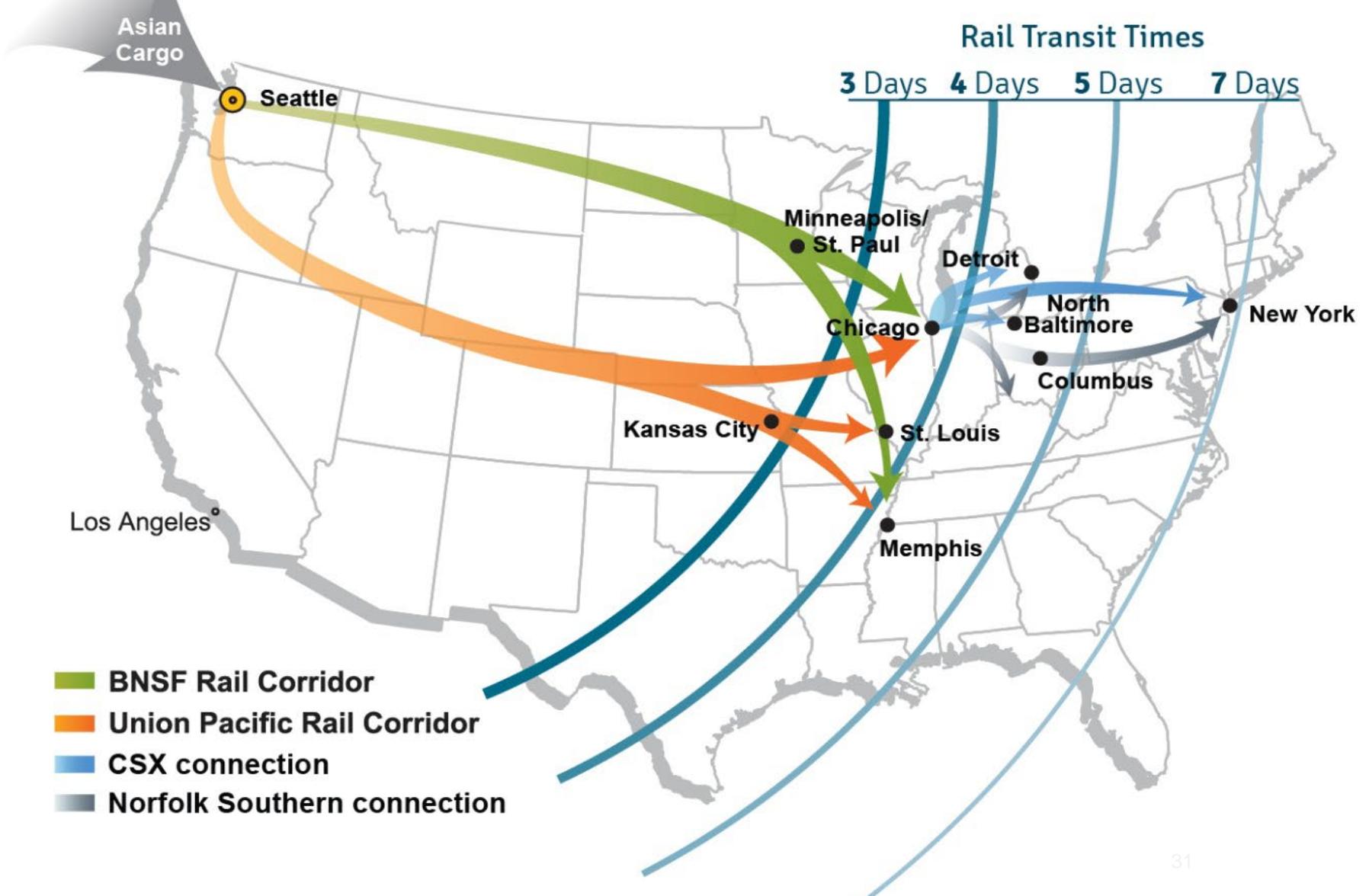
Gateway to the heartland...

