

# 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, 1<sup>st</sup> 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.



# Los Angeles Times

October 22, 2003

## 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



TERMINAL	Monday Night	Tuesday Night	Wednesday Night	Thursday Night	Friday Night	Saturday Day	Sunday
APM Terminals	O	O	O	O	X	X	X
California United Terminals	O	O	O	O	X	O	X
Eagle Marine Services	O	O	O	O	X	X	X
Everport Terminal Services	O	O	O	X	X	O	X
Int'l Transportation Service	O	O	O	O	X	X	X
Long Beach Container Terminal	O	O	O	O	X	O	X
Pacific Maritime Services	O	O	O	O	X	X	X
SSA Terminals (Long Beach)	O	O	O	O	X	X	X
SSA Terminals LLC	O	O	X	O	O	X	X
Total Terminals Int'l	O	O	O	O	X	X	X
Trapac	O	O	O	O	X	O	X
West Basin Container Terminal	O	O	O	O	X	X	X
Yusen Terminals	O	O	O	O	X	X <sup>1</sup>	X

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 Angeles 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)

# Financial Reporting

Cost and methodology posted at [www.pierpass.org](http://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+%



**Before the OffPeak program**



**After the OffPeak program**

“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



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## NY-NJ terminals battle cargo backlogs, extend gate hours

Joseph Bonney, Sr

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## Oakland terminal operator makes extended gate hours permanent

Bill Mongelluzzo, Senior Editor | Sep 20, 2016 2:59PM EDT

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## Virginia port extends gate hours to avoid peak season woes

Reyno

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JOC > Port News > US Ports > Port of Seattle

## Seattle-Tacoma night gates gain momentum

Bill Mongelluzzo, Senior Editor | Oct 05, 2016 2:43PM EDT

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# 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

	In Loaded (TEUs)	In Empty (TEUs)	In Total (TEUs)	In Empty (%)	Out Loaded (TEUs)	Out Empty (TEUs)	Out Total (TEUs)	Out Empty (%)	Total (TEUs)	Prior Year Change (%)
JANUARY	259,206.45	8,737.25	267,943.70	3.26%	124,365.25	137,118.25	261,483.50	52.44%	529,427.20	-22.77%
FEBRUARY	254,225.30	5,730.75	259,956.05	2.20%	131,806.50	110,900.75	242,707.25	45.69%	502,663.30	-10.20%
MARCH	430,898.05	8,311.30	439,209.35	1.89%	145,536.25	207,118.00	352,654.25	58.73%	791,863.60	17.27%
APRIL	328,140.25	11,453.50	339,593.75	3.37%	145,655.75	177,723.75	323,379.50	54.96%	662,973.25	-6.10%
MAY	348,427.00	11,258.30	359,685.30	3.13%	152,917.00	182,188.75	335,105.75	54.37%	694,791.05	0.82%
JUNE	368,708.50	9,072.10	377,780.60	2.40%	143,549.25	200,472.75	344,022.00	58.27%	721,802.60	-1.99%
JULY	350,627.85	11,374.10	362,001.95	3.14%	136,402.00	200,724.00	337,126.00	59.54%	699,127.95	-2.55%
AUGUST	407,804.40	9,514.40	417,318.80	2.28%	143,936.00	225,413.00	369,349.00	61.03%	786,667.80	3.82%
SEPTEMBER	372,991.50	10,971.90	383,963.40	2.86%	124,286.00	222,057.50	346,343.50	64.11%	730,306.90	-5.78%
OCTOBER	358,601.50	13,814.15	372,415.65	3.71%	134,963.75	197,209.50	332,173.25	59.37%	704,588.90	-1.55%
NOVEMBER	358,423.45	10,291.10	368,714.55	2.79%	142,020.25	199,233.90	341,254.15	58.38%	709,968.70	7.03%
DECEMBER	321,407.70	9,639.20	331,046.90	2.91%	131,239.00	163,990.75	295,229.75	55.55%	626,276.65	-4.90%
Total CY 2015	4,159,461.95	20,168.05	4,279,630.00	2.81%	1,656,677.00	2,241,150.90	3,880,827.90	57.31%	8,160,457.90	-2.15%
Total FY <sup>1</sup> 2015	4,188,823.45	131,956.15	4,320,779.60	3.05%	1,786,912.50	2,083,667.00	3,870,579.50	53.83%	8,191,359.10	-0.23%
Total FY <sup>2</sup> 2016	2,169,856.40	65,604.85	2,235,461.25	2.93%	812,847.00	1,208,628.65	2,021,475.65	59.79%	4,256,936.90	-0.72%

