

pacificgateway

TWO PORTS, ONE VISION

Tacoma and Seattle ports form The Northwest Seaport Alliance

BETTER TOGETHER

Bari Bookout and
Tong Zhu lead
the alliance's new
commercial team

SPEEDING FREIGHT

Statewide
transportation
package funds
key freight routes

OUR NORTHERN CONNECTION

Trade with
Alaska supports
economic ties
to Puget Sound

FROM THE CEO



Competition isn't a new concept in the shipping industry—we've always fought ferociously on behalf of our customers—and pressure in the marketplace has intensified tremendously in the past few years.

We're answering the challenges and anticipating future changes with bold moves of our own.

With several historic votes last August, commissioners from the ports of Tacoma and Seattle formed The Northwest Seaport Alliance, the first partnership of its kind in North America.

Since then, we have worked relentlessly to establish a strategic plan for unifying management of the marine cargo facilities in our North and South harbors and attracting more cargo through our gateway.

This inaugural issue of the NWSA Pacific Gateway magazine includes more details about these plans, including the strategic terminal investments you'll see over the next several years to handle ever-bigger ships, as well as the Operations Service Center we've set up with guidance from an advisory council of our customers and stakeholders.

You'll also read about the substantial road and rail investments that will keep the cargo moving beyond our terminal gates, providing streamlined connections to Eastern Washington, the U.S. Midwest and points further east.

In this issue, we also introduce you to more of the people and customers who contribute to the jobs so vital to our state. You'll meet Bari Bookout and Tong Zhu, the leaders of our commercial team. Learn more, too, about Norvanco and VOXX International, two customer-focused businesses that connect the Puget Sound region to the global supply chain.

We will continue to measure and report our gateway's success with a scorecard of financial metrics, jobs creation, cargo volumes and environmental stewardship.

It's a high bar. The resulting jobs and economic opportunities we create for our state are worth it.

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

John Wolfe
Chief Executive Officer, The Northwest Seaport Alliance

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Courtney Gregoire

Chief executive officer

John Wolfe

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Pacific Gateway

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NEWS BRIEFS



More than 25 transload and cross-dock facilities operate near our terminals.

Largest container ships to ever call Puget Sound arrive at T18

CMA CGM brought the largest container ships ever to call Puget Sound to the North Harbor's Terminal 18 in September.

The *Callisto* arrived Sept. 1 and the *Cassiopeia* Sept. 25. With a capacity of 11,400 20-foot equivalent units (TEUs), each vessel holds at least 40 percent more cargo than most of the container ships that call at our terminals. The ships represent the larger vessels cascading into the trans-Pacific trade.

"Ships continue to get larger, and we are ready for them," said John Wolfe, Northwest Seaport Alliance CEO. "We are investing in our terminals and road and rail infrastructure to handle more cargo and the super-post-Panamax ships moving into the trans-Pacific trade."

Facility Finder makes it easy to build logistics network

We'd love to have your cargo—but not for long.

More than 25 transload and cross-dock facilities operate near our terminals, and our proximity to the second-largest concentration of warehouse and distribution centers on the U.S. West Coast provides plenty of choice for shippers moving cargo through the Pacific Northwest gateway.

Use our online Facility Finder tool to quickly identify the logistics service providers with the right mix of storage, handling capabilities and value-added services to meet your supply chain needs. Our network can help get your products to market quickly, efficiently and at a competitive cost.

Search the Facility Finder at www.nwseaportalliance.com/facility-finder.

North, South harbors recognized for environmental practices

The sustainability commitments of the ports of Seattle and Tacoma once again earned *Inbound Logistics* Green Supply Chain Partner honors.

As two of seven U.S. ports selected, Tacoma and Seattle were recognized for efforts to reduce seaport-related emissions through the Northwest Ports Clean Air Strategy, restore habitat and find innovative solutions to manage stormwater runoff.

The trade magazine honored 75 organizations from various transportation and logistics sectors, including ports, truckers, railroads, shipping lines, freight forwarders and air cargo carriers.

Stay connected to alliance news and alerts

There are a lot of good things happening at The Northwest Seaport Alliance—things you need to know about.

Stay connected by signing up to receive our email and text alerts at www.nwseaportalliance.com/subscribe. We offer subscriptions on a variety of topics, including news releases, cargo statistics, trucker updates and our monthly e-newsletter, *Breakwater*.

