

pacificgateway

EXPORT CONNECTION

The Pacific Northwest's
booming export business

BOB MEYER: TEAM BUILDER

Operations director
breaks down
barriers and builds
partnerships

MEGA-SHIP MAKES MARK

The largest cargo
vessel to visit the
U.S. arrived in the
North Harbor

FROM THE CEO



Our future arrived earlier this year when CMA CGM sailed its 18,000-TEU *Benjamin Franklin* into the Puget Sound. The largest ship ever to call the United States dwarfed what we used to think of as large container vessels. With a length equal to five Boeing 747s placed end to end, it took full advantage of our naturally deep water.

Its arrival required the close coordination of the pilots who guided the ship to berth, the terminal operator who choreographed the transfer of cargo and the longshore workers who loaded and unloaded the ship.

CMA CGM has announced that it will add ships this size to one of its West Coast port rotations, and other shipping lines have told us they plan to introduce larger ships to their services as well.

You'll learn more in these pages about what we're doing to prepare for this new reality of mega-ships.

In this issue, we also introduce you to a few more of the people and customers who contribute to the 40 percent of jobs in our state related to international trade. You'll meet Bob Meyer, our operations director. Learn more, too, about Christopher & Banks Corporation and Heritage Distillery Co., two businesses that use The Northwest Seaport Alliance to connect to the rest of the world.

You'll also read about some of our region's exports, which introduce the world to the exceptional products we enjoy locally.

These partners play a key role in our region's continued success.

A handwritten signature in black ink, appearing to read 'John Wolfe'.

John Wolfe
Chief Executive Officer, The Northwest Seaport Alliance



IN THIS ISSUE

2 News briefs

4 Bob Meyer: Team builder

Operations director Bob Meyer excels at building partnerships and breaking down barriers.

6 Mega-ship makes mark

The largest cargo vessel to visit the U.S. heralded the future of shipping when it arrived in the North Harbor.

8 Export connection

We're a gateway for the Pacific Northwest's booming export business, generating jobs and introducing the region's products to the world.

14 2015 trade statistics

Container volumes rebounded strongly in 2015 with our terminals handling 3.5 million containers.

16 Cleaner trucks, cleaner air

Incentive program works to improve air quality by reducing emissions from drayage trucks.

18 Success stories

Clothing importer Christopher & Banks and spirits exporter Heritage Distilling find success through our harbors.

20 Heavy hauling

Improvements to key North and South harbor freight routes are smoothing truck trips to and from our terminals.

21 Calendar

Port of Tacoma Commission

Connie Bacon
Don Johnson
Dick Marzano
Don Meyer
Clare Petrich

Port of Seattle Commission

Tom Albro
Stephanie Bowman
John Creighton
Fred Felleman
Courtney Gregoire

Chief executive officer

John Wolfe

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Pacific Gateway

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NEWS BRIEFS



The NWSA's planned terminal investments include Terminal 5 in the North Harbor (pictured) and Husky Terminal in the South Harbor.

Terminal investments moving forward

Two Northwest Seaport Alliance terminals are slated for major upgrades to support the larger vessels entering the trans-Pacific trade. These investments will grow cargo volumes and maritime jobs in the region.

Managing members in April approved rebuilding a pier at Husky Terminal on the General Central Peninsula. The new pier will align with the adjacent pier to create a contiguous berth capable of serving two 18,000-TEU vessels. Four 24-wide container cranes have also been ordered.

Meanwhile, the improvements to Terminal 5 are currently under environmental review. The draft environmental impact statement will be available this spring for review and public comment. A final EIS is expected in the fall. Learn more at <http://t5eis.public-meeting.info>.

HMT donor ports may see relief

The U.S. Congress took a first step to level the playing field for so-called "donor ports" when it funded Section 2106 of the Water Resources Reform and Development Act.

Sens. Patty Murray and Maria Cantwell are seeking to build off that precedent, introducing in March the Harbor Maintenance Trust Fund Reform Act of 2016.

The Harbor Maintenance Tax (HMT) is levied on all imports that land at U.S. ports to help pay for maintenance dredging. Ports with naturally deep harbors, like Tacoma and Seattle, receive pennies for each dollar generated from their customers.

This legislation will ensure that customers calling at donor ports receive greater benefit from the HMT.

Export-Import Bank back in business

The U.S. Export-Import Bank was reauthorized in December as part of the long-term surface transportation bill.

The bank serves as the export credit agency of the U.S. government and is essential to help U.S. manufacturers compete overseas. The bank's charter had expired June 30, 2015, leaving it unable to process new business.

Exports are invaluable to Washington state, where 40 percent of jobs are tied to international trade. The Washington state congressional delegation, and in particular Rep. Denny Heck, were staunch supporters of the bank's reauthorization.

Director of Asia to retire in June

Akira Tatara, director of Asia, will retire June 30 following 31 years of service.

Tatara is the NWSA's representative in Japan and Taiwan, and he manages our overseas offices in Southeast Asia, China and Korea. "We have a very good team," Tatara said, noting he appreciated being on the teams to bring several shipping lines to the Puget Sound and establish facilities for manufacturing businesses like Toray Composites and Medallion Foods.

"His years of experience and vast knowledge of the industry have been an asset for our organization," said Tong Zhu, chief commercial officer-containers and real estate. "We wish him all the best."



Director of Asia Akira Tatara will retire in June after 31 years of service.



The U.S. Export-Import Bank is essential to help Washington manufacturers and exporters compete overseas.

