

THE UNIFIED VOICE OF THE SEAPORT INDUSTRY

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# Port Cooperation Agreements Propelling Capital Projects

***AAPA Capital Projects Seminar***

***Norfolk, VA  
May 9, 2018***





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PortMiami



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Northwest Seaports  
Alliance



# Port Cooperation Agreements Can Propel Capital Projects

## PORT/MIAMI



*Delivering Excellence Every Day*

# PORTMIAMI QUICK FACTS

- ❖ PortMiami, located in Miami-Dade County, one of the most diverse, multicultural populations in the U.S. Miami one of the worlds ideal centers for international trade and tourism
- ❖ Among the Top Container Ports in Florida – More than **1,024,000 TEUs in 2017**
- ❖ Cruise Capital of the World – More than **5.4 million passengers in 2017**
- ❖ Economic Impact: **\$27 billion and 207,000** Direct/Indirect Jobs to South Florida





# BUSINESS GROWTH

## **BIGGER CARGO SHIPS**

- **312% increase in vessel calls over 5,100 TEUs since 2014**
- **11,000 TEU call- October 2017- Maersk Gerta**
- **17% Volume Growth 2014-2017**

## **BIGGER CRUISE SHIPS**

- **New Cruise Ships Embark/Disembark 12,000 pax/call**
- **10% Volume Growth 2014-2017**

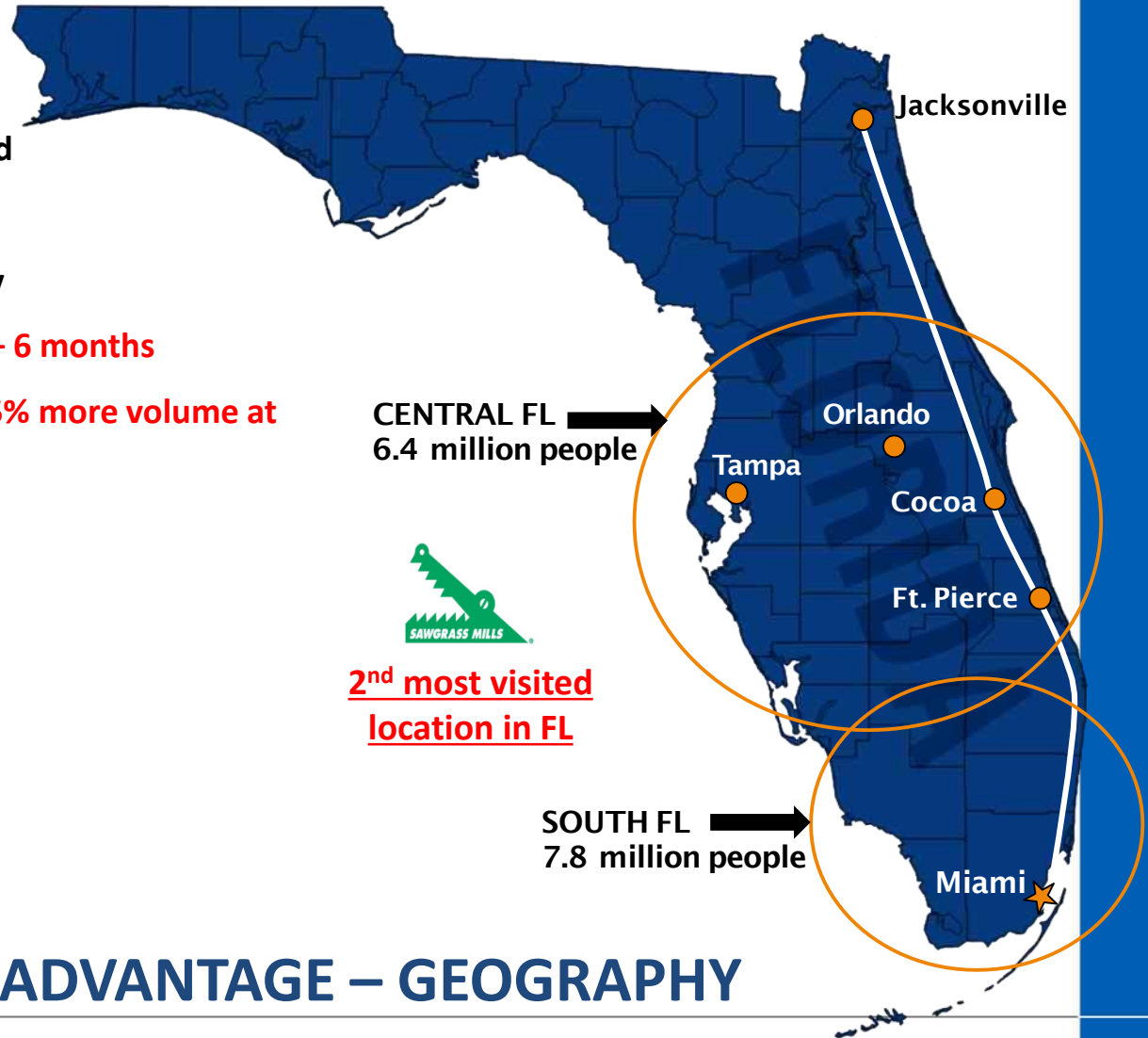


# ADVANTAGE – CARGO ATTRACTED TO POPULATION

## Florida

*Slide source: U.S. Department of Commerce: U.S. Census Bureau*

- 3<sup>rd</sup> most populous state
- 4<sup>th</sup> largest GDP in U.S.
- 18<sup>th</sup> largest GDP in the world
- 20 million residents
- 105 million visitors annually
  - More Visitors stay 3 – 6 months
  - Super consumers - 25% more volume at South Florida malls