You can also connect with us on social media. Like us on Facebook at www.facebook.com/nwseaportalliance, or follow us on Twitter at @SeaportNW and LinkedIn at www.linkedin.com/nwseaportalliance.



At 11,400 TEUS, the CMA CGM *Callisto* (pictured) and *Cassiopeia* are the largest container ships to ever call Puget Sound.



Our harbors were recognized for efforts to reduce air emissions, restore habitat and manage stormwater.

HOMEPORT NEWS

Port of Seattle signs historic lease with Norwegian Cruise Line Holdings

The Port of Seattle signed a historic 15-year lease with Norwegian Cruise Line Holdings (NASDAQ: NCLH), the parent company of Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises.

The deal secures NCLH ships in Seattle for the full term of the lease, with an estimated economic impact of more than \$2 billion in total business revenue, nearly 900 jobs and more than \$65 million in state and local taxes. Learn more on the Port of Seattle's website at www.portseattle.org.

LNG facility at Port of Tacoma completes environmental review

Puget Sound Energy has completed the environmental review and is working to secure permits for its liquefied natural gas facility on a 33-acre site at the Port of Tacoma. Under a 25-year lease, the \$275 million facility will support both maritime and consumer uses.

TOTE Maritime Alaska is expected to be a primary customer. TOTE is converting its two cargo vessels serving the Alaska trade from Tacoma to operate on LNG instead of diesel fuel to meet new air emission standards. Learn more at TacomaCleanLNG.org.



Mark your calendar The Northwest Seaport Alliance Breakfast

Thursday, April 14, 2016

Greater Tacoma Convention and Trade Center
1500 Broadway, Tacoma

BETTER TOGETHER

Bari Bookout and Tong Zhu join forces to lead The Northwest Seaport Alliance's commercial team

Ask Tong Zhu about her greatest accomplishment at the Port of Tacoma, or Bari Bookout about her proudest moment at the Port of Seattle, and the two offer up much the same answer: Building a team. Developing relationships with customers. Working with others.

Not a series of statistics or a list of landmark negotiations. No sentence with “I,” “me,” or “my.”

And now, these former competitors—Zhu, formerly chief commercial officer at the South Harbor, and Bookout, director of commercial strategy in the North—stand firmly as “we.” Perhaps it’s only fitting that the two women who speak of collegiality should lead The Northwest Seaport Alliance’s new commercial team.

“We’re functioning as one,” said Bookout, who in her new role is responsible for commercial strategy and the non-container business. “We’re talking about the gateway, not about individual

ports. It helps to not be competing with each other. We’re bigger and better as one, rather than two.”

That means marketing the North and South harbors as a gateway—and the easiest and most efficient one at that, Bookout said. In her eight years at the Port of Seattle, Bookout and her team helped lure carriers that hadn’t served the Pacific Northwest before. Promoting the alliance will draw upon a similar playbook.

“It’s a value proposition,” she said.

Bookout has spent much of her career in the shipping industry, initially attracted by all things international. While a student at the

landlocked University of Alabama, Bookout met students from other countries, learned about other cultures and economies and set her sights on a career that would help her see the world. (“Shipping is global,” she adds with a laugh. Even when her work took her to Kansas City.)

Zhu, meanwhile, took her own global journey to the alliance. Before joining the Port of Tacoma in 2007, Zhu managed international relations at the Port of Seattle and directed Washington state’s China trade development programs under Gov. Gary Locke.


Looking back to that effort, more than a decade ago, Zhu sees a different China than the

one represented during the Chinese president’s visit last fall.

“When I was involved in China trade, it was more about developing trade,” Zhu said. “Today, it’s about growing trade and expanding beyond trade. I think we’ll see some interesting opportunities in terms of inbound investment in China. The Port of Tacoma has certainly benefitted from that connection, and both the North and South harbors have benefited from trade.”

The pairing of Zhu and Bookout puts two women in high-powered, executive roles—a fact not lost on either of them. Zhu credits alliance Chief Executive Officer John Wolfe with “bringing out the best in each of us, regardless of race or gender.”

Zhu now manages the container operation and business development for the alliance—a big step from her early days in the business.

“Years and years ago, when I sat at the negotiating table, some male customers wouldn’t even look at my eyes,” Zhu said. “But I see changes.” 



“We’re bigger and better as one, rather than two.”

Bari Bookout, chief commercial officer—non-container

ALL ABOUT BARI BOOKOUT



BORN:
Tupelo, Miss.



