



**OffPeak Appointment System with Flat Fee
Questions & Answers
November 19, 2018**

Top Questions

Q: What has changed with the OffPeak program?

A: PierPass has modified the OffPeak program used for truck traffic mitigation at the Ports of Los Angeles and Long Beach by replacing the previous incentive-based pricing model with an appointment-based system that uses a single flat fee on both daytime and nighttime container moves. Traffic mitigation will be accomplished through each terminal's appointment system. The Traffic Mitigation Fee is now charged with a lower fee that is constant across all hours of operation.

Q: Why did PierPass change the OffPeak program?

A: WCMTOA members responded to requests from the supply chain to amend the OffPeak program. There was strong industry support for a shift to appointment systems.

Port users expressed a desire for changes to increase flexibility and to address the bunching up of trucks that often occurred before the start of the OffPeak shifts.

Q: When did the new program begin?

A: November 19, 2018

Q: Does PierPass continue to administer the program?

A: Yes.

Q: How much is the fee with the new program? How will the fee be set?

A: The new flat fee is \$31.52 per TEU; the rate for all other sizes is a flat fee of \$63.04.

Q: What types of cargo will pay the fee, and how is that different from the previous OffPeak program?

A: The Traffic Mitigation Fee charged only on Peak cargo moves has been replaced by a fee that is constant across all hours of operation. Other than that change, the same types of cargo pay the fee.

The following cargo is exempt:

- Empty containers or empty chassis;
- Import cargo or export cargo that transits the Alameda corridor in a container and is subject to a fee imposed by the Alameda Corridor Transportation Authority;

- Domestic cargo; and
- Transshipment cargo (cargo that arrives at the Port of Los Angeles or Long Beach on one vessel and leaves a second vessel without entering U.S. commerce)

Q: Which types of containers require appointments?

A: Appointments are required for picking up import containers.

Q: Is the fee by container or by appointment?

A: By container, as it is under the existing OffPeak program. (Specifically, it is by TEU, twenty-foot equivalent unit.)

Q: How was this decision reached?

A: The members of the West Coast MTO Agreement (WCMTOA)—the 12 marine terminal operators at the two adjacent ports—reached the decision after an 18-month process of consultation with industry stakeholders, and an analysis and survey by industry consultants. The process has included a series of meetings beginning with an Oct. 2016 workshop where WCMTOA met with more than 70 leaders representing importers, exporters, trucking companies, logistics providers, elected officials, government representatives, port authorities and other supply chain stakeholders. Subsequent meetings to address the issues surrounding the alternative models were held with the 40 supply chain stakeholders who together comprise the PierPass Advisory Committee and the Extended Gates Subcommittee.

In November 2017, PierPass retained the consulting firm The Tioga Group Inc. and its partner World Class Logistics (WCL) Consulting Inc. to evaluate alternative models and conduct a more comprehensive review of stakeholder opinion.

Tioga and WCL found that appointment systems are a more effective way to manage truck flow and terminal workload, and that the current incentive fee on daytime containers moves could be replaced with a flat fee on both days and nights to function better with appointment systems and eliminate issues related to the shift change.

Q: What are advantages of the new program?

A: The original OffPeak was designed as a static and fairly inflexible system, lacking the ability to evolve over time as industry practices and technology changed—basically, the program was only shift-based.

The new appointment system model has an inherent ability to evolve over time to reflect changing industry needs and improvements in technology. It also has a lot of flexibility for terminals to evolve their systems and practices over time in response to customer needs, as new best practices emerge, and in response to competitive pressures.

The new program is expected to mitigate the congestion that occurs at marine terminals in the late afternoon as trucks would queue prior to the start of OffPeak gates at 6 p.m.

We also expect to see more dual transactions, as it is easier to pair container drop-offs and pick-ups with no difference in TMF rates between day and night.

Q: How will a new appointment system help turn times?

A: The objective is to reduce the number of trucks that would wait inside or outside the marine terminals for the OffPeak shift to begin, as the same rates are applicable to both shifts.

Appointment systems flatten truck visits across two shifts, which also mitigates peaks and valleys. Appointment systems enable MTOs to schedule longshore labor to match planned pickups and drop offs.

Q: Why don't exports require appointments?

A: Some terminals already have appointment systems that are used for exports; others are in the process of adding them. Please check with individual terminals for their requirements.

Q: The traffic mitigation mechanism of the previous OffPeak model applied to both import and export loads. Does leaving exports out of many of the appointment systems risk losing control of traffic congestion? Do more export loads migrate to days?

A: Exports are often delivered as part of a dual transaction, with the truck picking up either an import load or an empty for the return trip. Either the export is delivered when the truck goes to the terminal to pick up a scheduled import container, or it picks up an empty for the return trip.

Q: Do terminals require appointments for returning empties?

A: Some terminals require appointments for empties. Please check with individual terminals for their requirements.

Program Operations

Q How will the program evolve over time?

A: As the program matures, the new appointment system model has an inherent ability to evolve over time to reflect changing industry needs and improvements in technology. It also has a lot of flexibility for terminals to evolve their systems and practices over time in response to customer needs, as new best practices emerge, and in response to competitive pressures.

Q: How many appointment options are offered per container? How many day and night?

A: Please check with individual terminals for their requirements – see www.pierpass.org/appointments/.

Q: How many extended gate shifts does each terminal offer per week?

A: There is no change to the current schedule of extended gate shifts. Individual terminals change their schedules occasionally, and updates are published in the WCMTOA schedule and on www.pierpass.org. The current OffPeak shift schedule is at <https://www.pierpass.org/wp-content/uploads/2018/11/WCMTOA-Schedule-11-19-2018.pdf>.

Q: Will there be a single appointment system portal for all the terminals?

A: There are a range of opinions within the industry and among terminals about how to achieve a single appointment system portal. Challenges include the fact that terminals currently use multiple different appointment systems and terminal operating systems.

For the time being, each terminal will continue to use its own existing appointment system. The terminals plan to look at best practice opportunities for common portals once the port-wide program is in place.

Q: Is there any compensation to truckers if the terminal fails to serve them during their appointments?

A: The modified program is a non-punitive system. Neither truckers nor terminals pay or gain compensation for missed appointments.

Q: Does free time start with the first available appointment?

A: No change is planned to current free time rules, which are part of the ports' tariffs. Please check with individual terminals for their requirements.

Q: Can truckers reschedule for an appointment on the same day if they cancel or miss on that day?

A: Each terminal system has its own operating parameters. Please check with individual terminals for their requirements.

Q: Can we make appointments before the container becomes available?

A: Some terminals' systems do allow this, also known as predictive appointments. Please check with individual terminals for their requirements.

Q: Are appointments required for peel-off piles?

A: Peel-off piles are managed separately by each terminal.

Financial Issues

Q: How long can we anticipate this new program will operate without an increase?

A: Historically, the TMF is adjusted in line with ILWU labor contract increases.

Q: How much revenue is this program expected to raise per year?

A: The goal is to continue to offset the cost of providing extended gates. For more information, please visit www.pierpass.org/financials/.

Q: Is there a financial incentive, like a reduced fee, for containers using peel-off piles?

A: No, peel-off is not part of the OffPeak program; it is managed separately by each terminal.