## DIS-ADVANTAGE – GEOGRAPHY

BIG SHIPS WELCOME

# \$1 BILLION INFRASTRUCTURE - COMPLETE

- -50/-52 ft. depth deep dredge completed



- Fast Access Port Tunnel



- Intermodal On-dock Rail



- Super Post-Panamax cranes



# COOPERATION

- Framework for Joint Participation
- Shared Objectives
- Outcomes that Override Competitive Forces



# WHY COOPERATION IS IMPORTANT



Fiscal Year	Port Acreage	TEU	Cruise Passengers
2009	522	807,000	4,110,000
2017	522	1,100,000	5,400,000
2025	522	1,450,000	8,200,000

**WE HAVE TO DO MORE ON THE SAME FOOTPRINT**

# FMC No. 012442

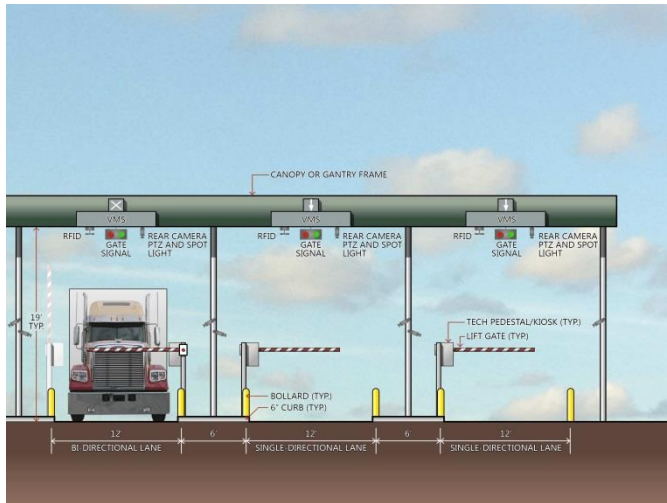
- ❖ Parties to the Agreement;
  - ❖ South Florida Container Terminal,
  - ❖ Port of Miami Terminal Operating Company, L.P.
  
- ❖ Authorizes parties to meet... and agree on:
  - ❖ Rates, charges, rules for terminal services and facilities
  - ❖ Cargo handling practices
  - ❖ Operation of the gates
  - ❖ Hours of operation
  - ❖ Turn times
  - ❖ Technology
  - ❖ Infrastructure improvements
  - ❖ Space sharing

And the parties can;

- ❖ meet individually or as a group with local government agencies (that's us) to discuss any of these matters