HOMEPORT NEWS

Port of Tacoma supports community economic development projects

Four Pierce County projects received funding this year through the Port of Tacoma's Community Economic Development Fund.

The selected partnerships include infrastructure investments in Sumner and Lakewood to improve access to industrial sites, supporting a local business district's efforts to attract new companies and shoppers, and a family maritime event expected to attract tourists to Pierce County.

The fund has an annual budget of \$35,000 and is available to Pierce County nonprofit organizations and government agencies. Learn more at portoftacoma.com/community-fund.

2016 cruise season sets sail at Port of Seattle

The arrival of Holland America Line's *Nieuw Amsterdam* to Puget Sound April 29 signaled the launch of the busiest cruise season yet at the Port of Seattle.

This year, Seattle will welcome 203 cruise ships to Elliott Bay and serve nearly 1 million passengers on seven different cruise lines. From Seattle's two downtown terminals, passengers can enjoy a variety of itineraries to Alaska and shorter Pacific Northwest trips.

This thriving industry's impact on the region is significant, with each ship arrival resulting in \$2.6 million of economic impact and creating nearly 3,800 jobs.

BOB MEYER

Operations director excels at building partnerships and breaking down barriers

Growing up in a small town, Bob Meyer had one goal: get out and see the world. So this boy from a landlocked community in upstate New York took the logical route and joined the merchant marine.

It was a choice that fulfilled his dream and instilled an appreciation for diversity and the importance of relationships. He learned to find common ground among people from all walks of life and to value communication. Of his two years in Australia, his favorite memories are not of unique sights or unusual events but of the friendliness of the people.

Put simply, he's the type who prefers phone over email but in person is best.

"You have to build up partnerships," said Meyer, The Northwest Seaport Alliance's director of port operations. "In this business, it goes back to basics. You have to have alliances."

Alliances can take many forms. After nearly a decade as a merchant mariner, Meyer joined Wallenius Wilhelmsen Logistics as a planner, eventually taking on the busy Oceania trade route from Europe to Australia via the U.S.

He spent two years Down Under, running WWL's terminal at the Port of Brisbane. The otherwise isolated island-nation maintains a vital link to Asia and thus is an important part of

the world economy, he noted. Its maritime industry reflects a global diversity; Meyer's team, for example, represented three continents.

"We were all sailors, and we had that common bond, but we came from all over the world and that worked," Meyer said. "It broke down barriers, and we respected our differences."

Meyer can break down barriers on his own, said Chief Operations Officer Dustin Stoker, who hired Meyer a year ago to run the breakbulk facilities. He proved so adept and committed to every project—even if he wasn't directly involved—that he earned an expanded role, Stoker said.

"Whether he's talking to a laborer who's driving loads on and off a vessel or conversing with the CEO of a company, Bob has a way of connecting with people and building rapport and trust," he said. "He has an innate sense in building relationships but then backs it up through his actions."

Today, Meyer draws upon his years of experience in the industry as he looks to the future.

Breakbulk cargo helps drive economies, he explained, whether transporting farm machinery to Asia, earth-moving equipment to energy projects in Canada, or vehicles and aircraft for U.S. military training missions. Under the umbrella of the NWSA, breakbulk customers have a larger portfolio of facilities to choose from in the North and South harbors—an advantage Meyer and the rest of the non-container team are working to promote.

"The great thing about the alliance is its cargo diversity and its ability to handle many different types of cargoes—from containers to breakbulk and pretty much everything in between," Meyer said. "The alliance offers more options to customers than any port I have been around." **PG**

A man with a shaved head, wearing a dark jacket and a bright orange high-visibility safety vest with reflective white stripes, stands in front of a large green industrial machine. He is smiling slightly and looking towards the camera. The background is slightly blurred, showing more of the industrial setting.

ALL ABOUT BOB MEYER



HOMETOWN:
Cochecton Center, NY



NOW LIVES:
Tacoma, Washington



FAVORITE PLACE:
Cinnamon Bay, St. John,
U.S. Virgin Islands



COMFORT FOOD:
Mom's meat loaf



CONVERSATION PIECE:
Owns a turnstile from the old
Yankee Stadium



TRUE DOG STORY:
His Llewellyn setter mix, Allie Bee,
jumped into a moat around a
Civil War fort in Georgia—nearly
Alligator Bait for the three gators
nearby ("I believe in dogs naming
themselves," he says.)

“Whether he’s talking to a laborer who’s driving loads on and off a vessel or conversing with the CEO of a company, Bob has a way of connecting with people and building rapport and trust.”

Dustin Stoker, chief operations officers, NWSA



MEGA-SHIP MAKES MARK

NWSA welcomed the future of shipping when the largest cargo vessel to visit the U.S. arrived at Terminal 18

All eyes were trained on Elliott Bay in February as the mega-ship *CMA CGM Benjamin Franklin* sailed into the North Harbor's Terminal 18.

With capacity for 18,000 20-foot equivalent container units (TEUs), the biggest cargo ship to call on a U.S. port brought with it a test of The Northwest Seaport Alliance's capabilities and an indicator of the larger vessels to come.

"These big ships will create winners and losers," said Don Esterbrook, NWSA deputy CEO-commercial. "You're either positioned to ensure you stay in the game, or you're out of the game. If you can't serve these ultra-large vessels, they'll go to another gateway, and take the cargo and the associated jobs with them."