NOW LIVES:
Seattle



**WHEN NOT AT WORK,
SHE CAN BE FOUND:**
On a mountain
climbing or on the
water windsurfing



FAVORITE SCHOOL SUBJECT:
Economics



BEST TRIP EVER (TIE):
Three weeks in China
and the Patagonia
region of Argentina

ALL ABOUT TONG ZHU



BORN:
Chengdu, China



NOW LIVES:
Lakewood



**WHEN NOT AT WORK,
SHE CAN BE FOUND:**
On the golf course
or in her garden,
tending to flowers



FAVORITE SCHOOL SUBJECT:
Science and philosophy
("studying mysteries
of the universe")



ON THE BUCKET LIST:
Paris, the pyramids,
and other Wonders
of the World

SPEEDING FREIGHT

Statewide transportation package finally funds \$1.8 billion completion of key freight routes

Trucks will travel faster and easier to and from Northwest Seaport Alliance terminals thanks to a \$16.1 billion state transportation package approved last summer.

The package was passed by Washington lawmakers in July. It includes \$1.8 billion for the Puget Sound Gateway project that completes the connection of State Route 167 to the South Harbor in Tacoma and extends State Route 509 to create a more direct route to the North Harbor in Seattle.

The improvements will turn what is now a network of surface streets into an efficient transportation system between the ports, major freeways and the Kent and Puyallup valleys, home to the second-largest concentration of distribution centers on the West Coast.

The Gateway project is a victory for the alliance, along with scores of businesses, organizations and government agencies that have pushed to complete the two highways for years.

John Parrott, chief operating officer of Foss Maritime, likens the project to the recent establishment of The Northwest Seaport Alliance. Joining the ports, he said, links people, while SR 167 and SR 509 link structures and systems.

“These two projects connect the Port of Seattle and the Port of Tacoma in ways they haven’t been in the past,” Parrott said. “This is going to greatly improve how we connect, and once you improve connections, it rises all tides in the business.”

Improving regional freight network

The Gateway wasn’t the only project in the statewide package to benefit the alliance: Lawmakers awarded funding to several other road projects, including Interstate 5 at Joint Base Lewis-McChord and Interstate 90 at Snoqualmie Pass—both major truck corridors for maritime freight. Add in investments from private stakeholders such as the railroads, and improvements to the Pacific Northwest gateway amount to nearly \$6.9 billion.

“Our economy depends on businesses being able to efficiently transport goods and products to markets both local and international,” state Rep. Judy Clibborn, D-Mercer Island, said in announcing the state package. “These investments will help combat congestion, grow our economy and move our state forward.”

The Puget Sound Gateway project is expected to get underway in 2019 with improved traffic signals and interchanges. Project completion is expected by 2029.

Investing for a more competitive gateway

Completing the last six miles of SR 167 should improve travel time between Puyallup and Tacoma by 15 percent, as truck traffic moves off city streets to a highway system better equipped to handle the demand. The same goes for Seattle, where improvements to SR 509 will allow trucks to bypass Seattle traffic and avoid an indirect route along local streets.

BUILDING THE FUTURE

Together with our public and private sector partners, we are investing in harbor, road and rail infrastructure to keep cargo moving quickly and efficiently through our gateway.

HARBORS:



\$800 MILLION

ROADS:



\$9.2 BILLION

RAIL:



\$4.3 BILLION

FUTURE CAPITAL IMPROVEMENTS:



\$622 MILLION

“Our economy depends on businesses being able to efficiently transport goods and products to markets both local and international.”

Rep. Judy Clibborn

That means improved velocity at the port, said Sean Eagan, The Northwest Seaport Alliance’s government affairs director, along with reduced traffic congestion and increased reliability—all of which make Puget Sound more competitive.

“We can unload a ship of containers incredibly fast, but if those containers suddenly get stuck in traffic as soon as they leave our gates, that doesn’t really help our customer,” Eagan said. “That’s why investing in this package is so important.”

These investments in port-related infrastructure help draw cargo and jobs. A 2007 Washington State Department of Transportation study estimated nearly 80,000 jobs would be created statewide, due not only to Gateway construction but also to increased traffic at the ports and related businesses.

“It’s the most transformative project for this area since the construction of (Interstate) 705,” said Tom Pierson, president of the Tacoma-Pierce County Chamber. Add in the planned improvements to the I-5/SR 18/SR 161 triangle, and the impact on transportation is massive, he said.