# PHASE 1 – JOINT-INVESTMENT PROJECTS

## RFID POWERED TRUCK GATES



## e-RTG SYSTEM



BIG SHIPS WELCOME

## REEFER RACKS

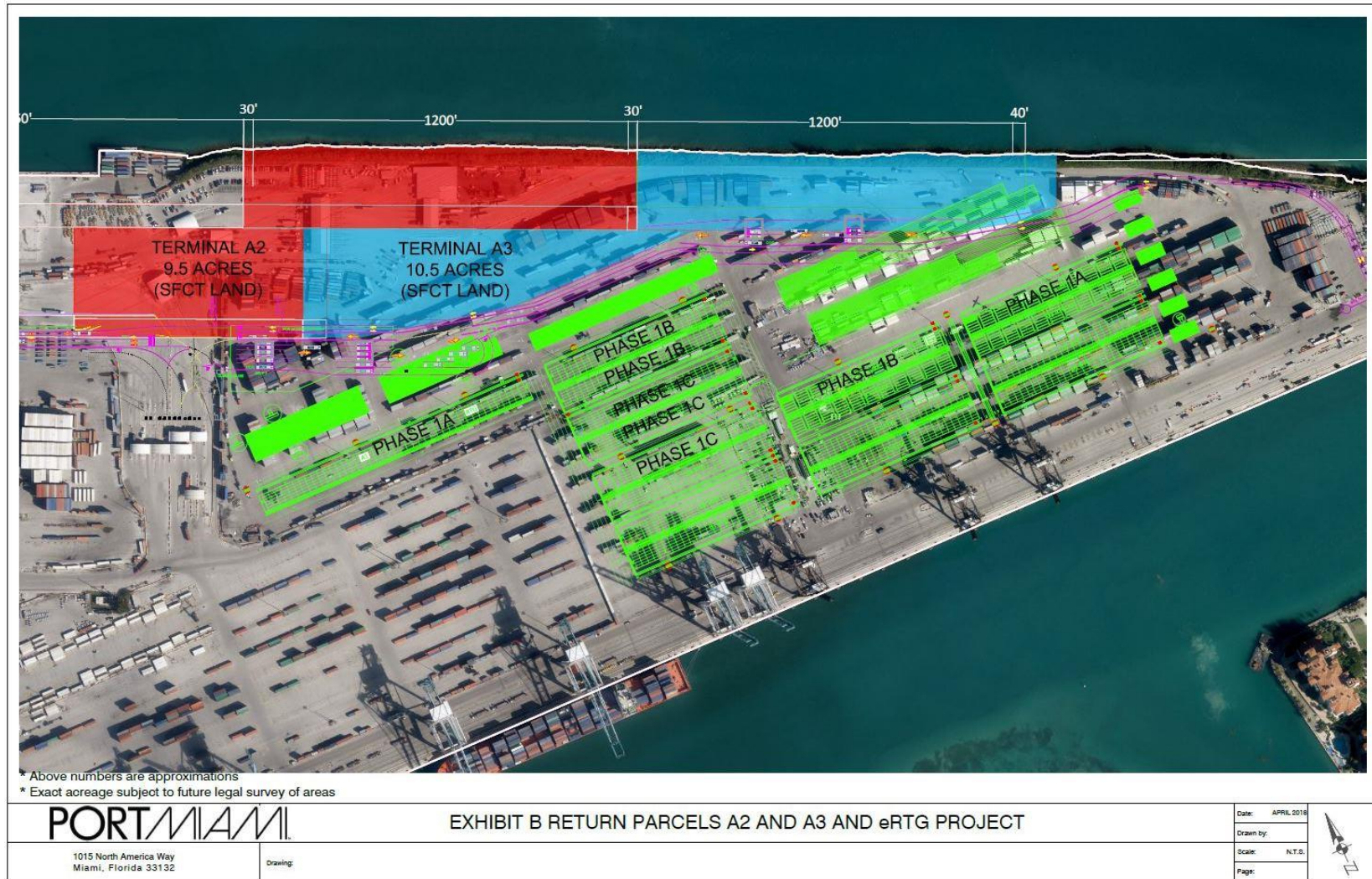


## NEO-POST PANAMAX CRANES





# First Phases of Cargo Yard Density



Conversion to e-RTG = 40% Increase in Capacity – Cargo loses 20 acres to Cruise



## Cargo Terminal Gate Consolidation

- Automated gates: pre-arrival data, OCR, RFID
- Reduce processing time and carbon footprint
- Increases cargo yard efficiency
  - pending moves integrated into yard management software



## After Cooperation; The Agreement

- The real Work Begins
  - Financial Participation of the Parties
  - Design Agreement
  - Construction Schedules
  - Responsibilities for Unforeseen Cost & Delay
  - Maintain Daily Operations During Construction
  - Volume Increase Guarantees Post-Construction
    - Achieving ROI



## Can Cooperation Agreements Propel Capital Projects?

- Not Simply with Signatures on Paper
- Yes,
  - With the Required Effort,
  - and Diligence to,
  - Leverage the Platform the Agreement Affords



**THE NORTHWEST**  
SEAPORT ALLIANCE  
Gateway to Solutions

**American Association of  
Port Authorities**  
May 9, 2018



# Key Strategic Findings for the PNW Gateway



## **Inadequate capability to handle multiple ultra-large container ships**

- Too many small terminals that do not fit the strategic requirements for handling big ships.