The *Benjamin Franklin* boasts more than double the cargo capacity of most ships calling at NWSA terminals. These mega-ships are entering the trans-Pacific trade sooner than expected, as the industry seeks increased economies of scale to reduce operating costs and environmental impact. Last fall, the NWSA welcomed two 11,400-TEU vessels, and 10,000-TEU ships call regularly in both harbors.

The vessel arrived in Seattle following stops in Long Beach and Oakland during its second trip to the U.S. West Coast. A voyage in December 2015 included stops at Los Angeles and Oakland.

"The U.S. West Coast ports are in the process of gearing up for larger vessels. This is a precursor to calling on the entire U.S. West Coast," said Ed McCarthy, senior vice president of operations for CMA CGM's Americas division. "There's a lot of learning we're gathering from bringing the vessel in."

The West Coast trips were designed to test the terminal capacities and transportation infrastructure in place to handle such megaships, he added. Shortly after the visit to the North Harbor, CMA CGM announced it expects to deploy its six 18,000-TEU vessels between Asia and the U.S. West Coast.

Preparing for the future

Critical to the NWSA during the *Benjamin Franklin's* visit were all the hallmarks of a successful call: safe steorage into the terminal, efficient loading and unloading of cargo, and ready road and rail transportation to

move goods to customers throughout the region and to the U.S. Midwest.

NWSA staff worked closely with CMA CGM and other local stakeholders, including terminal operator SSA Marine and the Puget Sound Pilots, for months to prepare for the massive ship. Operational planning meetings and simulations provided insight into the needs and challenges of servicing an 18,000-TEU vessel.

"What we're doing with this vessel is a microcosm of what we're trying to do from an alliance perspective," said NWSA Chief Operations Officer Dustin Stoker.

These larger vessels require terminals with deeper berths, stronger piers and bigger container cranes. The alliance has focused not only on the readiness of its terminals but also on surrounding resources and infrastructure.

Ongoing efforts to improve truck traffic, as well as planned upgrades to the South Harbor's Husky Terminal and North Harbor's Terminal 5—as recommended in the NWSA 10-year strategic plan—will improve efficiencies for future vessel calls, Stoker said.

He added that coordination all along the supply chain to add or enhance



“We as a gateway are fully committed to invest in our terminals and the critical infrastructure to ensure we can deliver on our service commitment.”

Don Esterbrook, deputy CEO-commercial, NWSA

existing capabilities helps ensure future growth of the gateway. While current tug resources, for example, can handle mega-ships, the alliance will want to

engage with service providers to increase large tug assets around the region. Operationally, there may be a need for extended service hours or an examination of other processes to improve efficiency.

This requires all stakeholders—labor, terminal and rail operators, pilots and trucking companies—to work as a team, Esterbrook said.

As shipping companies ramp up their use of big ships—part of vessel rationalization—they’ll also be looking at port rationalization, he said. There will be fewer vessel calls with greater cargo

volumes, and the less competitive ports will fall out of the rotation. Once a port starts to lose business, Esterbrook said, it becomes very difficult to play catch up.

“It takes a lot of infrastructure investment to make sure that you not only service the business today but service the business in the future,” he said. “We as a gateway are fully committed to invest in our terminals and the critical infrastructure to ensure we can deliver on our service commitment.” **PQ**



EXPORT



From its Moses Lake, Washington, headquarters, Western Polymer prepares modified potato starch for export to paper mills around the world.

CONNECTION



We are the gateway for the Pacific Northwest's booming export business, generating jobs and introducing the region's products to the world

India may be the world's largest producer of lentils, but the country of 1.3 billion people actually consumes more of the legume than it can produce. So lentils, as well as chickpeas and dried peas, grown in the Inland Northwest often fill the gap.

Growers here are happy to help, given that many depend on international markets for their livelihood. In fact, more than 85 percent of the lentils and dried peas produced in Washington, Oregon, Idaho and Montana are exported, primarily through The Northwest Seaport Alliance.

"It's a competitive business and we're dealing in small margins," said Pete Klaiber, spokesman for the Moscow, Idaho-based USA Dry Pea and Lentil Council. "If we can't get our products shipped cost effectively, we'll be priced out of the market; it's a lifeline for our industry."

As North America's fourth-largest containerized export gateway, NWSA harbors provide a critical economic link for regional growers and manufacturers who export their goods around the world. And in return, having easy access to these overseas markets has helped many Pacific Northwest companies—and the related jobs they generate—flourish.



PNW products around the globe

The cargo and container ships arriving in the North and South harbors are bringing goods into the U.S., but there are also countless products headed out—and most of them were made here. Of all the exports leaving our harbors, 75 percent are produced in the Northwest.

“Unlike some of the other ports in the U.S., we have a large, local export market,” said Steve Balaski, senior manager of business development for the NWSA. “We definitely have an interest in ensuring that exporters are able to get their products overseas.”

Washington is the fifth-largest goods exporting state in the country, with most exports headed to Asia, according to the Washington Council on International Trade (WCIT). The state has benefited from China’s economic development, with Washington exports to the country increasing by 230 percent between 2004 and 2011.

The region’s strong agricultural economy helps drive its export business, with french fries, apples, hay and legumes accounting for the top exported agricultural products by value. However, aerospace exports, thanks to the presence of Boeing Co., remain the top product headed overseas. In addition, lumber, aluminum, and scrap and kraft paper account for the region’s other top non-agricultural exports by value.

