

Item No.: 5B.2_supp
Date of Meeting: June 4, 2019



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

Vessel Service Agreements

Presenter: Andre Elmaleh
Senior Manager, Business Development

Action Requested:

Request Managing Member authorization for the CEO or delegate to extend the current Vessel Service Agreements (VSA) in place with the following customers from July 1, 2019 through September 30, 2019:

- A. World Logistic Services (WLS)
- B. “K” Line Ro-Ro

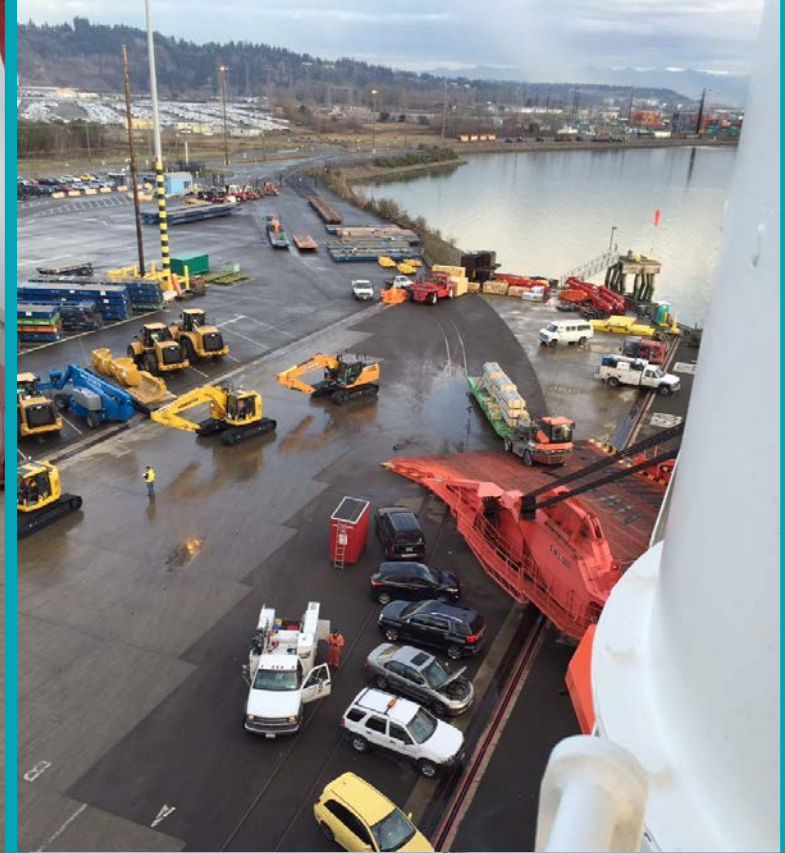




EB-1

Blair

Terminal 7



Background

- Service agreements have been key to attracting and retaining the world's largest RO/RO shipping lines and their breakbulk cargo to The Northwest Seaport Alliance (NWSA) facilities. The negotiated discount from the public tariff is designed to anchor existing customers and to entice new cargo.
- The NWSA has entered into service agreements with various customers for over 20 years with many different steam ship lines. When negotiating an agreement, staff and the customer focus on the highest volume commodities and specific pieces of business targeted to move under this agreement.
- VSAs are typically one year in length and aligned with the annual tariff update in July.
- **VSAs provide The NWSA with the following:**
 - New cargo opportunities
 - Exclusivity of port calls and/or a minimum annual guarantee of cargo



Background Continued

Typical Port Operations Include:

Import:

- Receive cargo from the steamship Line
- Conduct inventory and damage inspections
- Move the cargo to a place of rest
- Use top picks/forklifts to load trucks/trains (if necessary)