## **Formation of mega-alliances**

- Consolidation of ports and terminals
- Shipping lines divesting of terminals



## **Excess terminal capacity**

- Too many acres dedicated to containers



# Canadian Threat to US Ports

**Prince Rupert  
Port Authority**

ADDITIONAL  
**500K  
TEUs**  
CAPACITY  
IN 2017

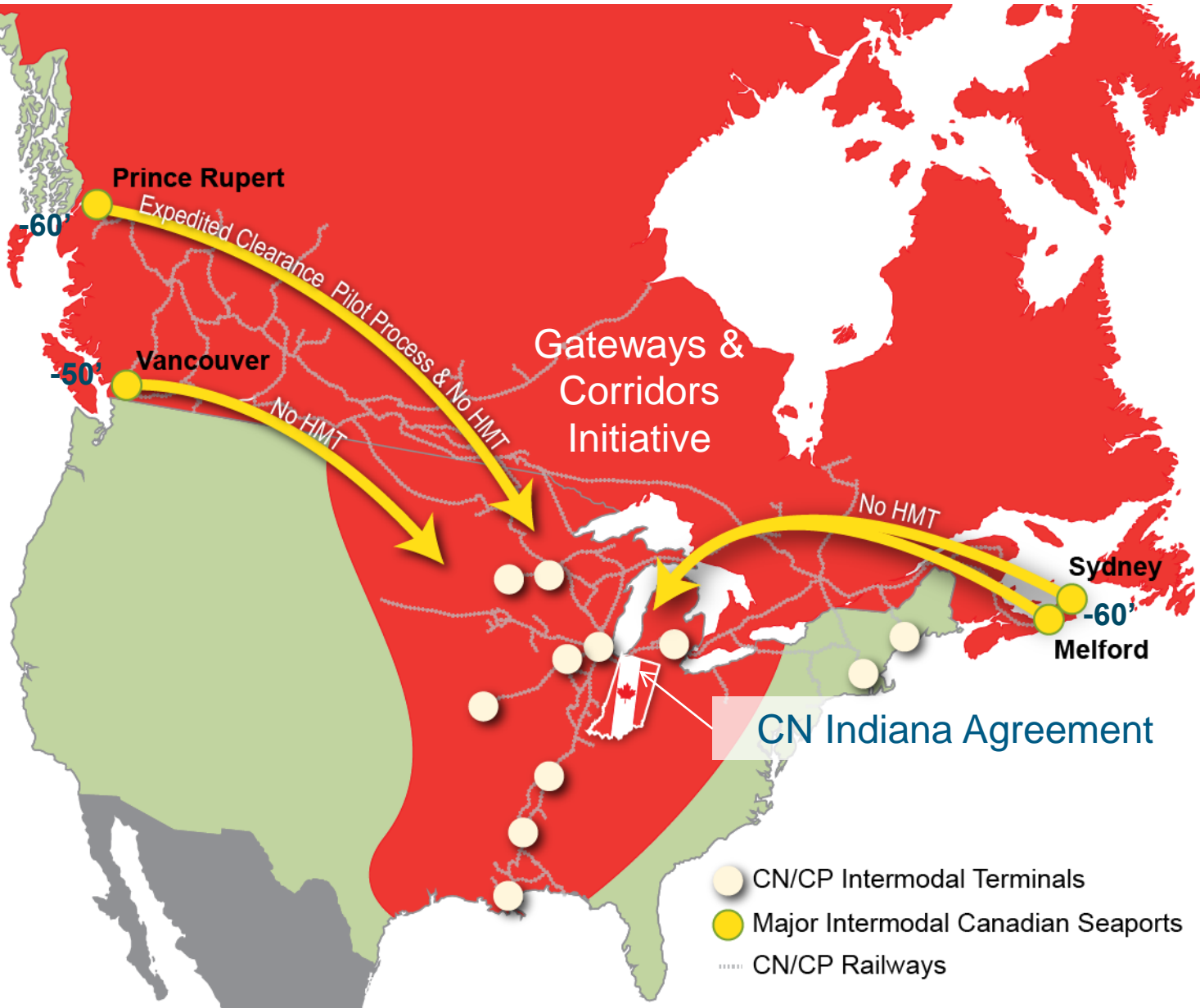
**Port of Vancouver**

Announced  
Expansion to  
**1.5M  
TEUs**

Centerm

ADDITIONAL  
**600K  
TEUs**  
RAIL CAPACITY  
IN 2017

Deltaport



# PNW GATEWAY CRITICAL SUCCESS FACTORS



Increased terminal utilization



Productivity enhancements



Rail competitiveness



Infrastructure investment



Regulatory climate

# GATEWAY RISKS



Continued cargo erosion to other gateways



Terminal productivity



Rail Competitiveness



