

Ideas and Opportunities for Port Business Expansion - Containerized Transloading



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Port of Portland

Supply Chain Trends Impacting Transload Economics

- Ocean:

- Upward Pressure on Export Rates
- Larger Vessels – Cascading into North America
- Container – Chronic equipment shortages in PNW & USMW

- Rail:

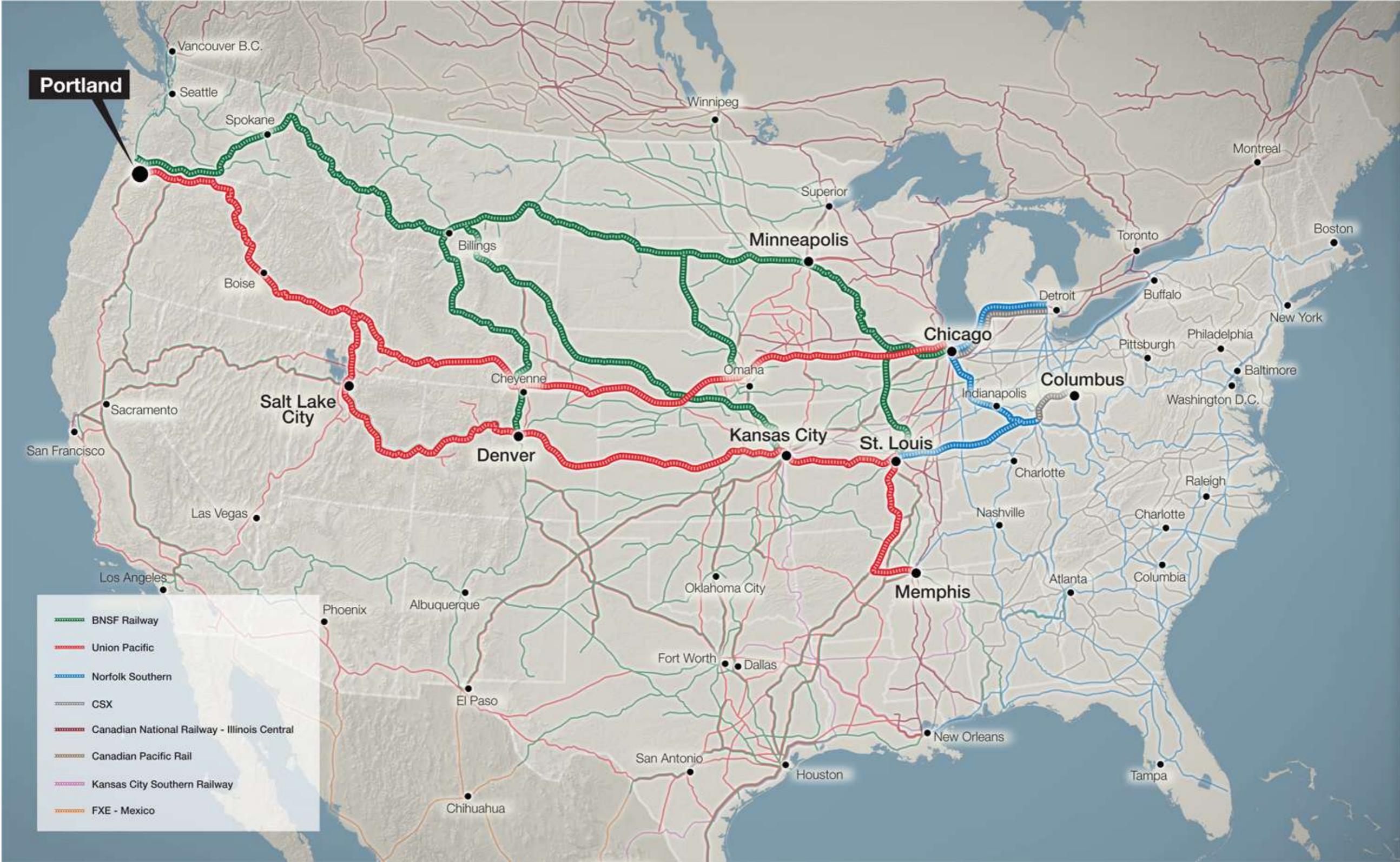
- Emergence of rail owned 53' fleet management systems
- Infrastructure investment in truck to rail conversion
- Energy sector driving investment decisions