“It puts us in a place to compete globally,” Pierson said. “It shows companies and shippers that we’re looking to the future.”

PG

TWO PORTS,



ONE VISION



The ports of Seattle and Tacoma formed The Northwest Seaport Alliance to better serve the region and customers

On Aug. 4, 2015, the ports of Seattle and Tacoma made history by choosing unprecedented over parochial. Faced with increased competition from Canada, California and beyond, the ports joined forces to create The Northwest Seaport Alliance—the first of its kind in North America. The goal is to maximize and expand the economic benefit that Puget Sound’s deep-water container ports provide the region and create a more efficient gateway for customers. The alliance is a potential game-changer for Seattle and Tacoma, which have long been competitors.

Now instead of battling each other for business and duplicating resources and investments, the alliance will develop innovative solutions to better serve its customers and attract more marine cargo—and jobs—to the region.

To be sure, much of each individual port will remain the same—for instance each commission continues to work for its respective constituents. However, the new nature of the alliance also means there are some exciting changes and improvements in the works.

Eli Bohm, general manager at Terminals 18 and 30 in the North Harbor, talks with Steve Balaski, part of the alliance’s business development team.

Tim Ebner, with the alliance's operations team, discusses ways to improve the gateway with Brandon Beetham, general manager for XPO Logistics, at the company's Tacoma drayage facility.



“The seaport alliance has created an opportunity to move away from an environment where the two ports are competing.”

Anita Wilkie, director of logistics for cellulose fibers, The Weyerhaeuser Company

Pooling strategic resources

Here's what stays the same. The Seattle and Tacoma homeports still own all of their individual assets. And businesses unrelated to maritime operations, such as the Seattle-Tacoma International Airport, Seattle's cruise business and Tacoma's industrial real estate properties, will remain under the domain of their respective ports.

The Northwest Seaport Alliance, however, now has license—as a port development authority—to operate the cargo-related maritime facilities of both ports, which include container, breakbulk, auto and some bulk terminals. To help run the joint seaport operations, each port has contributed staff who now work for the alliance.

“There haven't been a bunch of new hires, and from a customer perspective, you are still dealing with the same people,” said John Wolfe, NWSA CEO.

“The biggest difference is that this is a new company, and it has its own budget and the decision-making process has changed.”

That budget must be approved by both port commissions, representing the two managing members of the port development authority. The pair of commissions now also approve decisions regarding the ports' maritime assets, such as long-term leases and infrastructure improvements.

Under the new governance structure, all decisions require a simple majority vote from both commissions. That means most of the Tacoma and most of the Seattle commissioners will need to agree on a course of action before it happens.

A changing view

The formation of the alliance marks a notable shift in perspective and a broader mission for the ports. In decades

past, one of the Puget Sound container ports may have celebrated when it beat out the other for new business. Or both may have invested millions of dollars in building new terminals or modernizing older ones to attract business to their port.

The end result, however, was a zero sum game that prioritized the growth of individual ports over that of the region. The alliance recognizes the current reality: Truck drivers, shippers, railroad workers, distribution centers and more benefit from the growth of the region's trade-related business, regardless of where it lands.

The ports' maritime cargo operations jointly support 48,000 jobs in the Puget Sound area. In addition, the dramatic changes in the shipping industry, such as ever-bigger ships and the rise of Canadian container ports, further reinforced the need to rethink who Puget Sound ports were truly competing against. Customers have already taken note.



“The seaport alliance has created an opportunity to move away from an environment where the two ports are competing, sometimes at the very expense of their customers, to one of cooperation with a greater focus on creating a positive experience for the multiple levels of customers and users of the facilities,” said Anita Wilkie, director of logistics for cellulose fibers for The Weyerhaeuser Company.

The NWSA is the third-largest container gateway in North America, behind only the ports of Los Angeles/Long Beach and New York/New Jersey. The alliance structure allows the ports to make strategic decisions and investments based on increasing the region’s competitive advantage.

For example, Steve Balaski, part of the NWSA business development team, notes that instead of having both ports spend money to create new container

terminals, the alliance can determine the overall demand and where the investment makes most sense. “We can right-size our capacity to meet what we anticipate will happen in the industry,” he said.

New measures of success

The alliance is dedicated to the success of the region as well as its customers. It is already working toward broad goals to achieve by 2025 to grow jobs, increase cargo volumes and maintain financial stability.

