



# STRATEGIC BUSINESS PLAN

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Seaport Alliance  
May 6, 2015

# PRESENTATION OVERVIEW



Recent industry changes drive actions to stay competitive

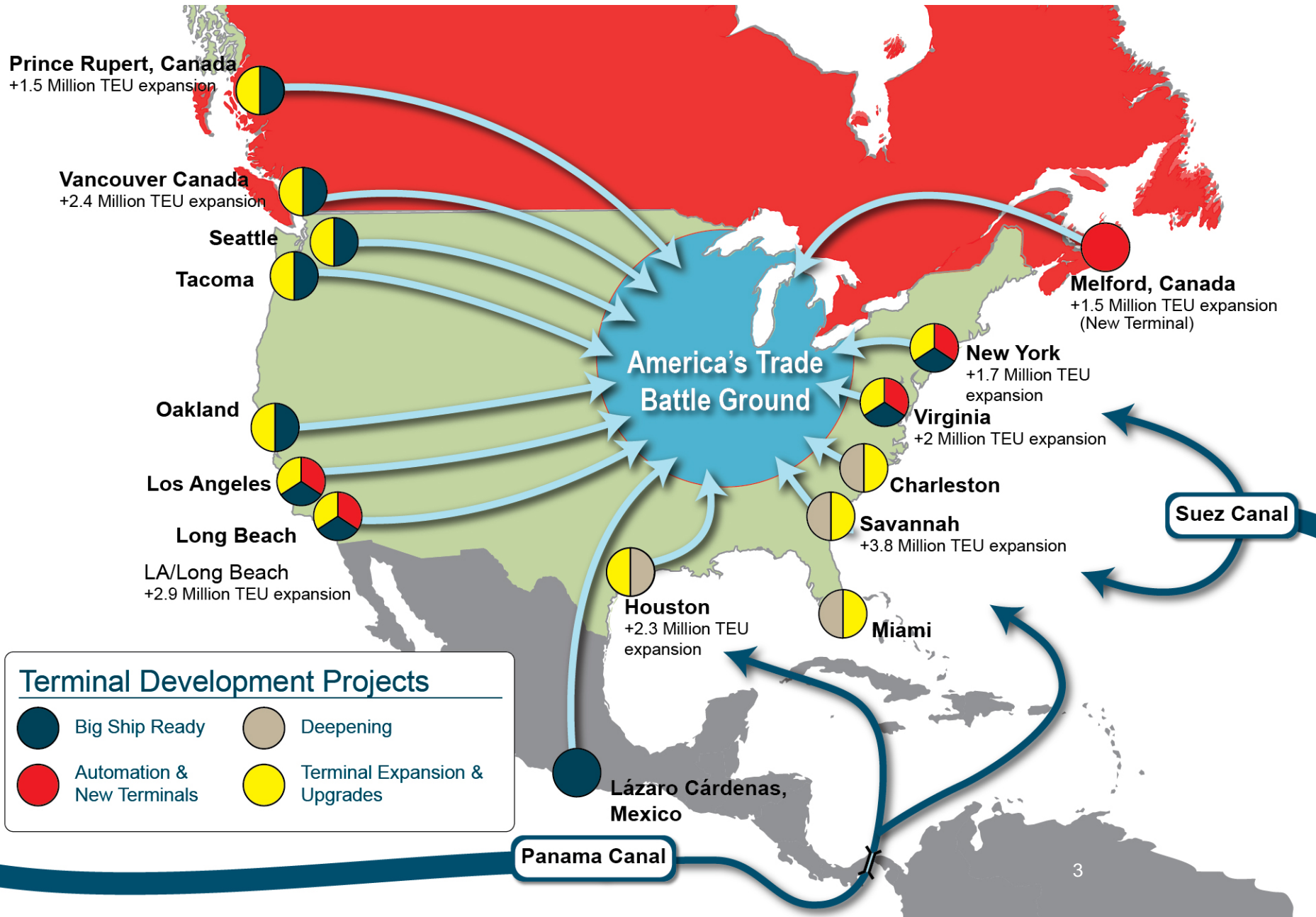


Optimized infrastructure investment strategy

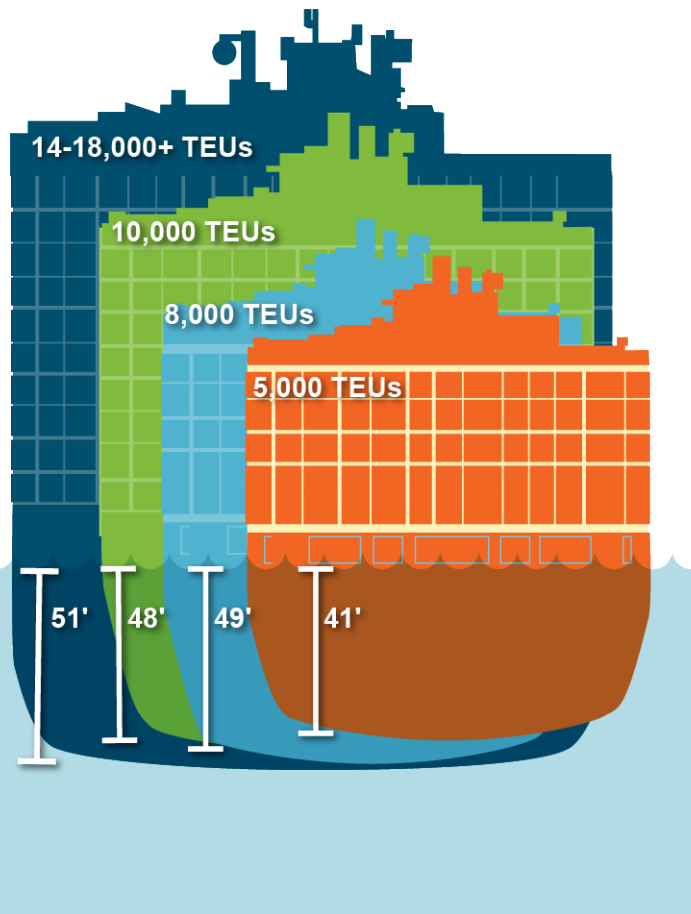


Customer focused solutions to become the gateway of choice

# NEW & INTENSIFIED COMPETITION



# ULTRA LARGE CONTAINER SHIPS



2000	5,000 TEU Vessels Began calling PNW 2000	Length 935'	Beam 131'	Draft 43'	Containers high on deck 9	Containers below deck 5	Containers across 15
2009	8,000 TEU Vessels Began calling PNW 2009	984'	141'	48'	9	6	17
2009	10,000 TEU Vessels Began calling PNW 2009	1145'	150'	49'	10	8	18
20??	15,000 TEU Vessels Have yet to call	1230'	184'	51'	10	8	22
20??	18,000 TEU Vessels Have yet to call	1312'	194'	51'	10	8	23