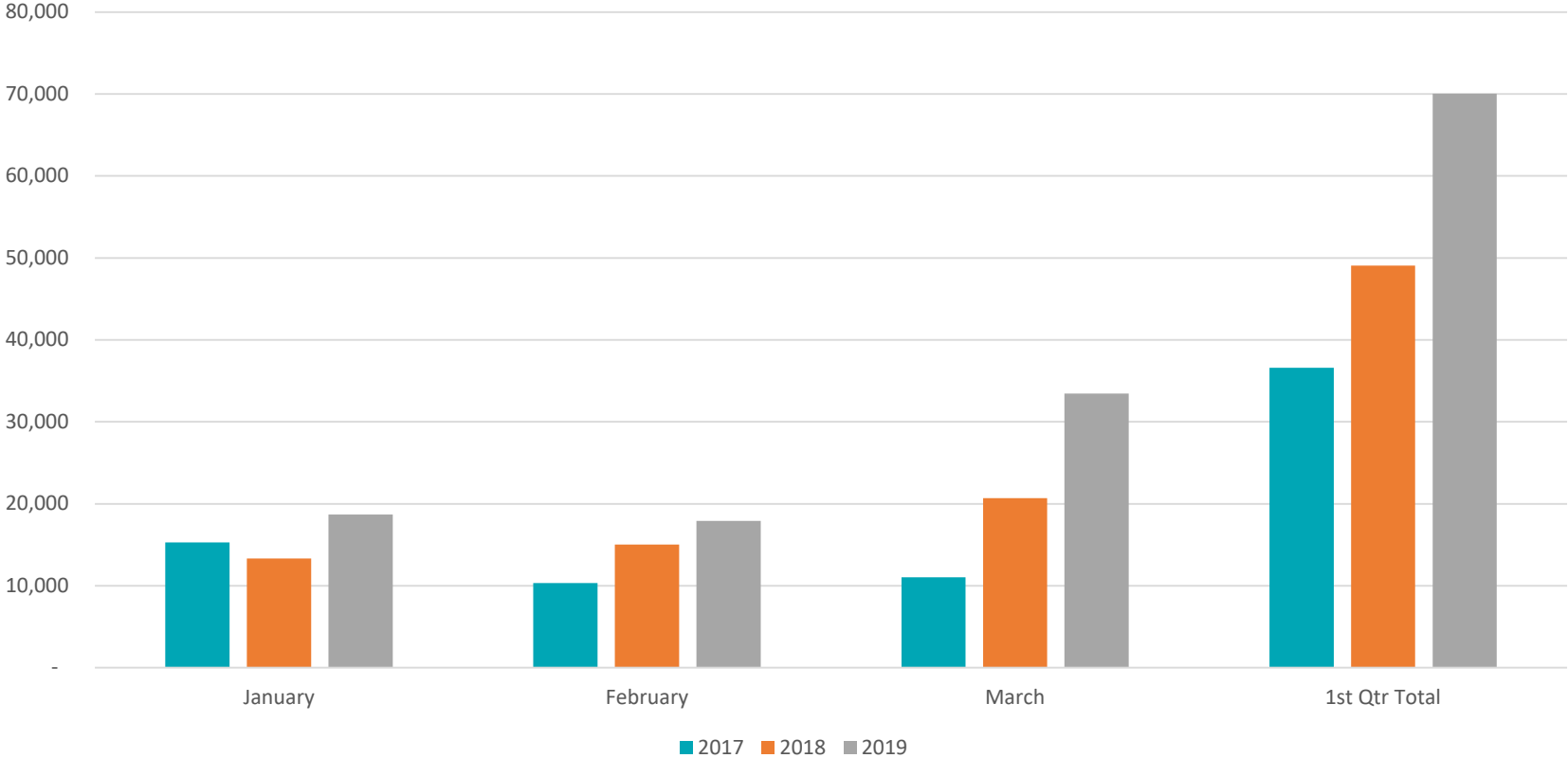
Export:

- Receive the cargo from the exporter via truck or rail
- Inspect the cargo
- Use top picks/forklifts to unload the trucks/trains (if necessary)
- Moves the cargo to a place of rest
- Release cargo to the vessel stevedore for load back onto the vessel



Year Over Year Breakbulk Tonnage Comparison

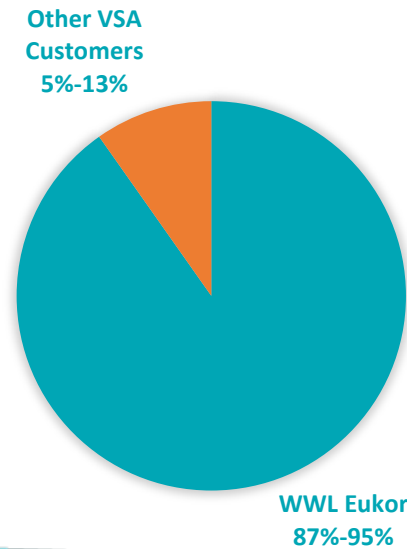
Year Over Year Breakbulk Tonnage Comparison



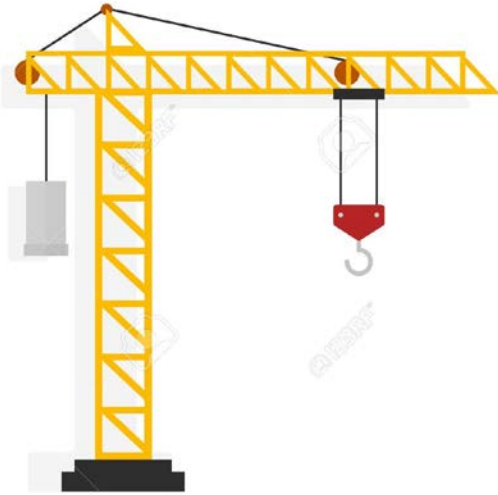
Breakbulk Customers

- Excludes Military billed at the Tariff
- 5-year revenue varies between 5% and 12% (excluding Military)
- Revenue and tonnage do not always correlate due to nature of the cargo
- 2018 direct revenue from VSA customers other than WWL is \$475,000

VSA CUSTOMERS 5-YEAR % OF TONNAGE



Examples of Different Types of Cargo Handled by our VSA Customers



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