These goals go hand-in-hand with the alliance’s focus on retaining current customers while attracting new ones. That’s why much of the initial effort is focused on two key initiatives that will improve and innovate customer service in the gateway.

First, the Executive Advisory Council, made up of industry stakeholders including representatives from the

railroads, trucking industry, shipping lines and retailers, is working with the alliance to identify critical measures of operational success and solutions to achieve those goals.

The seaport alliance is also establishing an Operations Service Center (see The 411 on the OSC on page 13) to put these ideas into action. Through the OSC, now located at the NWSA’s Tacoma headquarters, the alliance is focused on achieving a new set of metrics regarding efficiency and reliability, both of which remain high priorities for importers and exporters alike, said Wilkie.

“Importers may have routing options for their cargo, much of which goes to the U.S. interior. Local exporters of raw materials or agriculture products do not have the same flexibility,” she explained. “We require competitive and efficient options via Tacoma and Seattle.”



Strategic investments will equip alliance terminals to serve the larger vessels cascading into trans-Pacific service, such as the 11,400-TEU CMA CGM *Callisto* that arrived at Terminal 18 in September.

“We’re not going to be the biggest gateway. The differentiator is that we can be more nimble and responsive to our customers.”

Dustin Stoker, head of the alliance’s operations team

The alliance’s metrics for operational success include decreasing the time trucks spend picking up and dropping off cargo, accelerating the speed at which ships are loaded and unloaded, and ensuring that containers get to railroads in a timely fashion.

NWSA leaders are in the early stages of creating the OSC and determining how it will achieve these new success measures. Dustin Stoker, head of the alliance’s operations team, said that one

of the first projects entails improving the flow of communication between all the parties that handle cargo at the two harbors. “We’re not going to be the biggest gateway,” Stoker said. “The differentiator is that we can be more nimble and more responsive to our customers.”

The risk of status quo

To many, the sight of container and other cargo ships berthed at the Seattle

and Tacoma harbors is as common as a rainy day in the Puget Sound. But the flow of cargo through these ports is not a given. Consider that more than half of the containers passing through our ports are bound for the U.S. Midwest—meaning they could also travel there via Canada, California or even the Southeast.

Indeed, the Puget Sound’s share of the U.S. container market has dwindled from 16.5 percent to 11.6 percent in the past 15 years. For Wolfe, joining the two ports was the most reasonable and powerful way to ensure that the Puget Sound protects its maritime business. He noted that the unprecedented nature of the alliance means many of the details are still being sorted out. And while still in its infancy, the partnership promises opportunities, while facing some risks.

“If we aren’t able to overcome our parochial views, it could prevent us from



maximizing the value of this unique alliance,” Wolfe said. “We also need to stay connected to the communities we serve and make sure that we deliver on the value proposition of the alliance to the entire region.”

As the industry continues to change and become increasingly competitive, Wolfe is confident the partnership puts the ports on a path to a prosperous future. “The greatest risk is that we continue to do what we’ve been doing and compete against each other,” Wolfe said. “I commend our commissioners for taking this bold leadership step, and for giving us the opportunity to focus our competitive spirit on the other gateways.”

PE



THE 4I1 ON THE OSC

Not only does The Northwest Seaport Alliance envision a gateway where it’s easy to do business, but it’s also aiming to be one of the most responsive ports, anticipating issues before there are problems and providing creative solutions to improve the overall customer experience. You might think of it as Ports 2.0.

At the center of this effort is the new Operations Service Center. The OSC is essentially the headquarters of the ports’ customer success initiatives, a one-stop-shop where customers can find information, voice their needs and benefit from innovative solutions. “We’re going to be more active in port operations,” said Dustin Stoker, the NWSA’s head of operations.

A group of industry stakeholders, the Executive Advisory Council, will guide the center’s efforts. “One of the things we recognize is that we can’t do this in a vacuum,” Stoker said. “These industry experts will help us shape what it means to provide best-in-class service delivery.”

Increasing the efficiency of the gateway can help make the Pacific Northwest an easy choice for customers, added Steve Balaski, with the alliance’s business development team. “Shippers have multiple options,” he said. “We need to be easy to do business with, efficient and add value to the supply chain.”

THE ALLIANCE HAS DEVISED FOUR GOALS THAT WILL SET A HIGH BAR FOR THE PUGET SOUND GATEWAY:

90%

90% of container vessels arrive and depart within 12 hours of their berth window.