Lynn Townsend-White’s company, for example, has been exporting potato starch for more than 15 years. Western Polymer has built a business out of buying starch from french fry processors, which is created as a byproduct when potatoes are cut into fries. The company chemically modifies the starch and sells it as an additive to paper mills around the world, including in South and Central America.

“The mills we supply are currently increasing their business, so ours is growing as well,” Townsend-White said.

She notes that proximity to the ports certainly helps her business. Western Polymer’s pricing can be more competitive because the transportation costs for getting the goods out of the country and into South America are reasonable. “It’s definitely an advantage to be close,” she said.

An economic catalyst

The export products grown or made in the Pacific Northwest do more than just give the region a good name: They generate jobs. According to WCIT:

- 40 percent of jobs in Washington state are tied to international trade
- Of the direct jobs created, 75 percent are related to exports

The region has some natural advantages that promote exports, said WCIT President Eric Schinfeld, chiefly that



[Opposite page] Straddle carriers load containers of hay on trucks for export from Wesco International's Ellensburg, Washington facility. [Left] A forklift moves hay at Wesco International. [Top right] Don Schilling, president of Wesco International, talks with an employee. [Bottom right] Potato starch modified by Western Polymer is used as an additive by paper mills around the globe.

“We have ports that allow companies to grow their exports, and then companies locate and grow here because this is a great place to export.”

Eric Schinfeld, president, Washington Council on International Trade

deep-water ports reside in close proximity to world-class agriculture and manufacturing.

“What we have is a fantastic cycle,” Schinfeld explained. “We have ports that allow companies to grow their exports, and then companies locate and grow here because this is a great place to export.”

In addition to proximity, the ports' ability to provide efficient, timely service is key to exporters' success.

“Eastern Washington got a real education last year on the importance of our ports,” said Don Schilling, president of Wesco International, Inc., referring to the contract negotiations between the Pacific Maritime Association and International Longshore and Warehouse Union.

Wesco is an Ellensburg-based company that exports hay grown by Inland Northwest farmers. Schilling notes that 30 to 50 percent of hay grown in the Pacific Northwest is ultimately

exported, and the opportunity to do so is what makes the endeavor viable for many farmers. The lengthy negotiations left the hay exporters waiting to access overseas markets and with no other affordable means of transporting their products overseas.


Helping exporters out

Since then, the NWSA has partnered with the longshore union to meet with customers in Eastern Washington to answer questions, provide clarification and improve the connection between the region's inland exporters and the ports.

“We're trying to reach out to people all along the supply chain,” said Rich Austin, president of the ILWU Local 19 in Seattle.

His message: We're all in this together.

Dean McGrath, president of ILWU Local 23 in Tacoma, agreed, noting the



Employees monitor the process to chemically modify potato starch at Western Polymer's Moses Lake, Washington headquarters.

region's exporters, businesses, ports and labor are all interconnected.

"I want to build those relationships so that we can make the best decisions and put our efforts behind something that is going to benefit everybody," McGrath said.

The NWSA, meanwhile, has been working to improve communication between exporters and the two harbors, as well as streamline access. The alliance stood up the Operations Service Center last year to serve as the headquarters for customer success initiatives. Current efforts include:

- **Better access:** Encouraging terminals to look at extended gate hours to help with access, with some operators already electing to offer longer hours on their own.
- **Operational information:** Providing increased visibility to terminal and vessel information on the NWSA website, including a searchable vessel

schedule, weekday updates to terminal operational information and export receiving dates.

- **Reducing costs:** Finding ways to help exporters reduce their costs. For instance, Balaski says the Seattle and Tacoma ports have heavy haul corridors in place to connect transloaders, rail ramps and terminals. The designated routes allow standard truck chassis to pull heavier loads, instead of requiring exporters to use a more expensive super chassis. "The margins on export commodities are very small, so any extra costs are significant," Balaski explained.

Washington state remains an export leader but many recognize that there's still room for growth. Among U.S. companies, only 2 percent export their products. With Washington companies, that number jumps to 4 percent. WCIT's Schinfeld noted that number could be significantly higher.

"If we truly help our businesses, large and small, the potential job creation from export growth is tremendous," he said. "There is still lots of opportunity."

PG

“The margins on export commodities are very small, so any extra costs are significant.”

Steve Balaski, senior manager of business development, NWSA



THE TRANS-PACIFIC PARTNERSHIP'S POTENTIAL

The Trans-Pacific Partnership (TPP) would allow Washington state exporters to better compete in the global marketplace.

The regional trade agreement includes the United States and 11 other Asian Pacific countries—the destination of 30 percent of Washington state exports. The deal, which still needs to be approved by the U.S. Congress, would reduce 18,000 tariffs on products grown and manufactured in the U.S.

Fifty percent of Washington state imports also come from TPP countries, said Eric Schinfeld, president of the Washington Council on International Trade. “(The TPP) will help make it as easy for us to export to those countries as it is for them to sell their products here,” he said.

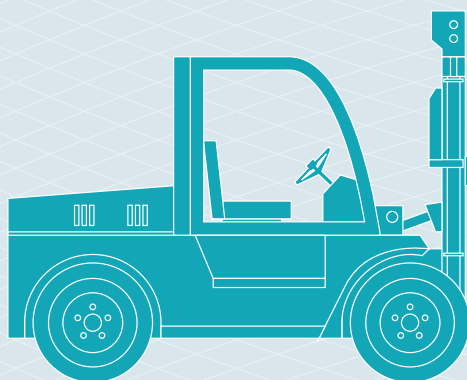
The agreement creates standards that can be verified, measured and enforced. In addition to tariffs, the TPP tackles modern issues such

as intellectual property protection, state-owned enterprises, and environmental and labor standards.