Late to market with strategic terminals



Regulatory environment



Global trade patterns shift



*Pacific  
Ocean*

*Puget Sound*

Seattle

Tacoma

# THE NORTHWEST SEAPORT ALLIANCE

WASHINGTON

IDAHO

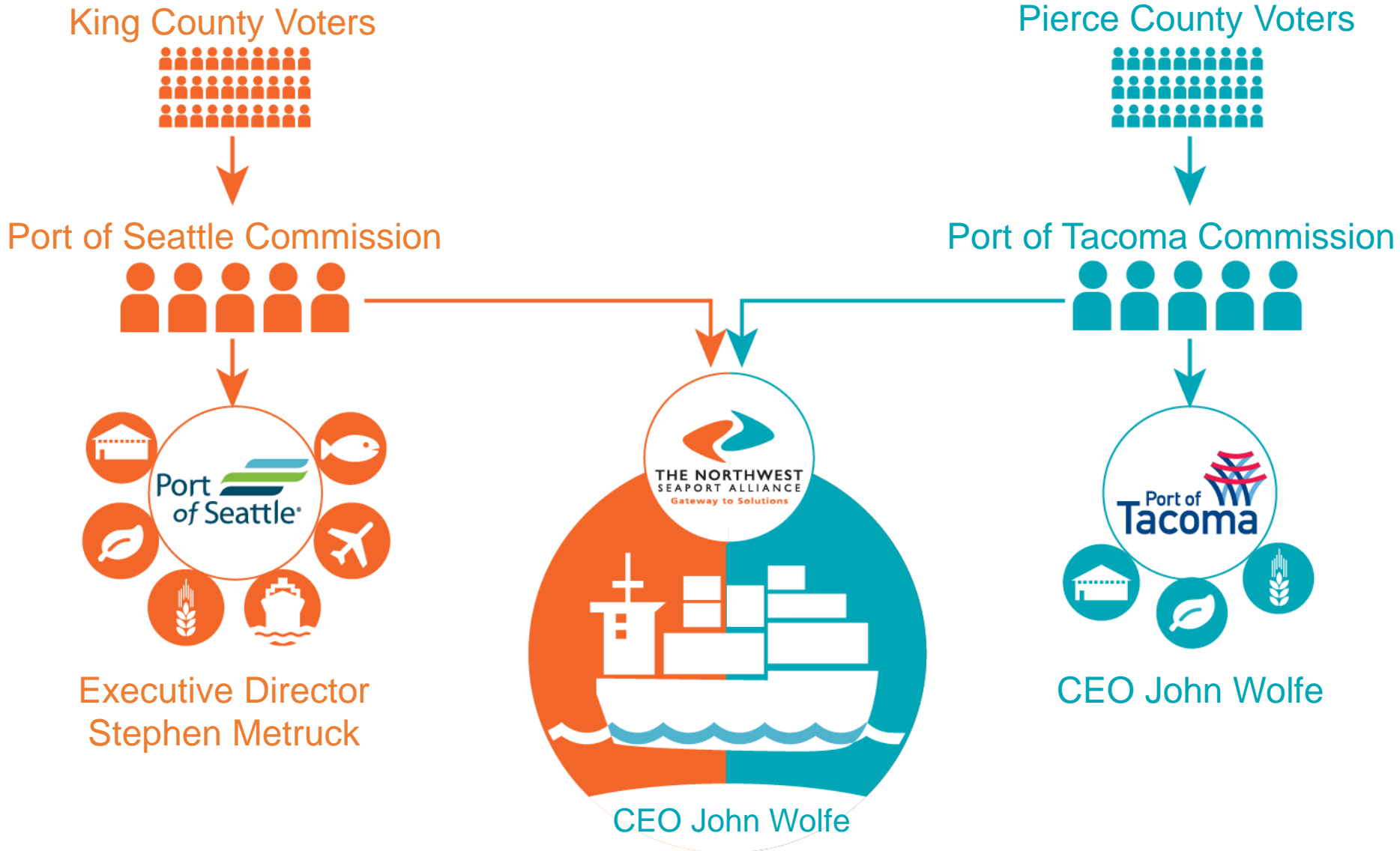
OREGON



Established  
August 4, 2015



# The NWSA Organizational Structure



# SEAPORT ALLIANCE STRATEGY

The Seaport Alliance will deliver the best value to customers and stakeholders

## Internal Drivers



### Service Delivery

Team approach to deliver operational excellence



### Facilities for the Future

Deliver flexible facilities plan and infrastructure for big ships & mega-alliances

## External Outcomes



### Customer Satisfaction

Ease of doing business  
Reliability  
Operational Efficiency  
Cost of doing Business