35 MOVES-PER-HOUR

Maintain a 35 moves-per-hour crane production rate.

60 MINUTES

Maintain an average truck visit turn time of 60 minutes.

120 HOURS

Average 120 hours from train departure from the terminal to arrival at the inland rail ramp.

YOUR COMPETITIVE ADVANTAGE

The Northwest Seaport Alliance brings together two of the nation's premier harbors—the ports of Seattle and Tacoma—to form a single, integrated gateway for marine cargo.

We are the third-largest container gateway in North America and also a major center for bulk, breakbulk, project/heavy-lift cargoes, automobiles and trucks. Our terminal facilities, carriers and ports of call provide unlimited options and flexibility.

✓ VESSELS

✓ RAIL

✓ WAREHOUSING AND HANDLING

2 HARBORS

PORT OF SEATTLE:

NORTH HARBOR

PORT OF TACOMA:

SOUTH HARBOR

ACRES:

1,754 (710 ha)

King and Pierce counties, Washington

10



CONTAINER TERMINALS

ACRES:

1,012 (410 ha)

SHIP BERTHS:

25

CRANES:

47

NORTH HARBOR

- Terminal 5
- Terminal 18
- Terminal 30
- Terminal 46
- Terminal 115

SOUTH HARBOR

- APM Terminals
- Husky Terminal
- Olympic Container Terminal
- Pierce County Terminal
- Washington United Terminals
- TOTE Maritime Alaska Terminal

6



NON-CONTAINER TERMINALS

ACRES:

415 (168 ha)

HANDLES:

Breakbulk, project/heavy lift cargo, bulk and autos.

NORTH HARBOR

- Terminal 30
- Terminal 5
- (During modernization project, being used for non-containers)

SOUTH HARBOR

- East Blair 1
- Blair Auto Dock
- West Hylebos Terminal
- Marshall Avenue Auto Facility
- Terminal 7

COMPANY STATS



ESTABLISHED:
1976



LOCATION:
Sumner, Washington



EMPLOYEES:
55 full time,
25 to 100 temporaries



PRODUCT:
Full-service outsourced
logistics provider



WEBSITE:
www.norvanco.com



NORVANCO INTERNATIONAL

Keeping store shelves stocked with the season's hottest shoes, video games and toys requires a resilient supply chain. That's why Norvanco International depends on The Northwest Seaport Alliance to connect its distribution center in Sumner, Washington, with its clients overseas.

"I believe the Pacific Northwest is the port of choice for anybody who's bringing goods destined for the United States," said Marcus Moore, Norvanco's vice president of sales and marketing.

The Pacific Northwest's advantages include shorter transit times from Asia—as much as seven days over Southern California ports, Moore said—deep-water terminals that are ready to serve the bigger vessels entering the trans-Pacific trade and the expeditious transfer of cargo from the docks to his warehouse.

The third-party logistics provider's distribution center offers transloading, customs house brokerage and a foreign trade zone designation. Norvanco understands that each client's supply

chain is unique and provides customer-specific logistic solutions that are flexible and adaptable to meet today's dynamic retail environment.

Norvanco has supported international and domestic trade through Puget Sound for nearly 40 years. Founded as a customs house brokerage, the company was acquired in 1988 by Air Trans, which provided air freight, warehousing and distribution services. The company's name was changed to Norvanco International in 1991 to better reflect the global nature of the business.

Moore credits a strong partnership with the alliance for a big part of Norvanco's success. The two harbors are the "lifeline for our clients' goods to get to their customers," he explained, and good communication about terminal availability, labor and timelines keeps cargo moving.

Both the alliance and local supply chain service providers play a role in growing cargo volumes through the Puget Sound gateway.

"At the end of the day, you have to preach the gospel of the Pacific Northwest to the folks out there because we are kind of a hidden gem," Moore said. "As long as we can describe the value and really show the endgame for the clients—that if you can expedite cargo, bring it in a timely manner, be frugal about the way you manage your business and ultimately, deliver your goods to the customers—it's a win for everybody."

“ As long as we can describe the value and really show the endgame for the clients, it's a win for everybody.”