- Truck:

- Driver Hours of Service / Driver Shortages
- Chassis pooling & increased Chassis usage fees



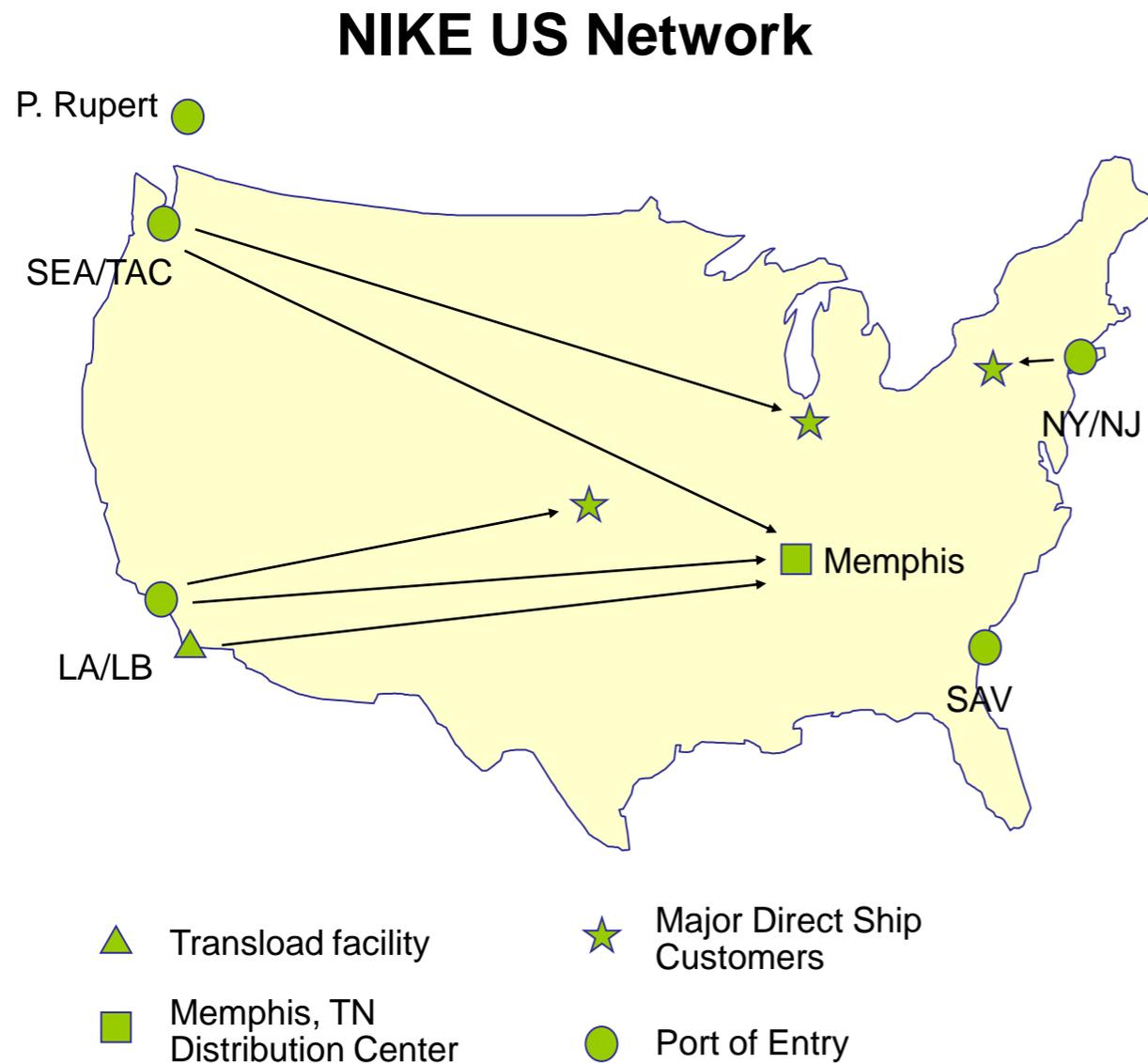
U.S. Rail Network



Major Distribution Centers



NIKE Supply Chain Model



Inbound Transport

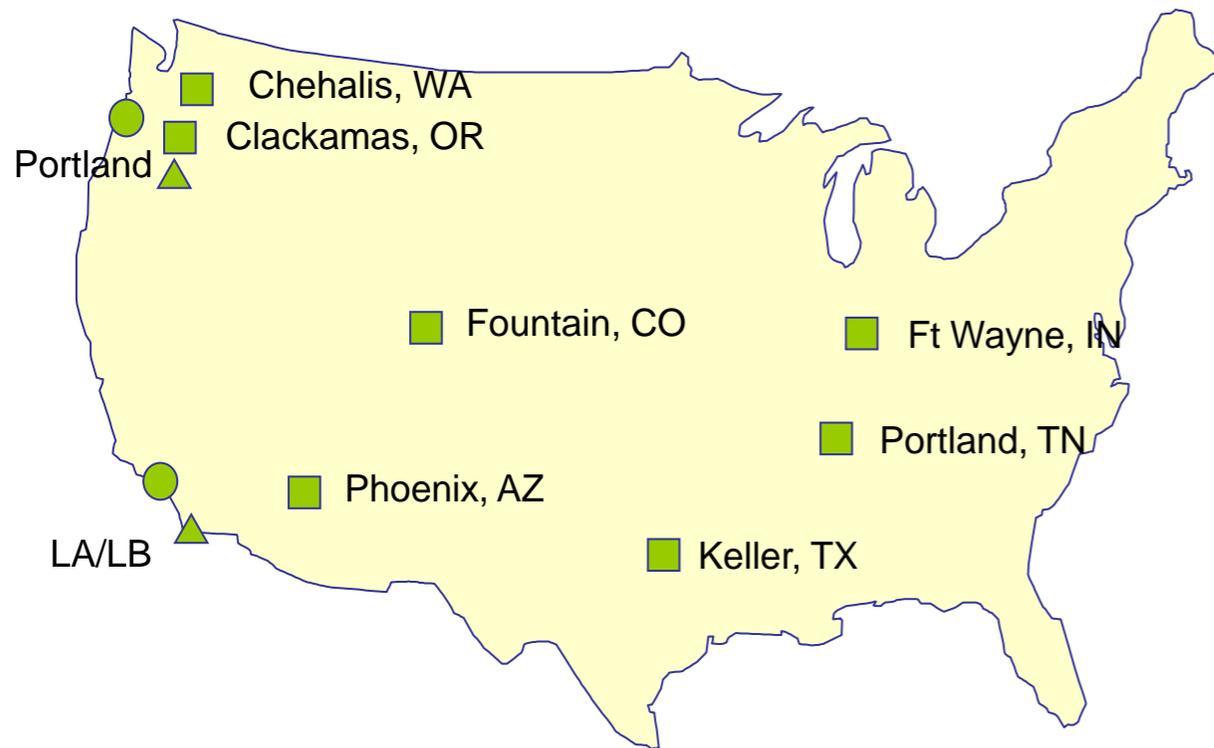
- Primary port of entry – LA/Long Beach (>70% of inbound volume)
- SEA/TAC represents approximately 15% of volume
- Significant direct to customer shipment volumes (>50%) to large accounts like Footlocker – (Junction City, Indianapolis, Camp Hill, PA main locations)

Domestic Distribution Network

- Primary distribution center in Memphis, TN
- Several scattered sub DCs (Hurley/S. Cal, NIKE Golf, etc...)