The trade agreement, however, has been controversial, with opponents citing wide-ranging concerns including that the TPP serves corporate interests and that trade agreements are detrimental to U.S. jobs.

Schinfeld, though, contends the TPP offers U.S. exporters of all sizes fair and improved access to these markets by providing businesses with new opportunities and leveling the playing field on some key issues. In Washington state, exports have increased 141 percent with free trade agreement partners since 2004, according to the World Institute for Strategic Economic Research.

“Trade agreements are the solution—rather than the cause—to many of the problems caused by globalization,” Schinfeld said.



18,000

REDUCED TARIFFS

2015 TRADE STATISTICS

The Puget Sound gateway's container volumes grew 4 percent in 2015 to 3.5 million TEUs, and auto imports set a new record.

VALUE OF
TWO-WAY
TRADE

\$73.5

BILLION

VALUE OF
IMPORTS

\$57.3

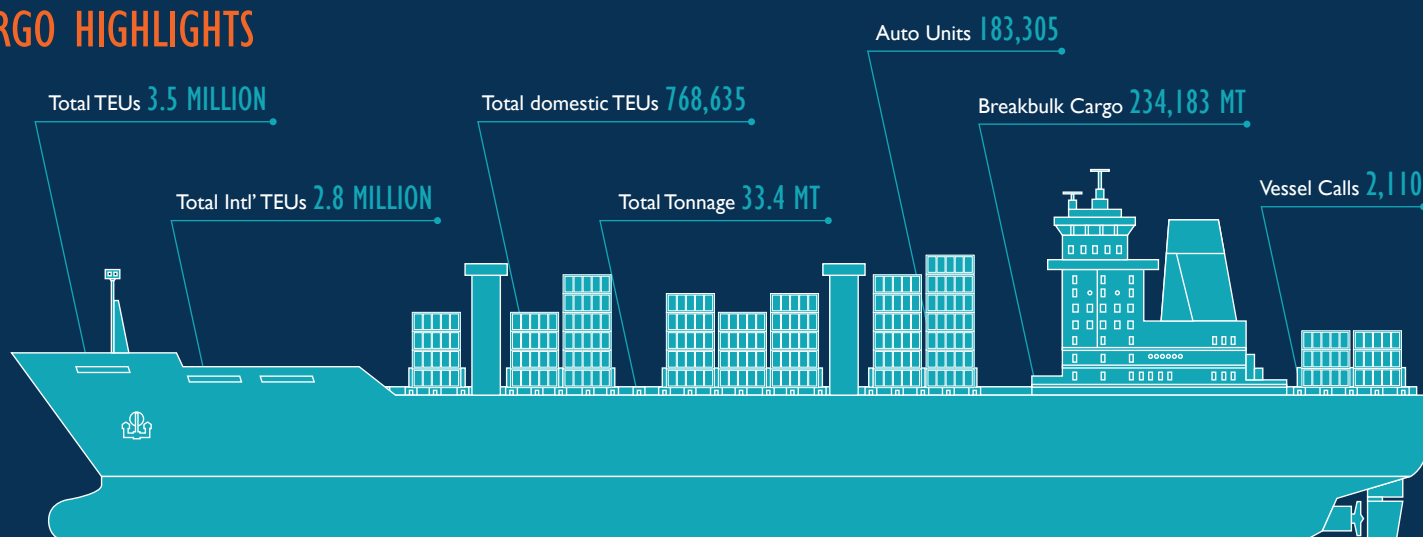
BILLION

VALUE OF
EXPORTS

\$16.1

BILLION

CARGO HIGHLIGHTS



TOP 10 Export Commodities

\$2.5

BILLION



Oilseeds & Grains

\$1.7

BILLION



Industrial Machinery
& Computers

\$901

MILLION



Prepared Vegetables,
Fruits & Nuts

\$825

MILLION



Fish & Seafood

\$720

MILLION



Edible Fruit & Nuts

Top 10 Import Commodities

\$10

BILLION



Industrial Machinery
& Computers

\$9.1

BILLION



Electronics &
Electrical Machinery

\$7.1

BILLION



Vehicles & Parts

\$3.1

BILLION



Toys, Games &
Sports Equipment

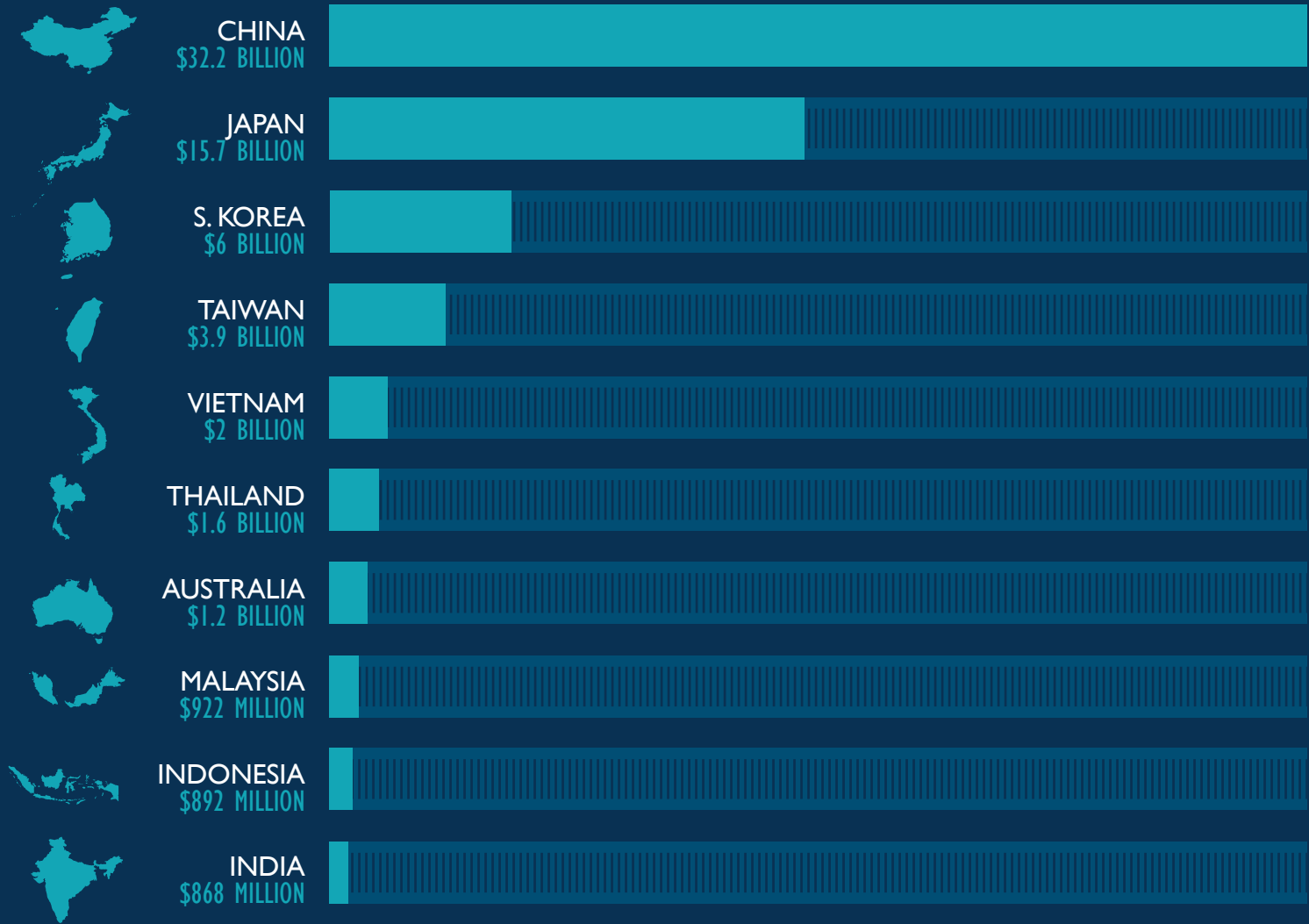
\$3

BILLION



Furniture

TOP 10 TRADING PARTNERS



\$696 | MILLION



Inorganic Chemicals
& Rare-Earth Metals

\$624 | MILLION



Paper & Paperboard

\$557 | MILLION



Meat & Meat Products

\$529 | MILLION



Eggs & Dairy Products

\$515 | MILLION



Cereals

\$1.9 | BILLION



Articles Of Iron Or Steel

\$1.9 | BILLION



Plastics & Plastic Articles

\$1.9 | BILLION



Footwear

\$1.7 | BILLION




Knit Apparel & Accessories

\$1.6 | BILLION



Non-knit Apparel
& Accessories



CLEANER TRUCKS, CLEANER AIR

Incentive program works to improve air quality by reducing emissions from drayage trucks