# KEY STRATEGIC FINDINGS FOR THE PNW GATEWAY



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

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



## **Formation of mega-alliances**

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



## **Excess terminal capacity**

- Too many acres dedicated to containers

# PNW GATEWAY CRITICAL SUCCESS FACTORS



Increased terminal utilization



Productivity enhancements



Rail competitiveness



Infrastructure investment

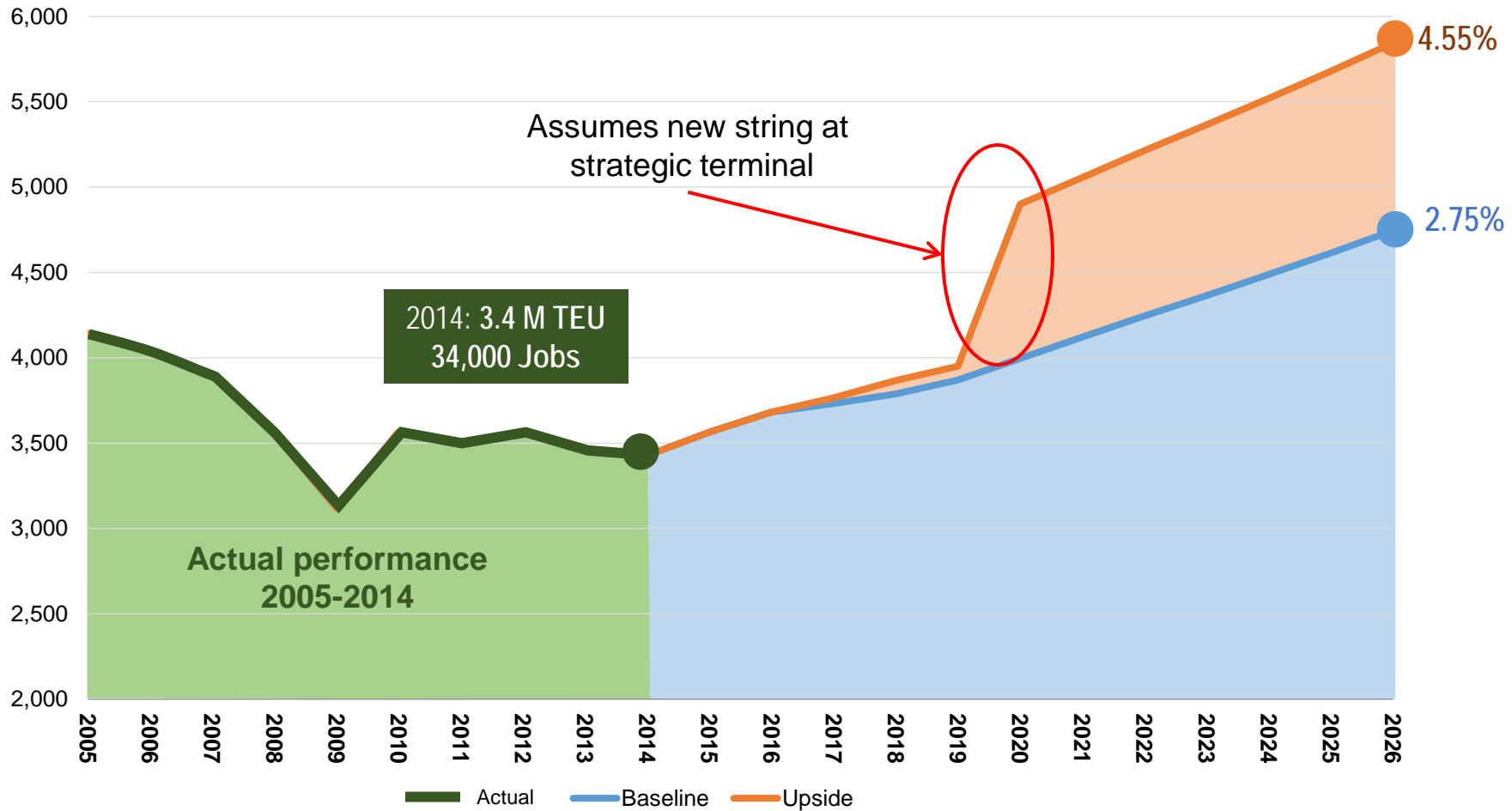


Regulatory climate

# CARGO GROWTH GOALS

Seaport Alliance TEU History and Comparison of Baseline and Upside Forecasts

2026: 6M TEU  
48,500 Jobs





# CURRENT CONTAINER CARGO FACILITIES

## PORT OF SEATTLE

Terminal 46

Terminal 18

Terminal 30

Terminal 5

Terminal 115

## PORT OF TACOMA

TOTE

Husky

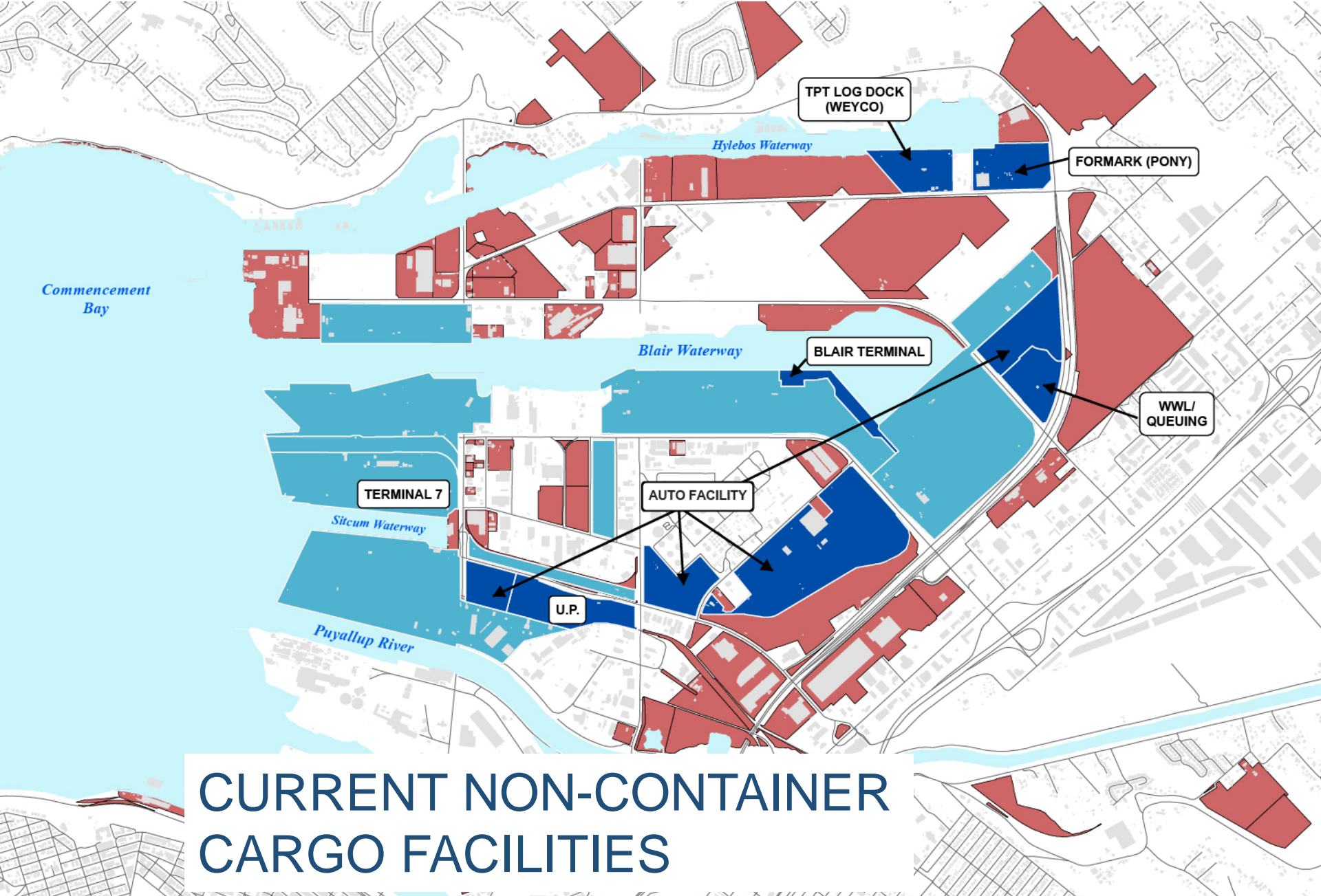
PCT

OCT

WUT

APM





# CURRENT NON-CONTAINER CARGO FACILITIES



0 0.1 0.2 0.3 0.4 0.5  
Miles



