

Item No.: 5A.2-supp
Date of Meeting: June 4, 2019



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

Gate Efficiency Program

Presenter: Dustin Stoker
Title: Chief Operations Officer

Action Requested

Request Managing Members of the Northwest Seaport Alliance (NWSA) to;

1. Authorize to fund the Gate Efficiency Program (Program) to expand gate hours at the NWSA's international container terminals in an amount not to exceed \$2,000,000
2. Authorize the Chief Executive Officer or their delegate to enter into the Gate Efficiency Program with the International Marine Terminal Operators (MTOs) in the North and South Harbors



Background

- MTOs are experiencing periodic backups at the truck gates
- Backups cause congestion on the surface streets
- Volumes are forecasted to grow
 - Realignment of vessel services
 - Additional vessel calls into the gateway
 - Upsizing of some vessel strings
 - Peak Shipping Season
- Offer a more long-term solution than past years



Program Objectives

Goal 1.B of the NWSA's strategic business plan is to enhance the competitive position of the NWSA through improving efficiency and cost competitiveness of the supply chain. By expanding gate service hours, the following benefits will be achieved:

- Provide additional Service Hours
- Enhance gateway performance by **reducing truck wait times**
- Reduced fuel consumption and associated emissions due to reduced truck idling
- Improved Safety
- Boost service and economics to the drayage driver and BCOs (minimize congestion charges)
- Increase **cargo volumes** and related **jobs** by positively influence BCO's future cargo routing decisions
- Diminish overnight truck parking in local neighborhoods and along highways



Program Scope

Three (3) Program Levels

- MTO Commitment
 - **Tier 1:** MTO must operate three (3) off-hour gates per week during the 2019 and 2020 peak seasons and two (2) off-hour gate per week during the non-peak season
 - **Tier 2:** MTO must operate three (3) off-hour gates per week during the 2019 and 2020 peak seasons
 - **Tier 3:** MTO must operate two (2) off-hour gates per week during the 2019 and 2020 peak seasons
- NWSA Reimbursement
 - **Tier 1:** reimburse each MTO up to a maximum of **\$600,000** for actual costs incurred to run off-hour gates
 - **Tier 2:** reimburse each MTO up to a maximum of **\$300,000** for actual costs incurred to run off-hour gates
 - **Tier 3:** reimburse each MTO up to a maximum of **\$200,000** for actual costs incurred to run off-hour gates



Program Notes

Notes:

- Peak Season: July – December
- Non-peak Season: January – June
- Off-hour gates are defined as second shift (1800 – 0300) and third shift (0300 – 0800) Monday – Friday or any shift on Saturday or Sunday

** If the MTO ceases offering off-hour gates during the program term they shall be required to reimburse the NWSA for all funds paid pursuant to the program.*

** The NWSA reserves the right to cancel, modify or extend the program at any time*



MTO Anticipated Commitment

Marine Terminal	Tier Commitment	Funding
Terminal 18 – SSA	Tier 1	\$600,000
Terminal 30 – SSA	-	-
Husky/ITS	Tier 2	\$300,000
Washington United Terminals	Tier 3	\$200,000
Everport	Tier 2	\$300,000
Tacoma Container Terminal	-	-
Total		\$1,400,000



Financial Implications

- Program funds will be generated through normal NWSA operations.
- Staff has identified over \$2 million in budgeted spending for other projects that will not occur in 2019.
- The forecasted operating income for 2019, including this program, is anticipated to meet or exceed the budgeted operating income.
- Although this program will operate for 18 months, it is expected that the funds will be expended in 2019 during the first few months of the program.



Environmental Impacts / Review

Permitting: Not Applicable

Remediation: Not Applicable

Stormwater: Not Applicable

Air Quality: Reduction of fuel consumption and associated emissions due to reduced drayage truck idling



Schedule

MM Authorization	June 4, 2019
MTO Agreements	June 30, 2019
Proposed Program Duration	July 1, 2019 – December 31, 2020
Program Evaluation	Weekly During Program
Program Closeout	January 31, 2021



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