Erik Backman oversees a fleet of nearly four dozen trucks, and he can tick off a virtual to-do list of tasks, costs and regulations.

With offices in King and Pierce counties, Backman's family business, Freight Expeditors, employs owner/operators who haul cargo to and from The Northwest Seaport Alliance's North and South harbors each day.

To comply with the NWSA's Clean Truck Program, all port-bound trucks must have engines built since 2007 by Jan. 1, 2018, or risk being turned away at the terminal gates. Buying a newer truck is an expensive proposition, costing \$40,000 to \$120,000.

A joint program by the NWSA and Puget Sound Clean Air Agency seeks to lower the burden for businesses like Backman's, as well as independent owner/operators. Called ScRAPs 2, the program reimburses owners for part of the cost of a new truck. Buy a 2010 truck or newer and receive as much as \$27,000 in return; a 2007 to 2009 truck will yield up to \$20,000.

At Freight Expeditors, four owner-operators and two company-owned trucks have been scrapped since the program started in 2014.

"We're at the perfect storm in trucking," Backman explained. "Half a dozen things are coming at us regulatory-wise, and if we don't get ahead of it, we won't be around in 2018."

Through the program, old trucks are replaced with newer models, demolished and their parts recycled—hence the name: Seaport Truck Scrappage and Replacements for Air in Puget Sound. A 2009 version in the North Harbor scrapped 289 trucks, while a 2012 South Harbor version scrapped 133 trucks. ScRAPs 2 provides even bigger incentives and includes trip quotas for both harbors. As of mid-March, 180 trucks have been replaced.

These incentives are critical, said Kathy Boucher, ScRAPs 2 program manager for the Puget Sound Clean Air Agency. Funded with \$7 million in grants and port matching funds, the program is available through the end of the year. While plans are in the works for a third

Older, higher-emission trucks are demolished and their parts recycled through the ScRAPs 2 program.



equipment, ships and trains. The Clean Truck Program focuses on meeting the strategy's goals for trucks.