Port of LONG BEACH  
The Green Port

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Home > Trade/Commerce > Port Statistics > Yearly TEUs

Navigation Menu

- Latest Monthly TEUs
- Yearly TEUs
- TEUs Year To Date
- TEUs Archive Since 1995
- Tonnage Summary

Yearly TEUs

Container Trade in TEUs*			
Yearly TEU Totals			
Year	Loaded Inbound	Loaded Outbound	Total Loaded
2015	3,625,263	1,525,560	5,150,823

2015 - 10,966,962 TEUs  
2016/2017 - ~11+M TEUS

In = Inbound (import) containers    CY = Calendar Year (to date)  
Out = Outbound (export) containers    FY<sup>1</sup> = Fiscal Year 2015 (July 1, 2014 through June 30, 2015)  
TEUs = Twenty-foot equivalent units    FY<sup>2</sup> = Fiscal Year 2016 (July 1, 2015 through June 30, 2016)

# Alternative OffPeak Program Model Proposals

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

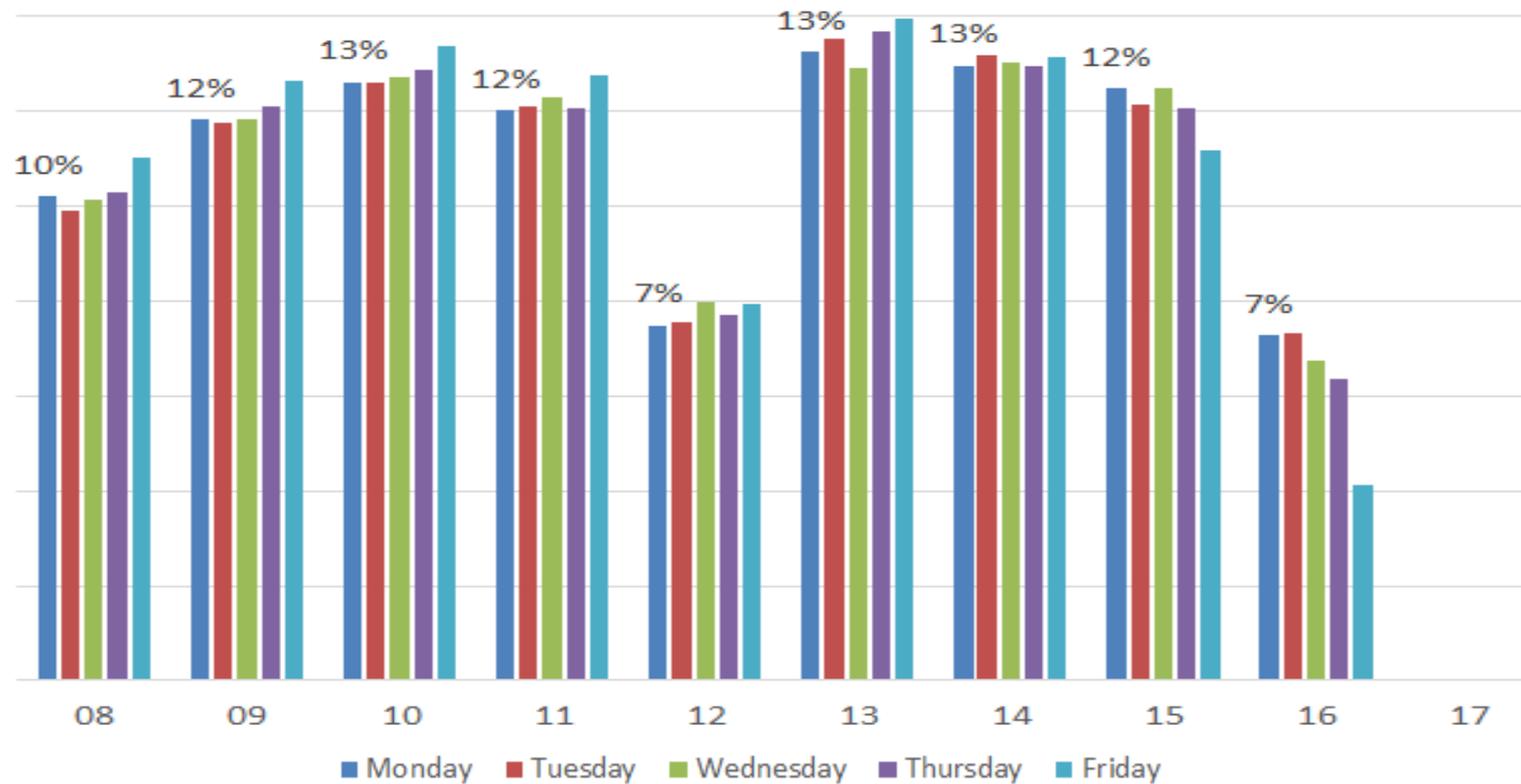
# Dynamic and Variable Pricing

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

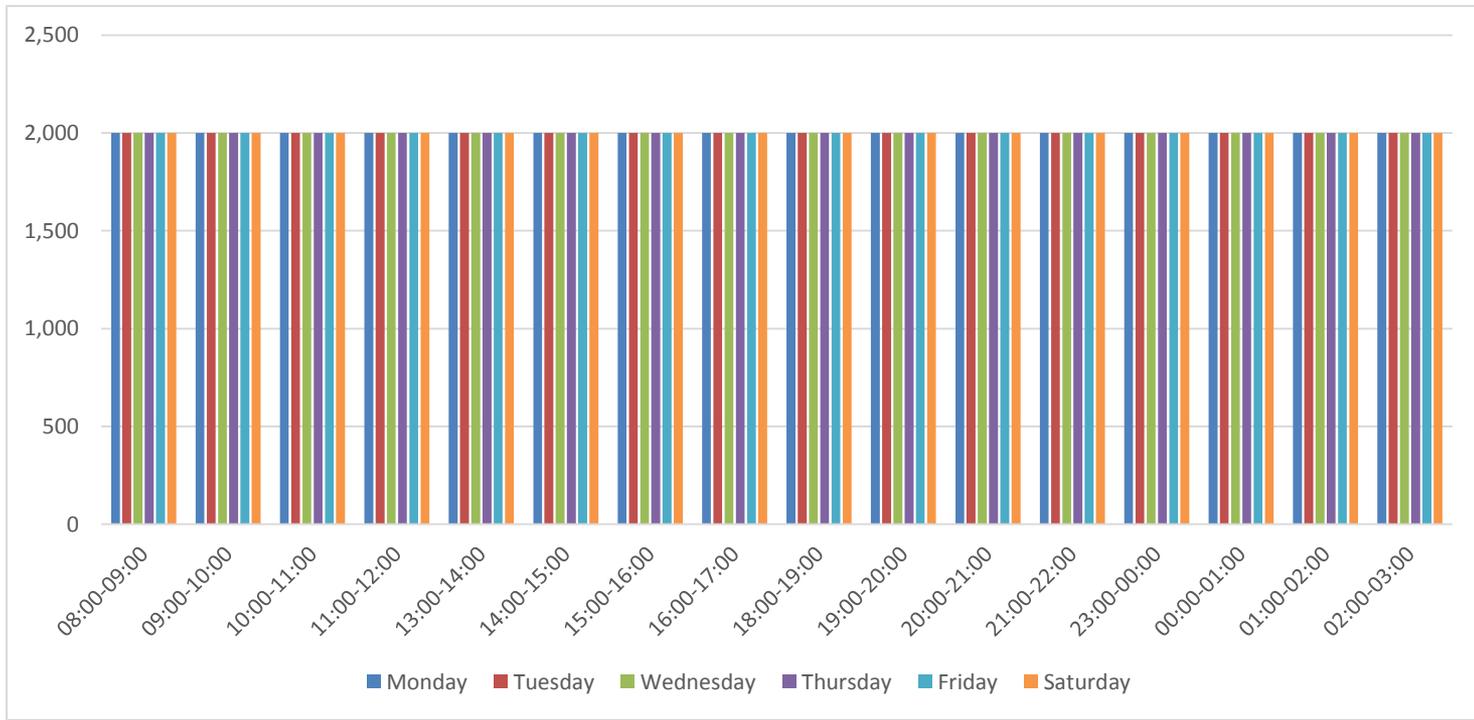
Users would maintain a deposit with PierPass which would be charged based on when the trucker departs the terminal during Peak

