Agenda

I. Governance/Introductions
II. OffPeak Program review
III. Review alternate extended gates program proposals
   a. Dynamic and variable pricing
   b. Flat fee with appointments
   c. Port-wide peel-off
IV. Open discussion of alternate extended gates program proposals
V. Set next steps - milestones and deadlines
VI. Closing comments
EXTENDED GATES WORKSHOP
Sponsored by
PierPass

DoubleTree Hotel
San Pedro, CA
October 20, 2016
Before the OffPeak Program

Before July 2005, terminals operated with fixed schedules:
Monday-Friday, 1st shift, 8:00 a.m. – 5:00 p.m.

Extended gates were ad-hoc and their costs were negotiated between the terminals and various parties, i.e., an ocean carrier or a BCO
Before OffPeak –
This Was the Problem

88% of containers were picked-up or delivered during the day between 8:00 a.m. and 5:00 p.m.
Keep on Trucking at the Ports
By James Flanigan

"Either the ports change on their own or face an uprising by the people that will put a cap on their growth," says Janice Hahn, who represents the harbor area on the Los Angeles City Council.
Industry stakeholders and elected officials (including then-Assemblymember Alan Lowenthal and LA City Council Member Janice Hahn) agreed to establish an extended gates program

WCMTOA, the West Coast MTO Agreement, was formed
WCMTOA Established a Fixed Schedule of Extended Gates

<table>
<thead>
<tr>
<th>TERMINAL</th>
<th>Monday Night</th>
<th>Tuesday Night</th>
<th>Wednesday Night</th>
<th>Thursday Night</th>
<th>Friday Night</th>
<th>Saturday Day</th>
<th>Sunday</th>
</tr>
</thead>
<tbody>
<tr>
<td>APM Terminals</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>California United Terminals</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Eagle Marine Services</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Everport Terminal Services</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>O</td>
</tr>
<tr>
<td>Int’l Transportation Service</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Long Beach Container Terminal</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>O</td>
</tr>
<tr>
<td>Pacific Maritime Services</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>SSA Terminals (Long Beach)</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>SSA Terminals LLC</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Total Terminals Int’l</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Trapac</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>O</td>
<td>X</td>
</tr>
<tr>
<td>West Basin Container Terminal</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Yusen Terminals</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Note 1: “O” indicates a terminal is open during that shift. “X” indicates a terminal is closed during that shift.
OffPeak Ensured Additional Labor was Available for the Extended Gate Shifts

In 2015 there were 2,439,765 longshore labor hours worked* during the OffPeak; 42% of the labor worked 44% of the gate moves.

There were 3,414,447 longshore labor hours worked* during Peak; 58% of the labor worked 56% of the gate moves.

* Includes only hours worked related to container receiving & delivery.
Established a TMF (Traffic Mitigation Fee)

- Mitigate traffic by incentivizing containers to move during the OffPeak
- Apply the TMF toward the costs of the extended gates
Determining the TMF Rate

OffPeak costs were determined for the extended gate costs based on:

• Longshore labor
• Marine terminal employees
• Equipment costs
• Administrative costs
PierPass’s role with the OffPeak program

WCMTOA is made up of 13 container terminal operator members in the Ports of Los Angles and Long Beach. WCMTOA is filed with the FMC (Federal Maritime Commission).

WCMTOA established the OffPeak program.

PierPass manages the OffPeak program on behalf of WCMTOA.
The TMF is Paid by Cargo Owners

WCMTOA Schedule No. 1, Rule 2 (P), Definitions

USER – Means (i) any person, company or other entity that is named as shipper or consignee on the ocean common carrier bill of lading issued for Export or Import Cargo, or any person owning or entitled to the possession of the Export or Import Cargo or having a past or future interest in said cargo; (ii) in the case of negotiable bills of lading, any other person, company or other entity that is a bona fide holder of the bill of lading or who is entitled to receive delivery of Export Cargo or Import Cargo; and (iii) any other bailor of Export or Import Cargo.
Which Cargo Pays the TMF?

Import and export loads are assessed the TMF during Peak hours

Which Cargo is Exempt?