CARGO
FROM ASIA

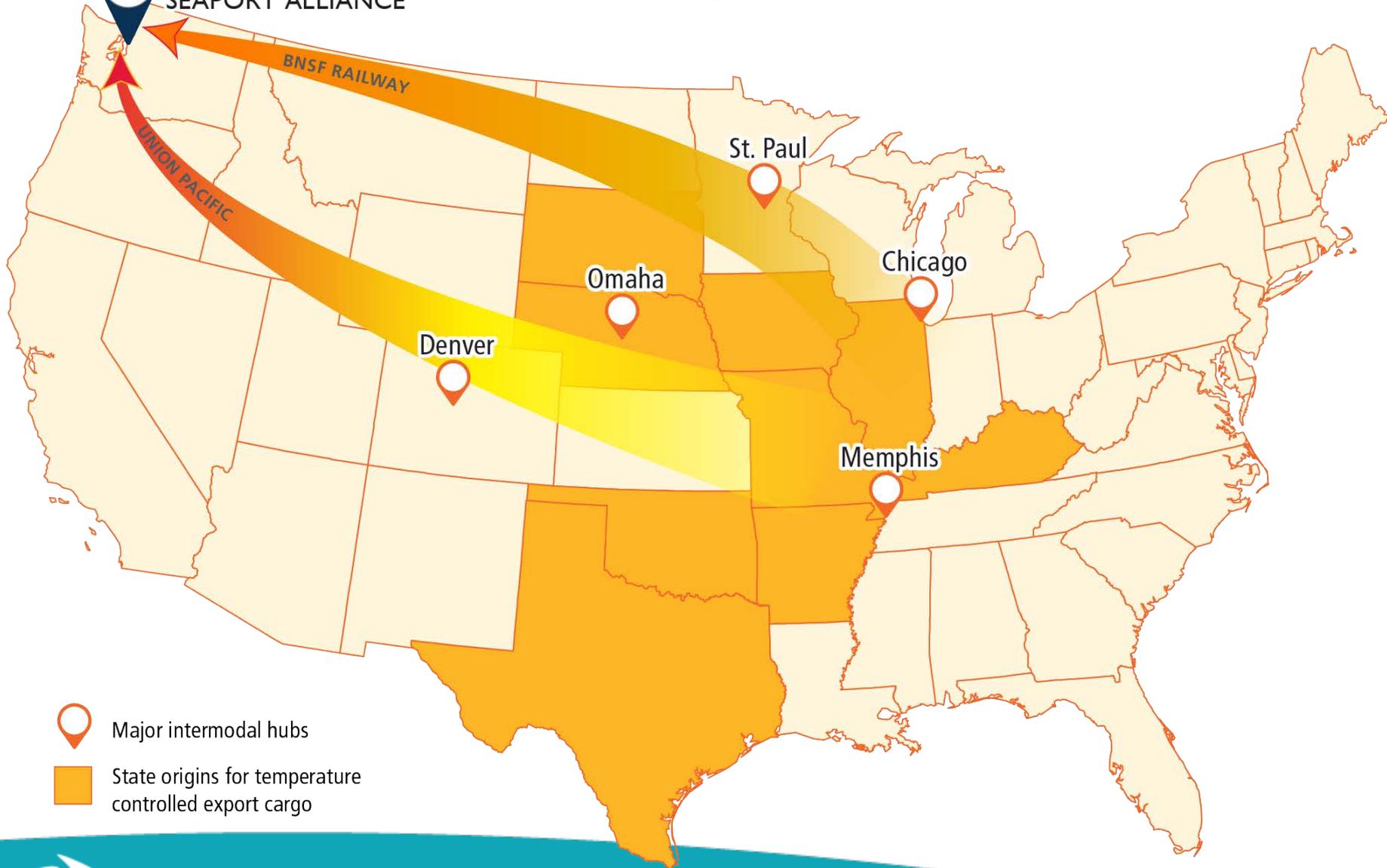
THE NORTHWEST SEAPORT ALLIANCE
Seattle/Tacoma, WA



Seattle Rail Corridors – Fast Transits to the Midwest and East Coast



Rail origins for export cargoes



-  Major intermodal hubs
-  State origins for temperature controlled export cargo

Establish the resources needed to operate some of our terminals.

Diversify portfolio
= still exists

is no need for discussion re: the expansion of the NWSA period, because the collaboration has been so successful.

Presence of integrity in industrial efficient supply chain

green supply chain

Every viable terminal is full to capacity

Maximizing the use of our facilities for trade jobs

Quadrupling of off dock revenues

Brand public appreciation of contribution to jobs in the environment
April 2020

We reach zero shipping emission before 2040. H. Chamberlain-Klein aim for the stars - even if you fall short it's grounded in reality

HEALING IS RECOGNIZED BY THE INDUSTRY AS THE BEST GATEWAY FOR CARGO ACTIVITY IN N.A.

Move us from #7 to top 2 gateway

Surpass Savannah in TEU's!

3RD LARGEST GATEWAY in N.A.

Environment LEADER in State

Greenest Port in N. America

MOST EFFICIENT, CONSISTENT, RELIABLE, INNOVATIVE GATEWAY

Competitive Green Gateway

INCREASE MARKET SHARE

move all lands back into productive use

facilitate a just transition AND environmental strategy to SCALE w/ economic growth

TERMINAL GATES OPEN 5 DAYS

Major hub for renewable energy

publishing when it is timely with great results

NWSA led the successful clean energy transition for our region, industry, + country (for our kids)

Foster jobs creation + economic growth - outperform our competitors

NWSA household name

No state controlled

Factory/ farm gate to consumer data integration

Successful + innovative economic development relationship with our Tribes.

NWSA/Ports SIGNIFICANTLY increased JOBS + businesses for all people, including marginalized communities

increasing investments or changes to our shared mission within circumstances allow