### Return to Stakeholders

Cargo Volume  
Job Creation  
Financial Performance



# SEAPORT ALLIANCE KEY METRICS

## 2025 Measures of Success



### Cargo Growth

6,000,000 TEU



### Job Creation

14,600 incremental jobs



### Financial Sustainability

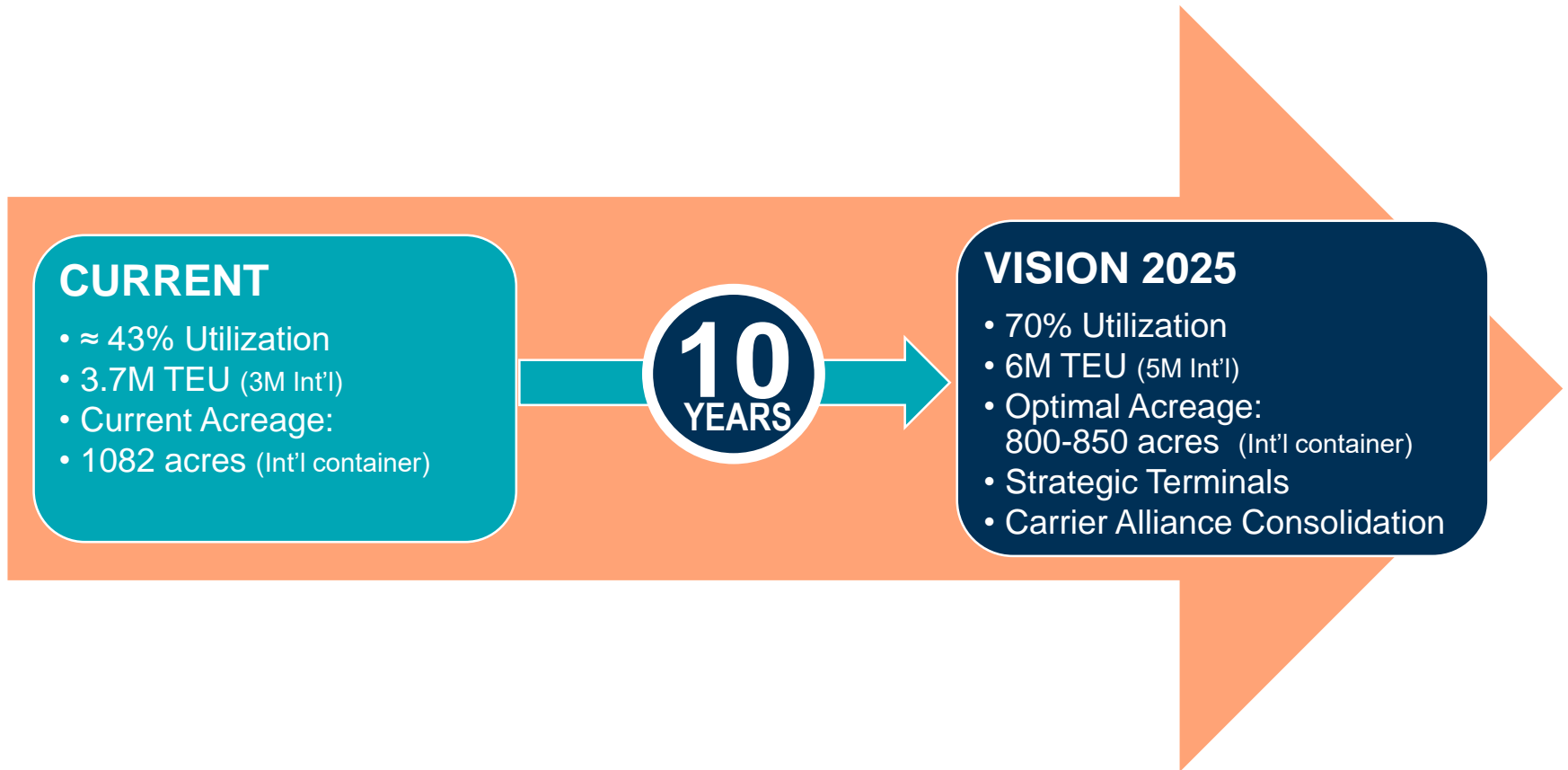
Return on invested capital

Net income growth

Solid Financial margins

# GATEWAY OPTIMIZATION

Achieve 70% Utilization | Strategic Terminals | Double Volume



# New Services & Added Capacity



- New SM Line PNS
- New THE Alliance PS8
- 20 total int'l services
- 4 domestic services
- THE Alliance & Ocean Alliance upsizing
- Additional 15,000 nominal TEU capacity per week
- PN3 has largest vessels at 13,169 nominal TEU


READY  
MA



The background image shows a busy shipping terminal. In the foreground, a white Volvo truck is parked. Behind it, there are stacks of colorful shipping containers (blue, red, orange). A yellow crane is visible on the right side of the image. The sky is clear and blue.

# Container Terminals Update

- Terminal 18: Continuous operations during breaks
- Husky Terminal: New cranes operational by summer
- Pierce County Terminal: New operator effective early May
- WUT: Added business, Saturday gates in May
- NWSA focus on terminal fluidity
- Permanent extended gate program under study



# Intermodal Enhancements

- Union Pacific 10,000 foot daily departures
- NWCS Portland service running 3 trains per week to each harbor
- BNSF running multiple trains per week to/from Portland's Terminal 6
- Average terminal dwell: over 80% of cargo at NIM Yard moves within 48 hours



# Key Projects

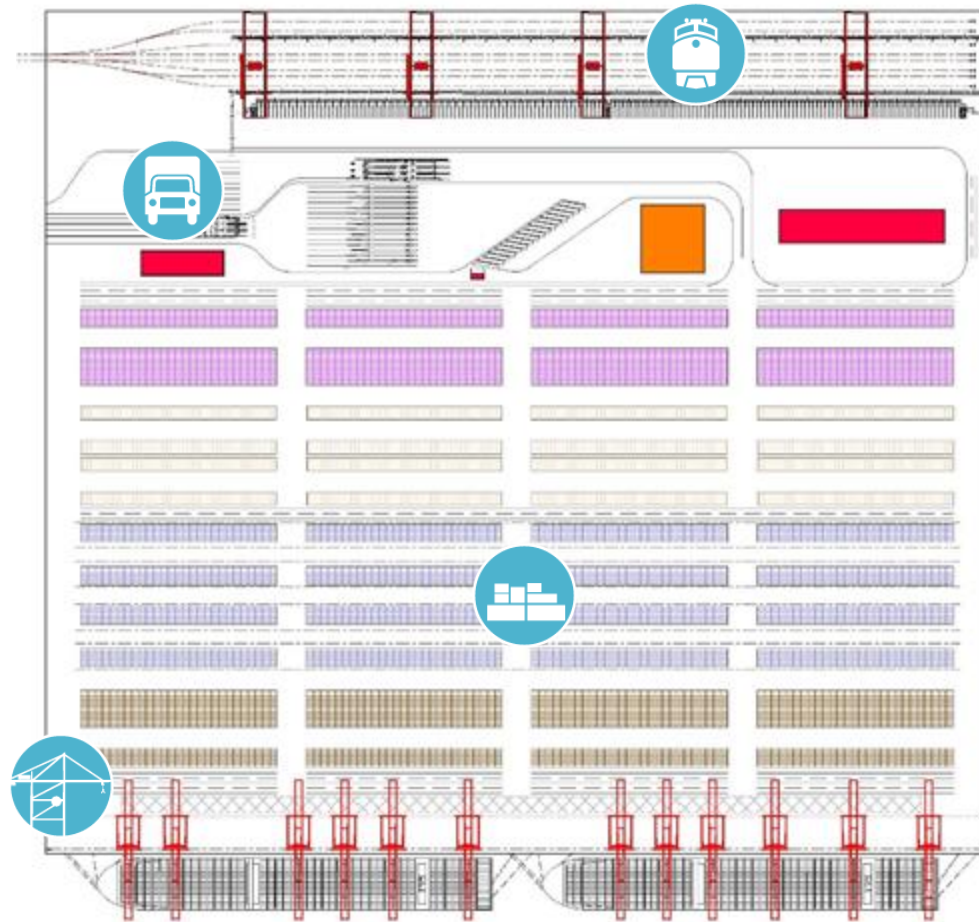
- Auto terminal development with WWL
- Husky Terminal Modernization
- Terminal 5 Modernization