OffPeak loads, empties, loads paying the ACTA fee, and transshipment cargo
Established Pricing Predictability

Each mid-year since 2012, PierPass announces the annual TMF adjustment reflecting increases based on Pacific Maritime Association maritime labor cost figures. Notification is:

- Filed with the FMC with 30 day advance notification
- Sent notices to registered users
- Sent notices to those requesting automated updates and newsletters
- Posted to [www.pierpass.org](http://www.pierpass.org)
Cost and methodology posted at www.pierpass.org

Financial reviews conducted by:

- JWD
- Palazzolo and Associates
- WINDES Certified Public Accountants
- SC Analytics
- Federal Maritime Commission
- KPMG in conjunction with the Ports of Los Angeles and Long Beach - currently completing its financial review
Successful Results

Launched in July 2005, the OffPeak program’s extended gates have diverted more than 35 million trucks to nights and weekends

“For the last decade, PierPass has instituted innovative and creative problem solving for the goods movement industry in Southern California,” “Their program has helped to bring jobs to America’s #1 port, while helping us reduce our environmental footprint in the Harbor area.”
- Eric Garcetti, Mayor, Los Angeles, 2015

“The OffPeak program has facilitated the continued growth of the Port of Long Beach, while lowering the adverse environmental impacts of their operations.”
- Robert Garcia, Mayor, Long Beach, 2015
Successful Results

Reduced daytime volumes from 88% to approximately 50%+

“Given the success of OffPeak, many don’t remember how bad it was at the ports in the years before the program’s creation. The OffPeak program really helped reduce the stress on port-adjacent communities and traffic on key freeways.”

- Congressman Alan Lowenthal, 2015
Extended Gates, Once Innovative, Now Becoming the Norm

NY-NJ terminals battle cargo backlogs, extend gate hours

Oakland terminal operator makes extended gate hours permanent

Virginia port extends gate hours to avoid peak season woes

Seattle-Tacoma night gates gain momentum
Alternatives Models for the OffPeak Program

Alternative program requirements:

• Mitigate traffic to ensure continued relief on surrounding neighborhood roadways, freeways, and terminal gates
• Provide extended gates to meet volume requirements
• Offset the cost of the extended gates
  In 2015 - $236,000,000
  Expected 2016 - $241,000,000
Alternative program requirements: Must be capable of handling container volumes at the ports

2015 - 10,966,962 TEUs
2016/2017 - ~11+M TEUS
Alternative OffPeak Program
Model Proposals

1. Dynamic and variable pricing
2. Flat fee tied to an appointment
3. Ports-wide peel-off
Dynamic and Variable Pricing

Adjust the TMF up and down throughout the day to influence pickup and deliveries at identified slower periods of the day
Dynamic and Variable Pricing
Addresses Peaks and Valleys at the Gates

Averages based on Oct 2015 through Sept 2016
Dynamic and Variable Pricing

Users would maintain a deposit with PierPass which would be charged based on when the trucker departs the terminal during Peak
Flat Fee Tied to an Appointment

Recoup the cost of the OffPeak program by assessing a flat fee on every loaded container
Flat Fee Tied to an Appointment

Mitigate traffic volumes by allocating a fixed number of appointments for the Peak shift and the OffPeak shift
Port-wide Peel-off

Similar to airport taxis that take the next passenger in line and deliver to destinations that have pre-set fares based on zone pricing
Port-wide Peel-off

BCOs declare when they want their container picked-up and where it is to be delivered

Undeclared containers will be placed into a Random Pickup stack and addressed separately
Containers are discharged and stacked by pick-up date
Port-wide Peel-off

Trucks arrive and are given the next container being peeled-off from the top of the container stack to be delivered to their destination
PierPass works with the Advisory Committee for initial report

Advisory Committee expands with an Extended Gates Subcommittee
Next Steps Timelines

**November 3rd:** Notes from the Extended Gates Workshop distributed to the PierPass Advisory Committee for comments.

**November 18th:** Advisory Committee comments submitted back to PierPass.

**December 8th:** PierPass Advisory Committee meets to develop reports summarizing extended gates alternatives, to include the pros and cons as presented and possible recommendations for next steps. Summary of the report to be compiled into an initial draft report by PierPass staff.

**February 1st:** Initial draft report presented to the PierPass Advisory Committee.

**February 22nd:** PierPass and PierPass Advisory Committee will meet to discuss the initial draft report.
March 1\textsuperscript{st}: An Extended Gates Report and Recommendations draft will be prepared by PierPass staff.

March 15\textsuperscript{th}: The Extended Gates Report and Recommendations draft will be distributed to the Advisory Committee and its Extended Gates Subcommittee. The Report and Recommendation will be posted on the PierPass website. The Extended Gates Committee will be asked to review and provide their comments by April 3\textsuperscript{rd}.

April 19\textsuperscript{th}: PierPass will distribute the final draft of the Extended Gates Report and Recommendations.

May 4\textsuperscript{th}: Follow-up Extended Gates Workshop meeting.
Thank you

Questions?