About 2,500 trucks visit NWSA terminals each day. The ScRAPs program encourages owners to replace trucks with engines manufactured from 1994 to 2006, which have fewer emission controls, with newer ones built to meet updated U.S. Environmental Protection Agency standards.

The result: An annual reduction of 8 tons of diesel particulates and 103 tons of oxides of nitrogen—all by taking 180 older trucks off Puget Sound roads.

An easier way to look at it, Gedlund said, is that older trucks emit 10 times

more particulate pollution than newer trucks.

“Overall, diesel exhaust is one of the most significant air toxics in our region,” she said. “Port activity generates diesel emissions because the diesel engine is the workhorse of the industry. Trucks, ships, tug boats and trains all rely on diesel. Even though our region is in compliance with air quality standards, the ports wanted to be proactive to protect public health and the environment while supporting economic growth.”

Find information on ScRAPs 2 at <http://bit.ly/ScRAPs2Program>.

PG

round, Boucher urges truck owners to take advantage of what's available now.

“Having a truck payment is a big issue, and these incentives can ease some of that,” she said. “Unfortunately there's not going to be enough money for everybody, and when the money isn't there, you're going to have to do this on your own. It's a huge expense.”

Newer trucks, fewer emissions

The program's goal? To reduce emissions of diesel particulate matter, explained Janice Gedlund, the NWSA's ScRAPs 2 program manager. Under the Northwest Ports Clean Air Strategy, adopted in 2008, the ports of Seattle, Tacoma and Vancouver, B.C., committed to reduce emissions from all port-related sources—trucks, cargo

ScRAPs 2 FUNDING

GRANT	AGENCY	AMOUNT
Congestion Mitigation and Air Quality	Federal Highway Administration (administered by Washington State Department of Transportation)	\$4,173,000
Ecology Clean Diesel	Washington State Department of Ecology	\$500,000
Diesel Emission Reduction Grant	U.S. Environmental Protection Agency	\$1,200,000
Port Match		\$1,225,000
TOTAL		\$7,098,000

COMPANY STATS



ESTABLISHED:
1956



LOCATION:
Headquarters in Minneapolis,
with 500 stores nationwide
and an online retail site



EMPLOYEES:
More than 4,000



PRODUCT:
Women's apparel, footwear
and accessories



WEBSITE:
christopherandbanks.com



CHRISTOPHER & BANKS CORPORATION

If women's clothing doesn't seem like time-sensitive cargo, just ask Dick Perket.

The senior director of global logistics for Minnesota-based retailer Christopher & Banks explains it this way: A customer needs an outfit for an event. She spots what she wants in a catalogue and tries to purchase it online, only to learn that her choice is out of stock. One click later, she's gone.

A product, Perket says simply, needs to be available when a consumer wants to buy it. And so Christopher & Banks a few years ago began transloading through The Northwest Seaport Alliance to save time and improve their supply chain's reliability.

It's just one example, Perket said, of how the NWSA's involvement in the supply chain can help beneficial cargo owners solve problems.

"Knowing that the two ports are working together as one is huge for us. It gives me more options," he said. "By partnering with the terminals, the ocean

carriers and the transloaders, they're the conduit and connection with the freight."

If there's a question or a need, the alliance is there to help. And in a competitive trade market, that makes a difference.

"I have choices," he said. "I can go somewhere else. But when you listen to me and help me solve my problems, then you're a partner with me."

The transloading solution followed years of unpredictable transport through both the northern United States and Canada to the Minneapolis area. The Christopher & Banks containers often ended up at the back of the train, which meant delays in unloading, Perket explained.

Transloading the cargo from 40-foot ocean-going containers to larger—and fewer—53-foot domestic containers saved the company critical time. The company partnered with Global Transportation Services in Kent, Washington, and the arrangement has helped speed cargo arrival by securing spots near the front of the train.

"[Transloading] doesn't sound like it could make that much of a difference—that those extra steps to unload and load containers could make it faster—but it does," Perket said. "I know if the cargo leaves on Saturday, it's going to be here on Wednesday. That predictability is something I can depend on."

“Knowing that the two ports are working together as one is huge for us. It gives me more options.”

Dick Perket

Senior director, global logistics, Christopher & Banks



COMPANY STATS

-  **ESTABLISHED:**
2012
-  **LOCATION:**
Gig Harbor, Washington
-  **EMPLOYEES:**
15
-  **PRODUCT:**
Vodka, bourbon, whiskey and gin
-  **WEBSITE:**
heritagedistilling.com

HERITAGE DISTILLING CO.

Two trade missions to China, a container shipment to Hong Kong and strong connections to international markets are reaping rewards for Heritage Distilling Co.'s line of naturally flavored vodkas.

The Gig Harbor, Washington-based distillery produces 26 flavored vodkas, ranging from vanilla and peach to coffee and bacon, as well as a variety of bourbon, whiskey and gin. For the past two years, HDC has been the most awarded craft distillery in North America by the American Distilling Institute.

The fast-growing company operates on a "field-to-flask" ethos. Pacific Northwest-grown wheat, corn, barley and wine serve as the base ingredients, and HDC makes its own mash and wort and operates custom-made stills imported from Italy.

"There's been a shift in society to no preservatives. Consumers want more natural products, but want them to be cost-effective and taste good," CEO

Justin Stiefel said. "We figured out how to do that, especially with our flavored vodkas."