# 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

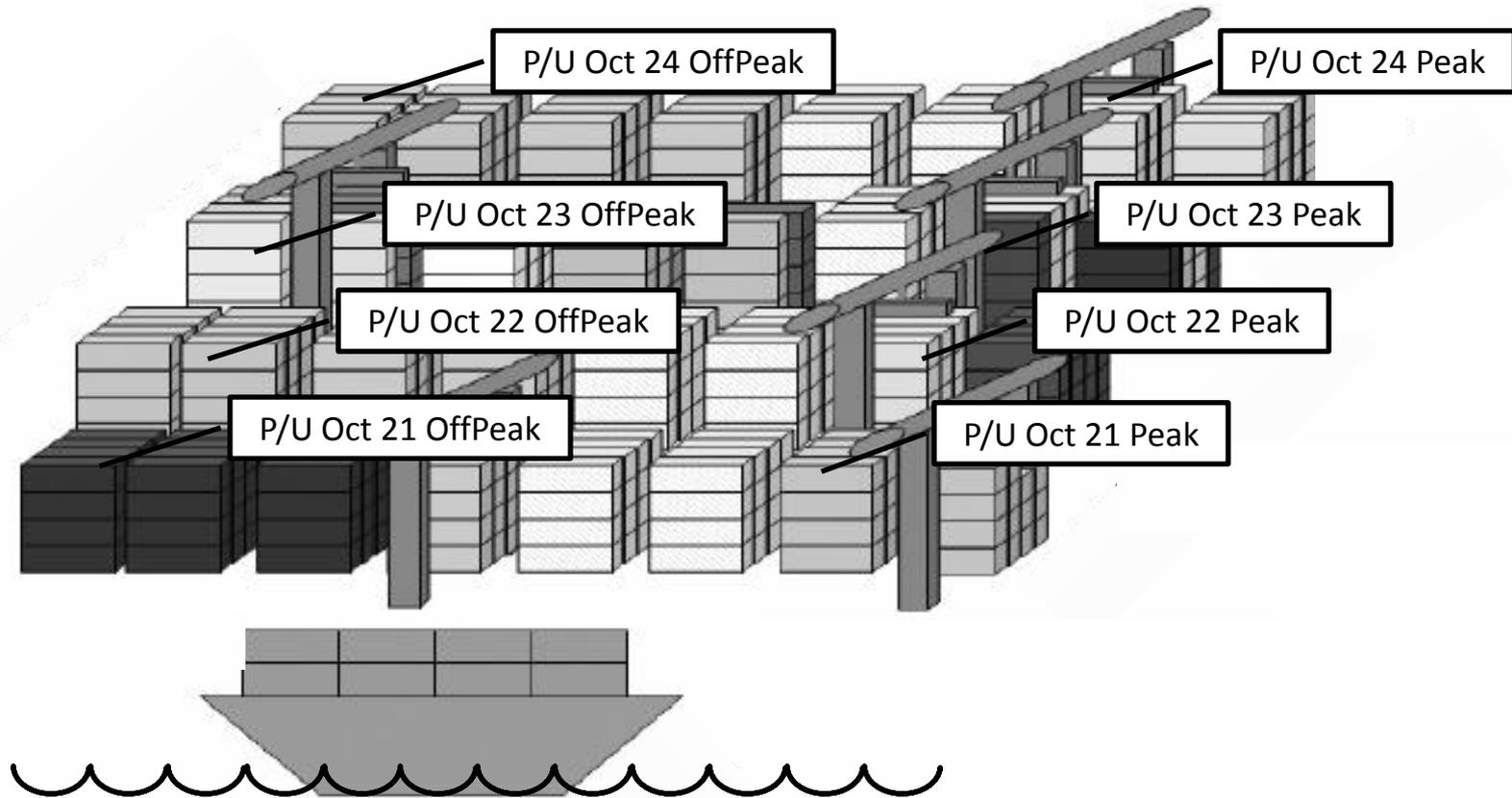
Similar to airport taxis that take the next passenger in line and deliver to destinations that have pre-set fares based on zone pricing

