PierPass Advisory Committee and Extended Gates Subcommittee Meeting

January 29, 2019
San Pedro, CA
I. Governance/protocol/attendance
II. Review of OffPeak program and introduction of 2.0
III. Overview of appointment systems
IV. Open discussions
   A. How has 2.0 been working?
      1. Input from BCOs
      2. Input from trucking
      3. Brokers and others in the supply chain
      4. Input from MTOs
   B. Reviewing recommendations
V. Take-aways
VI. Other
VII. Next meeting - October

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A look back at “Why” we addressed extended gates

Before the OffPeak program, 88% of containers were picked-up or delivered between 8:00 a.m. and 5:00 p.m.
Calls came locally and on a state level for the terminal operators to address the congestion.

"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.

WCMTOA, the West Coast MTO Agreement, was formed.
WCMTOA is made up of 12 container terminal operator members in the Ports of Los Angeles and Long Beach. WCMTOA is filed with the FMC (Federal Maritime Commission).

PierPass manages the OffPeak program.

PierPass’s role with the OffPeak program
WCMTOA Established a TMF (Traffic Mitigation Fee) for the extended gate shift

- Originally, traffic was mitigated by incentivizing containers to move during the 2\textsuperscript{nd} shift by exempting them from the TMF

- The TMF was used to help offset costs of the extended gates
Determining the TMF Rate

OffPeak costs were determined for the extended gates using 2nd shift costs based on:

- ILWU labor for the yard and gate only
- Non-ILWU labor for the yard and gate only
- Equipment costs for the yard and gate only
- Administrative costs
The TMF Rate

In 2017...

- $197M collected from the TMF was distributed to the WCMTOA members

- The OffPeak program cost the WCMTOA members $274M
Extended Gate Programs

Once innovative – now the norm
Successful Results

Reduced daytime volumes from 88% to approximately 50+%. Diverted more than 43 million trucks away from peak traffic.

"if it ain’t broke, don’t fix it!"

Why change the OffPeak program? Why go to a 2.0?
Why Change The OffPeak Program?

WCMTTOA listened to industry calls for a change and responded

• Held Town Hall style meetings with BCOs, Customs Brokers, Freight Forwarders, Trucking Cos., Marine Terminal Operators, Port Authorities, Elected Officials and Associations
• Established the Extended Gates Subcommittee (EGSC) and had meetings with the EGSC and the PierPass Advisory Committee
• Circulated working papers
• Hired transportation consultants
• Reviewed alternative models
Why Change The OffPeak Program?

What was heard:

• Address the truck bunching between the Peak and OffPeak shifts – trucks queuing-up; starting at 3 pm
• Better planning with appointment systems
• Better planning with common business rules
• Possibly increase dual transactions as empties (exempt) would not be brought back during the day
• Reduce the TMF by spreading it across more shifts
• Do not opt for the port-wide peel-off or dynamic pricing models
Changing the OffPeak Program

• WCMTOA members approved plans to amend the OffPeak program

• Filings were made with the Federal Maritime Commission and the program’s changes were implemented on November 19, 2018
Changes to the OffPeak Program

• The TMF is now applicable on all non-exempt containers during all days/all shifts
• The TMF rate was reduced from $72.09 per TEU to $31.52 per TEU

➢ The adjusted TMF maintained revenue neutrality with the previous TMF, including the annual adjustment for ILWU wage increases
Changes to the OffPeak Program

• Definition of “exempt” containers
  • Empty containers
  • Rail intermodal containers
  • Transshipped containers (cargo that arrives at the Port of Los Angeles or Long Beach on one vessel and leaves on a second vessel without entering U.S. commerce)
  • Domestic cargo
  • Cargo moving during off-peak hours
Changes to the OffPeak Program

Common business rules were filed

- Import containers require appointments
- Appointment windows are two hours
- No appointments after 3:30 p.m. on the 1st shift and 1:30 a.m. on the 2nd shift
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Appointment Systems Overview

MTOs’ schedule when to work blocks of containers on the terminal

Tuesday
10:00 a.m. – 12:00 p.m.

Wednesday
7:00 p.m. – 9:00 p.m.
The day and time will be displayed on the terminal’s web-based appointment system.

Select an appointment as soon as possible to avoid waiting until free time expires.
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