Kroger Supply Chain Model

Kroger/Fred Meyer US Network



- ▲ Transload facility
- Distribution Center
- Port of Entry

Inbound Transport

- Primary ports of entry – Port of Portland & LA/Long Beach
- Strong historical tie to Hanjin

Domestic Distribution Network

- Kroger/Fred Meyer has two main PNW DCs in Chehalis and Clackamas
- Kroger has several large regional DCs throughout the US with the largest in CO, IN, TN, TX, and AZ

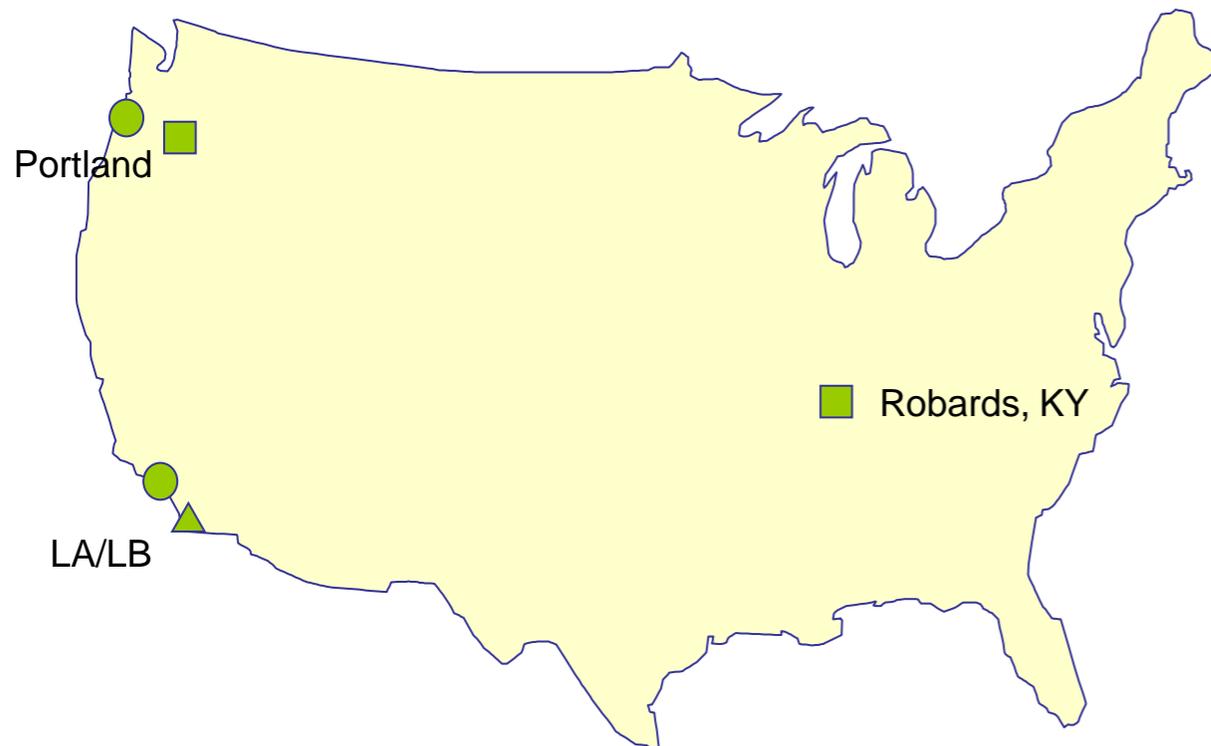
Transload Program

- Historical transload programs run in both Clackamas and S California
- Combination of transactional operation and seasonal pallet programs
- Heavy seasonal component requires large spikes in floor space
- Pallet program consists of 6 pallet types, 4 programs/year (e.g., patio furniture)



Columbia Sportswear Supply Chain Model

Columbia US Network



- ▲ Transload facility
- Distribution Center
- Port of Entry

Inbound Transport

- Volumes split between Portland and LA/Long Beach
- Broad mix of carriers including Hanjin, MOL, Maersk, APL
- Sourcing shifting from China to Vietnam focus