Seaport Alliance Properties



SA Non-Container Terminals



Non-Alliance Port Properties



# GATEWAY OPTIMIZATION

Achieve 70% Utilization | Strategic Terminals | Double Volume

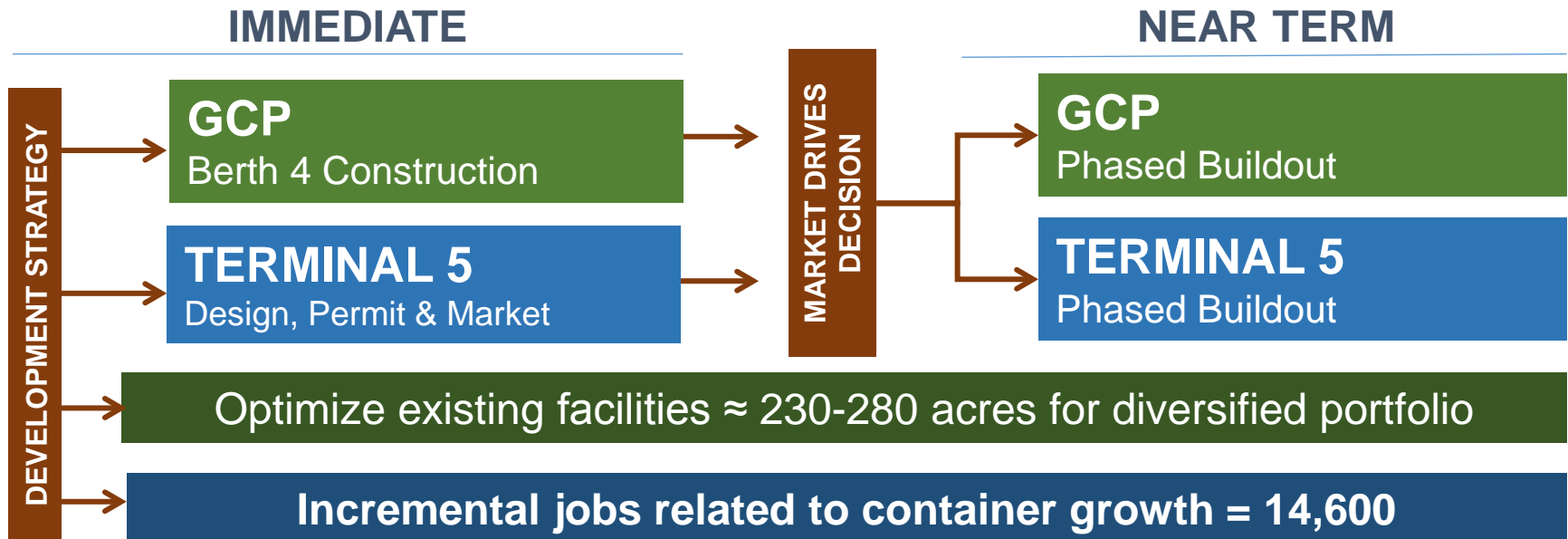
## CURRENT

10  
YEARS

## VISION 2025

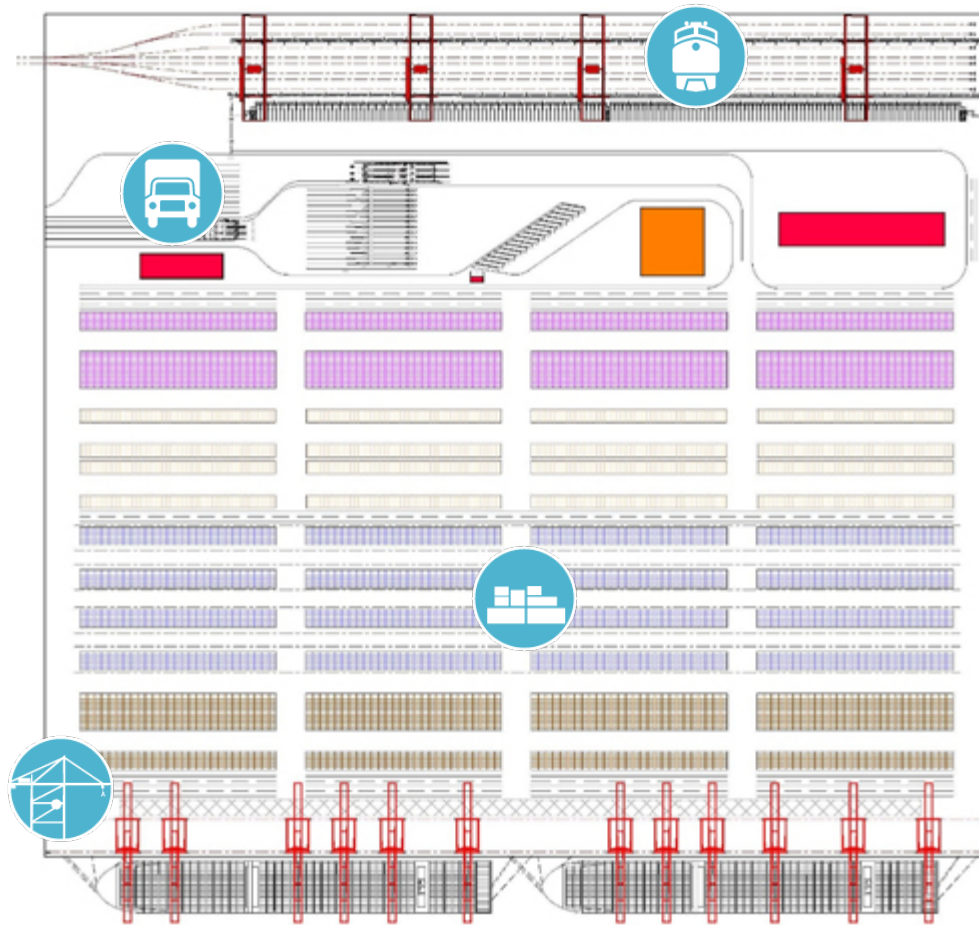
- ≈ 43% Utilization
- 3.4m TEU (3m Int'l)
- Current Acreage:  
1080 acres (Int'l container)

- 70% Utilization
- 6m TEU (5m Int'l)
- Optimal Acreage:  
800-850 acres (Int'l container)