Marcus Moore

Vice president, sales and marketing, Norvanco International



COMPANY STATS



ESTABLISHED:
1964



LOCATION:
Headquartered in Hauppauge,
New York (with footprints
in Europe, Asia, Mexico and
South America)



EMPLOYEES:
1,500 worldwide



PRODUCT/SERVICE:
Automotive and consumer
electronics and accessories
categories, as well as
premium high-end audio



WEBSITE:
www.voxxintl.com

VOXX INTERNATIONAL

VOXX International Corporation understands that time is money. In the 1980s, the electronics manufacturer imported its product using a combination of sea and air freight. Cargo arrived on a vessel in Seattle, and after clearing U.S. Customs was flown to the East Coast.

While the sea-air transit times were fast and reliable, air freight was expensive and didn't always provide the best alternative. In particular, the company needed to find another option to transport a popular brand of speakers from Asia.

"Speakers are very heavy but quite inexpensive," explained Pat Moffett, vice president of international logistics at VOXX. "When you make that sea-air commitment, it has to be a well thought-out decision as it can have a significant impact on your margins."

Moffett recognized that by replacing air freight with trucks, VOXX could continue to meet customer needs and save millions of dollars. He developed the innovative Sea-Truck Program—

a program that works best at the less-congested Northwest Seaport Alliance ports.

The program combines ocean freight, transloading and team-driving long-haul trucking to provide fourth-morning delivery from the Pacific Northwest to VOXX's Indianapolis distribution center (DC) and fifth-morning delivery to its DC in Norfolk, Virginia.

This predictability allows importers to accurately plan distribution to meet sales demands. The program works because the arrival and release of cargo can be accurately estimated.

"The biggest benefit with discharging in Seattle-Tacoma is less congestion, which in turn will minimize your cargo delay," said Denise Oswald, assistant vice president of international logistics at VOXX.

Before a container arrives at the NWSA's North Harbor, the freight is fully released. The containers receive priority offloading and are whisked to Consolidated Shipper's Sea-Tac warehouse for transload.

Transloading occurs within one to two days of vessel arrival. On average, three 40-foot ocean containers can be consolidated into two 53-foot domestic trailers, and containers can be divided for split shipping if needed.

Once the trailers are loaded, a two-member team of long-haul truck drivers race across the U.S. almost nonstop to meet scheduled delivery times at VOXX's distribution centers.

About 400 to 500 of the VOXX containers that arrive in the Pacific Northwest each year from Shanghai, Hong Kong, Shenzhen, Taiwan and Vietnam take advantage of the Sea-Truck Program. [\[4\]](#)

“The biggest benefit with discharging in Seattle-Tacoma is less congestion, which in turn will minimize your cargo delay.”

Denise Oswald

Assistant vice president of international logistics, VOXX

OUR NORTHERN CONNECTION

Longtime relationship between Alaska and the Puget Sound region continues to support trade, jobs

Puget Sound's fourth-largest trading partner isn't an ocean away. It's not even on a separate continent or country. The 3.4 million tons of cargo that moved between the Puget Sound and Alaska in 2013 ranks the northern state right behind China, Japan and South Korea—and makes up 20 percent of total containerized shipments through The Northwest Seaport Alliance.

Alaska is the biggest player in our domestic trade, responsible for 80 percent of domestic containerized cargo, according to the latest economic update commissioned by the Seattle Metropolitan Chamber of Commerce and supported by the alliance and a variety of other businesses.

The 2015 *Ties That Bind* study, issued once a decade since 1985, underscores the deep and continually growing economic relationship between Washington state and Alaska, not only in trade and jobs, but also in tourism, education and health care.

Relying on data through 2013—the most recent available—researchers cited growth in various sectors, including freight, seafood and petroleum.

“You can't understate the importance of seafood in this whole equation,” said Heather Haugland, one of the study's authors for the McDowell Group. “Alaska's seafood is so healthy and its resources are so well-managed that it's the cornerstone of the Alaska/Puget Sound relationship.”

SECTOR GROWTH

Highlights include:



CARGO

About 3.4 million tons of cargo moved between the Puget Sound and Alaska in 2013, an increase of 2 percent since 2009.



JOBS

From 2003 to 2013, Alaska-related jobs in the Puget Sound increased 9 percent, from 103,000 to 113,000.



OIL PRODUCTION

Even with oil production ramping up in Canada and North Dakota, Alaska remains the largest supplier of crude oil to Puget Sound refineries.



INDUSTRY

Alaska's seafood industry supports 24,000 Puget Sound jobs and brings in \$3.2 billion in revenue to Washington state. Thanks to fisheries management and marketing, the industry has gone from being mostly a frozen and canned provider to an in-demand exporter of wild-caught fish.