Domestic Distribution Network

- Two main distribution facilities in Portland and Robards, KY

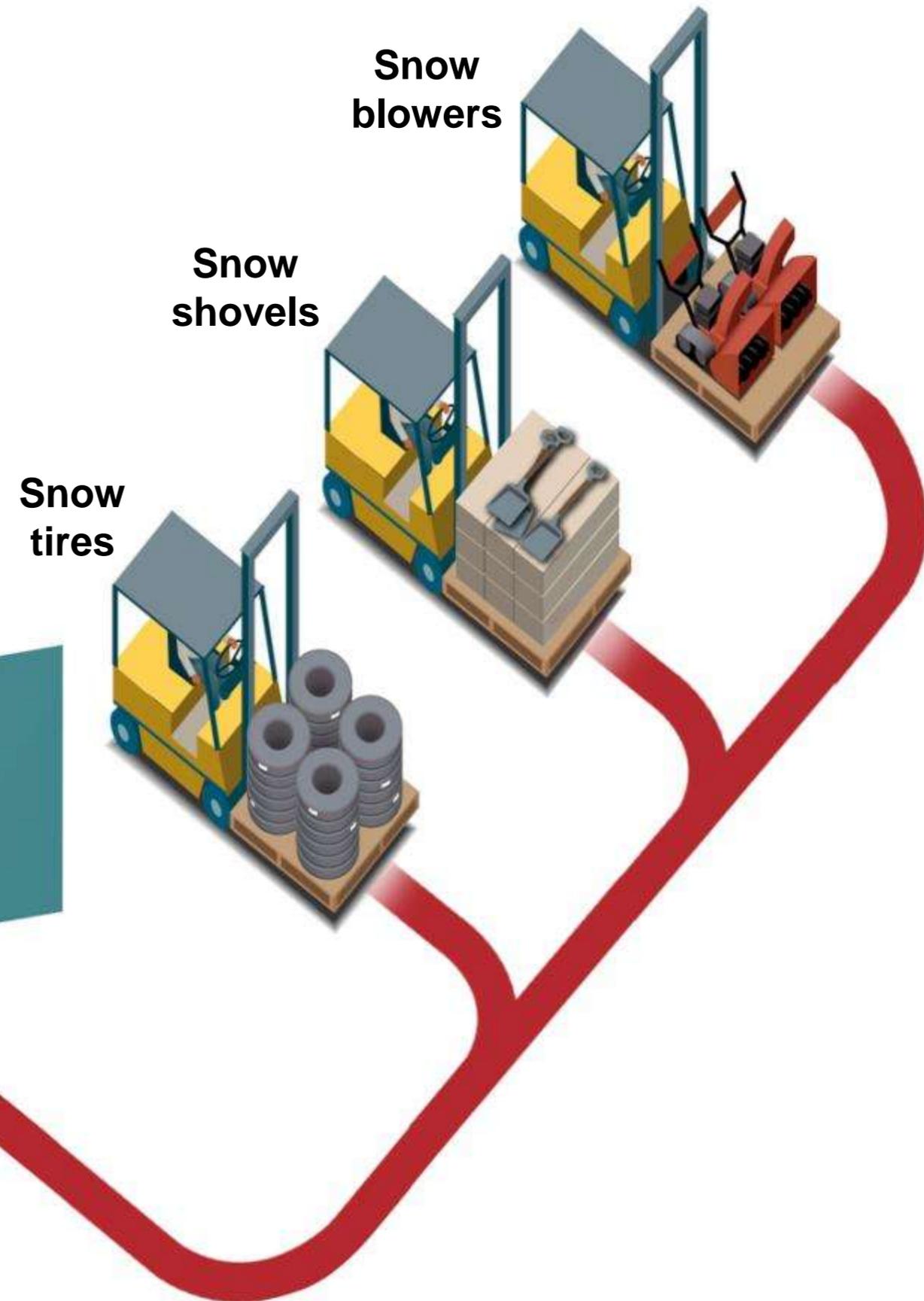
Transload Program

- DC by-pass customer direct deliveries to Kohls, Dicks, Sports Authority, others



Creative Transloading

- Seasonal cargo store direct programs
- Closed loop match back opportunities
- Delay in transit and FTZ opportunities
- Retailer co-loading
- Multiple retailer SKU assignment programs



Components of a Viable Transload Program

- Base Requirements
 - Rail Service to heartland locations
 - Existing warehouse capacity and cargo base
 - 53' equipment availability in the port area
 - Waterborne container services
- Competitive Differentiating Factors
 - Local & cost effective distribution centers
 - Competitive backhaul pricing
 - Minimize local truck shuttle costs
- Port recruitment effort targeted to specific BCO accounts



Thank You!