# 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

**Advisory Committee**

Barbie Clarke	Williams Clarke	CB/FF
Anthony Otto	LBCT	MTO
Bob Fredman	Big Lots Stores	BCO
Brian Kippley	Target Corp.	BCO
Chris Rapp	ITS	MTO
Craig Young	Visy Industries	BCO
Dan Ennis	Sears Holdings	BCO
Dave Foster	Ikea	BCO
Debbie Ryan	Ascena Retail Group	BCO
Dennis Sames	ContainerFreight	Trucking
Diane Chick	Louis Dreyfus Commod	BCO
Dina Steaman	CMA CGM	Shipping Line
Fred Johring	Golden State Exp Log	Trucking
George Boyle	Quik Pick Express	Trucking
Joel McClure	Restoration Hardware	BCO
John Doherty	Alameda Corridor	ACTA
Keith Heydt	Gap Inc.	BCO
Larry Bennett	TTI	MTO
Mark Johnson	SSA Marine	MTO
Mark Wheeler	WBCT	MTO
Maurine Cecil	LACBFFA	Brokers
Michael Carson	Expeditors	NVOCC
Michael Mayor	St. George (Mayor Log	Trucking
Mike Fogarty	ITS	MTO
Pam Reinoehl	TTSI	Trucking
Rickey Childs	EMS	MTO
Robin Grove	LACBFFA	Brokers
Sean Marron	YTI	MTO
Selwyn Moore	Mattel Inc	BCO
Sophia Park	Harbor Express	Trucking
Steven Trombley	APM	MTO
Todd Lykins	MGF Sourcing	Log
Todd Zaninelli	Lowe's	BCO
Victor La Rosa	TTSI	Trucking

# Next Steps

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 18<sup>th</sup>: Advisory Committee comments submitted back to PierPass.

December 8<sup>th</sup>: 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 1<sup>st</sup>: Initial draft report presented to the PierPass Advisory Committee.

February 22<sup>nd</sup>: PierPass and PierPass Advisory Committee will meet to discuss the initial draft report.

# Next Steps Timelines (cont.)

March 1<sup>st</sup>: An Extended Gates Report and Recommendations draft will be prepared by PierPass staff.

March 15<sup>th</sup>: 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<sup>rd</sup>.

April 19<sup>th</sup>: PierPass will distribute the final draft of the Extended Gates Report and Recommendations.

May 4<sup>th</sup>: Follow-up Extended Gates Workshop meeting.

Thank you

Questions?