“You can’t understate the importance of seafood in this whole equation.”

Heather Haugland
Senior project manager, McDowell Group

Vessel loading operations prepare a TOTE Maritime Alaska ship for the trip north. The container line is one of two serving the Alaska trade from NWSA terminals.



The natural domestic connection

Alaska's connection with the Pacific Northwest dates back centuries to when explorers and early settlers traded for furs and fish with native tribes.

The Gold Rush spurred trade even further, but it was in the late 1960s, when oil was discovered in Prudhoe Bay, that the Alaska economy—and Puget Sound's role in it—changed forever. Jobs, construction and all the trade associated with a growing population ignited exports from the Puget Sound, the natural domestic connection to the lower 48 states. Today, northbound cargo makes up about 80 percent of the trade between the Puget Sound and Alaska.

The sheer size of the state—its more than 200 ports are spread along a coastline that is longer than the rest of the U.S. coastline combined—along with treacherous winter weather, can present special challenges to transportation. But longtime providers, from container lines TOTE Maritime Alaska and Matson Lines to Alaska Marine Lines' barge service to dozens of distribution centers, trucking companies and warehouses, have adapted to Alaska's unique needs.

"In our hearts, we serve the state of Alaska. Without [that relationship], we don't exist," said John Parrott, former president of TOTE Maritime Alaska and now chief operating officer at Foss Maritime, which has made twice weekly trips between Tacoma and Anchorage for some 40 years.

"Business is good and strong. We don't really have the option not to serve. We have removed the fear, the doubt and the challenge of operating in a state that's far away and has limited infrastructure."


Two-way trade thrives, drives relationship

Even as oil prices and capital projects directly impact the Alaska economy, The Northwest Seaport Alliance will continue to play a starring role in helping the trade relationship thrive, said Scott Pattison, the alliance's head of business development for Alaska.

Carriers need efficient marine terminals and adequate distribution, cold-storage and cross-dock facilities. And suppliers need well-maintained air, rail and road networks to transport goods to consumers.

"With the alliance, we can take a more comprehensive look at how we can support Alaska and its logistics needs," Pattison said.

While it may appear the Puget Sound region has an almost paternalistic relationship with Alaska, the state plays a critical role in creating jobs and revenue for this region, too.

"It's a two-way street," Pattison said. "We shouldn't take Alaska for granted." 

Report summary

View a summary of the *Ties That Bind* study at:
<http://bit.ly/TiesThatBind2015>.

CALENDAR

Meet Northwest Seaport Alliance staff at upcoming events.

Jan. 20 – 21

Washington State Hay Growers Association
Northwest Hay Expo
Kennewick, Washington

Jan. 27

Agriculture Transportation Coalition (AgTC) Workshop
Portland, Oregon

Jan. 29

Agriculture Transportation Coalition (AgTC) Workshop
Boise, Idaho

Feb. 4 – 6

Operation Stimulus Conference
Denver Transportation Club
Denver, Colorado

Feb. 28 – March 2

Retail Supply Chain Conference 2016
Retail Industry Leaders Association
Dallas, Texas

Feb. 28 – March 2

Trans-Pacific Maritime Conference
Journal of Commerce
Long Beach, California

April 12 – 14

Northeast Trade and Transportation Conference
Coalition of New England Companies for Trade (CONNECT)
Newport, Rhode Island

April 14

Annual Breakfast
The Northwest Seaport Alliance
Tacoma, Washington

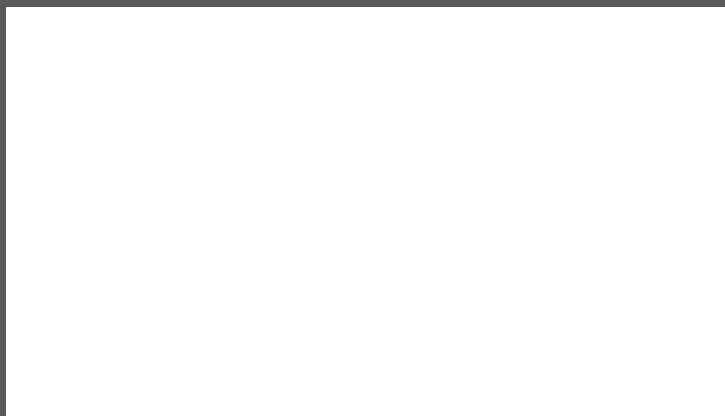


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