# STRATEGIC TERMINAL CRITERIA

Ability to handle 2 x 14,000 TEU ships



## Intermodal Yard

- 28,000' Working Track
- 3 Trains in/out per day



## Container Yard

- 100 Storage Acres
- Yard Gantry Crane /Top Pick Operation
- Density 10k-12k TEU per acre/yr



## Berths - Landside

- 2,800' Berth
- 100' gauge crane rail w/ required infrastructure
- 2 x 14,000 TEU ships



## Berths - Waterside

- 55' Water Depth



## Truck Improvements

- Gates: 8 In & 4 Out
- Improved truck queues

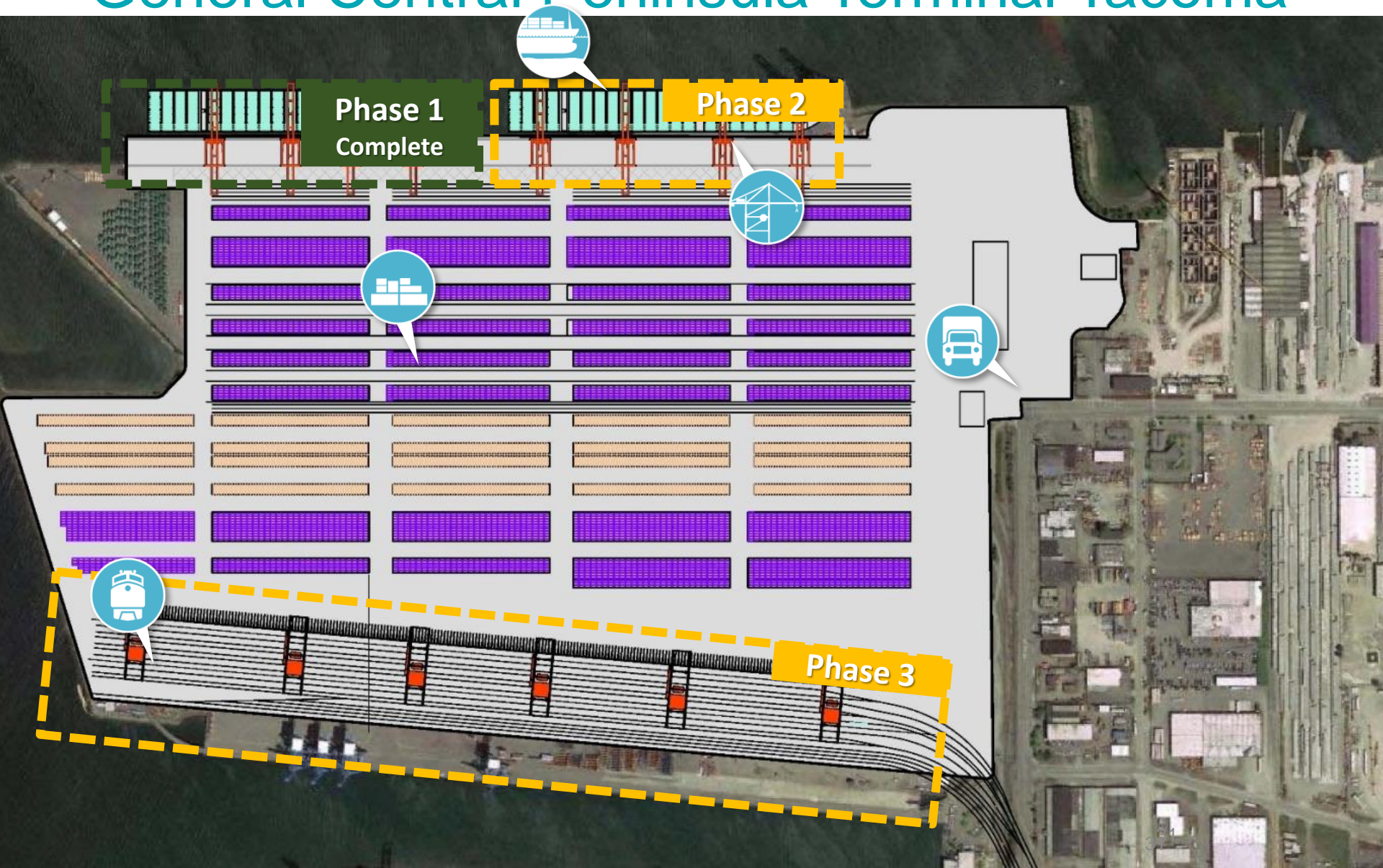
## Throughput Assumptions

Container yard: 1.2 Million TEU/Year

Intermodal yard: 750,000 TEU/Year

# STRATEGIC TERMINAL CONFIGURATION

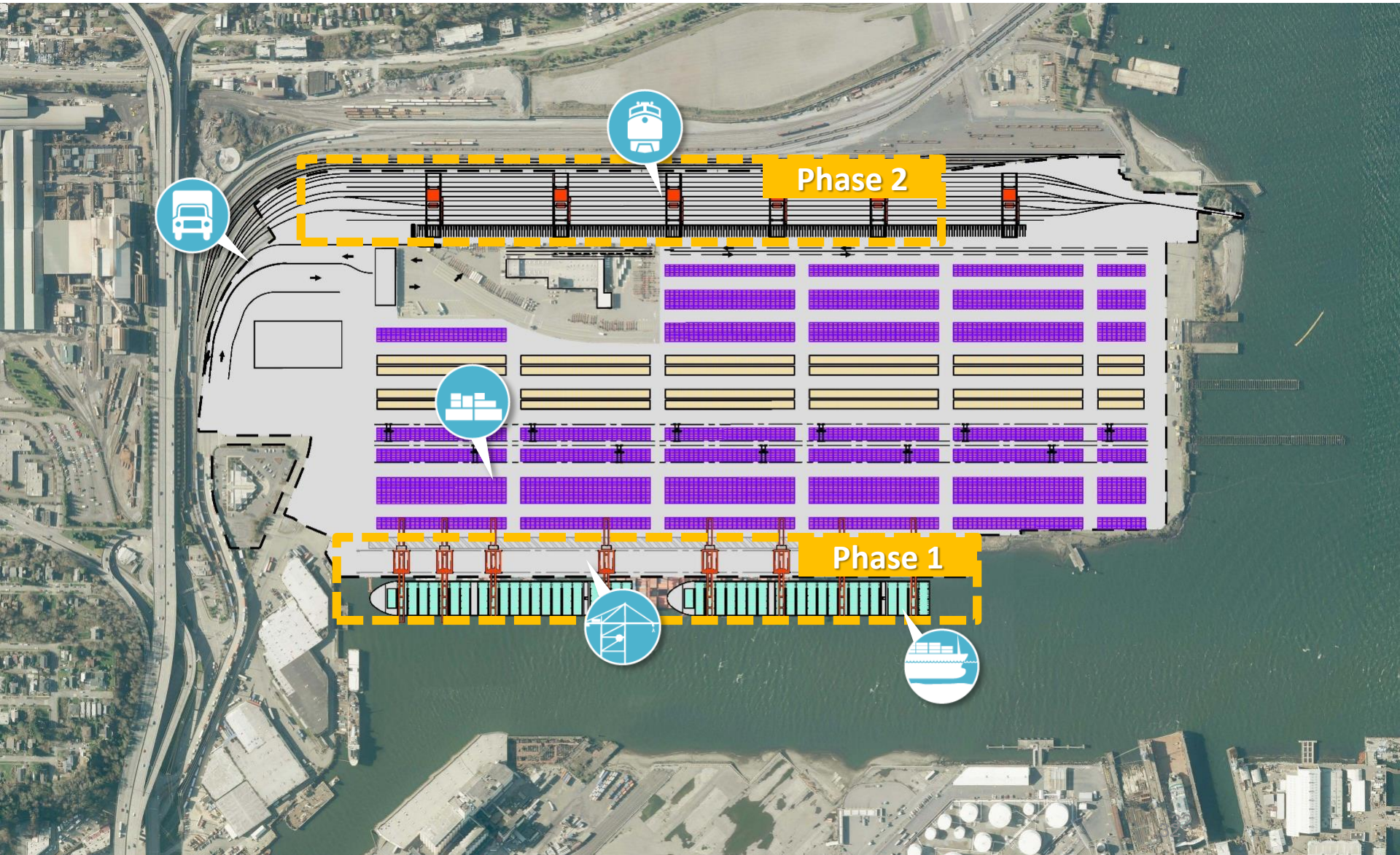
## General Central Peninsula Terminal Tacoma





# STRATEGIC TERMINAL CONFIGURATION

## Terminal 5 Seattle





# Northwest Seaport Alliance Terminals

## East Blair 1



- Water Depth: 51 ft.
- Terminal Area: 20 acres (8.9 ha)
- Berth Length: 1,200 ft. (365.8m)
- Wharf Height: 21.5 ft. (6.5m)
- Pier Load Capacity: 1,000 PSF
  - 120 ft. x 110 ft. heavy lift pad with 2,000 PSF strength rating
- Rail Access: On-dock rail
- Adjacent to Kaiser Property:
  - 80 acres of staging area
  - Fenced and lighted, clean, flat and graveled



# Northwest Seaport Alliance Terminals

## Kaiser Property



- +/- 87 Acres
- Excellent Highway and Rail Access
- Equally Served By Both Major West Coast Class 1 Rail Roads
- Additional Properties Nearby for Expansion
- Adjacent to the EB 1 Wharf



## Other key steps

- **Productivity enhancements**
- **Rail competitiveness**
- **Harbor Maintenance Tax reform**
- **Regulatory climate**
- **Improve our regional freight system**
- **Protect industrial lands**







# THE NORTHWEST SEAPORT ALLIANCE

**Gateway to Solutions**

## Thank you

**Dakota Chamberlain, PE, PPM**  
**Chief Facilities Development**  
**Officer**

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## **Questions for Andy Hecker:**

- 1) Have the parties reached any agreements that required submission to the FMC?
- 2) Is the Agreement achieving the desired outcomes?
- 3) Are there any challenges with the Agreement?

## **Questions for Dakota Chamberlain:**

- 1) How is the implementation going? Have there been any unexpected challenges?
- 2) When reaching agreement between port districts, what are the considerations related to jurisdictional boundaries? How does the governance work?