During the trade missions organized by the World Trade Center Tacoma (WTCT), HDC met with potential suppliers and buyers, and local government trade officials in China. The WTCT arranged everything, Stiefel said, even translating documents and sale sheets.

HDC connected with local distributors and is now testing its flavored vodkas at restaurants across the country. The top flavors? Raspberry, Hibiscus, Lavender and Coffee vodkas.

"There is a thirst in China and Hong Kong for all things American," Stiefel said, citing the prestige of U.S. products and distrust of locally-made products due to past health scares.

And a meeting with a custom box manufacturer resulted in one of HDC's most popular items this past holiday season: the Spirits Advent Calendar featuring 24 miniature bottles of whiskey, bourbon and flavored vodkas

housed in a custom box designed and manufactured in China.

With headquarters near Northwest Seaport Alliance terminals, and the expertise of local logistic service providers Sea-Air Transport and Panalpina, HDC's jump into international markets is proving successful. 

“There's been a shift in society to no preservatives. Consumers want more natural products, but want them to be cost-effective and taste good.”

Justin Stiefel
CEO, Heritage Distilling Co.

HEAVY HAULING

Improvements to key freight routes are smoothing truck trips to port terminals

Through partnerships with local city governments, The Northwest Seaport Alliance has invested in projects to keep freight moving quickly and efficiently through the Puget Sound gateway.

The City of Seattle approved a heavy haul network last October, allowing heavier cargo containers to be transported between North Harbor terminals, transload facilities and rail yards.

The new corridor's weight regulations align with Washington state and other municipalities across the country, and will improve safety and reduce costs for shippers. Permits cost \$200 a year to transport gross vehicle weights up to 98,000 pounds and require semi-annual safety inspections.

"This is an example of a great partnership with the City of Seattle," said Steve Queen, senior terminal operations manager. "It demonstrates the city's commitment to improve freight mobility to help keep our ports competitive."

In the South Harbor, the City of Tacoma recently completed the \$11.7 million project to replace 9,400 feet of Port of Tacoma Road.

The main freight route into the industrial area was pitted with potholes and incomplete sidewalks. The city and the port worked together for years to secure grant funding to fix the roadway.

The road was rebuilt from the base up with 10 inches of concrete to better withstand heavy truck traffic. The city and its contractor, Merlino Construction, worked with the port,



terminal operators and local businesses to keep industry rolling throughout construction.

"Communication was the key to a successful project and keeping traffic moving in the port," said Tom Rutherford, City of Tacoma project manager. "Key stakeholders met weekly to discuss upcoming work and traffic impacts, and the information was broadcast by the port and city to the community."

Continued investments to maintain and improve the heavy haul corridors near NWSA terminals will benefit cargo moving through the gateway. [\[4\]](#)

Federal freight provisions support ports

For the first time in history, the federal surface transportation bill established a truly multimodal freight program with dedicated funding for goods movement projects.

The legislation, called the Fixing America's Surface Transportation (FAST) Act, was signed into law last year. The national freight program, championed by Sen. Maria Cantwell, will help the NWSA make the investments necessary to maintain a competitive trade gateway.

CALENDAR

Meet Northwest Seaport Alliance staff at upcoming events.

May 17

Spring Golf Open
Tacoma Transportation Club
Tacoma, Washington

May 20

Chowdown
Tacoma Propeller Club
Tacoma, Washington

June 1

Inland Conference
Serving Logistics LLC
Columbus, Ohio

June 16 – 17

Agricultural Transportation
Coalition Annual Meeting
Long Beach, California

June 22

Journal of Commerce
Columbus Roundtable
Columbus, Ohio

Aug. 3 – 6

Outdoor Retailer Summer
Market 2016
Salt Lake City, Utah

Aug. 30 – Sept. 1

Midwest Specialty Grain
Conference & Trade Show
Indianapolis, Indiana

Sept. 25 – 28

Council of Supply Chain
Management Professionals
Annual Conference
Orlando, Florida

Sept. 26 – 29

Breakbulk Americas Expo 2016
Houston, Texas

Oct. 11 – 13

TPM Asia
Journal of Commerce
Shenzhen, China

Oct. 11 – 12

Cargo Logistics America
Long Beach, California

Oct. 13 – 16

WESCCON
San Diego, California

Oct. 15 – 19

Footwear Traffic Distribution &
Customs Conference
Huntington Beach, California

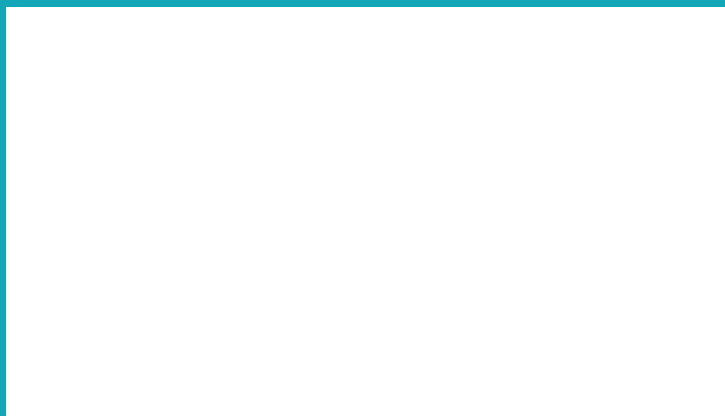


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