# STRATEGIC TERMINAL CRITERIA

Ability to handle 2 x 14,000 TEU ships



## Intermodal Yard

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



## Container Yard

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



## Berths - Landside

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



## Berths - Waterside

- 55' Water Depth



## Truck Improvements

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

## Throughput Assumptions

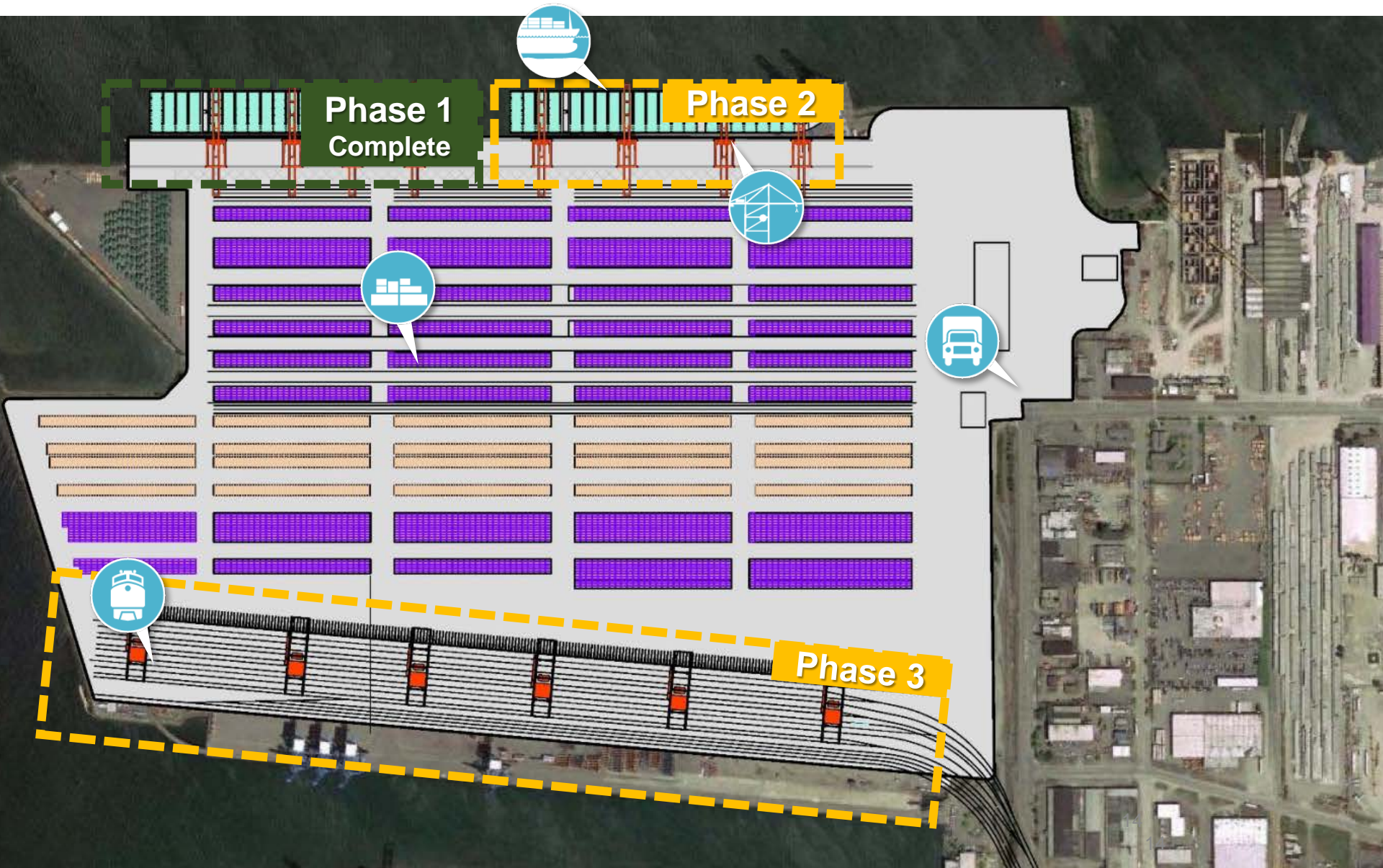
Container yard: 1.2 Million TEU/Year

Intermodal yard: 750,000 TEU/Year



# STRATEGIC TERMINAL CONFIGURATION

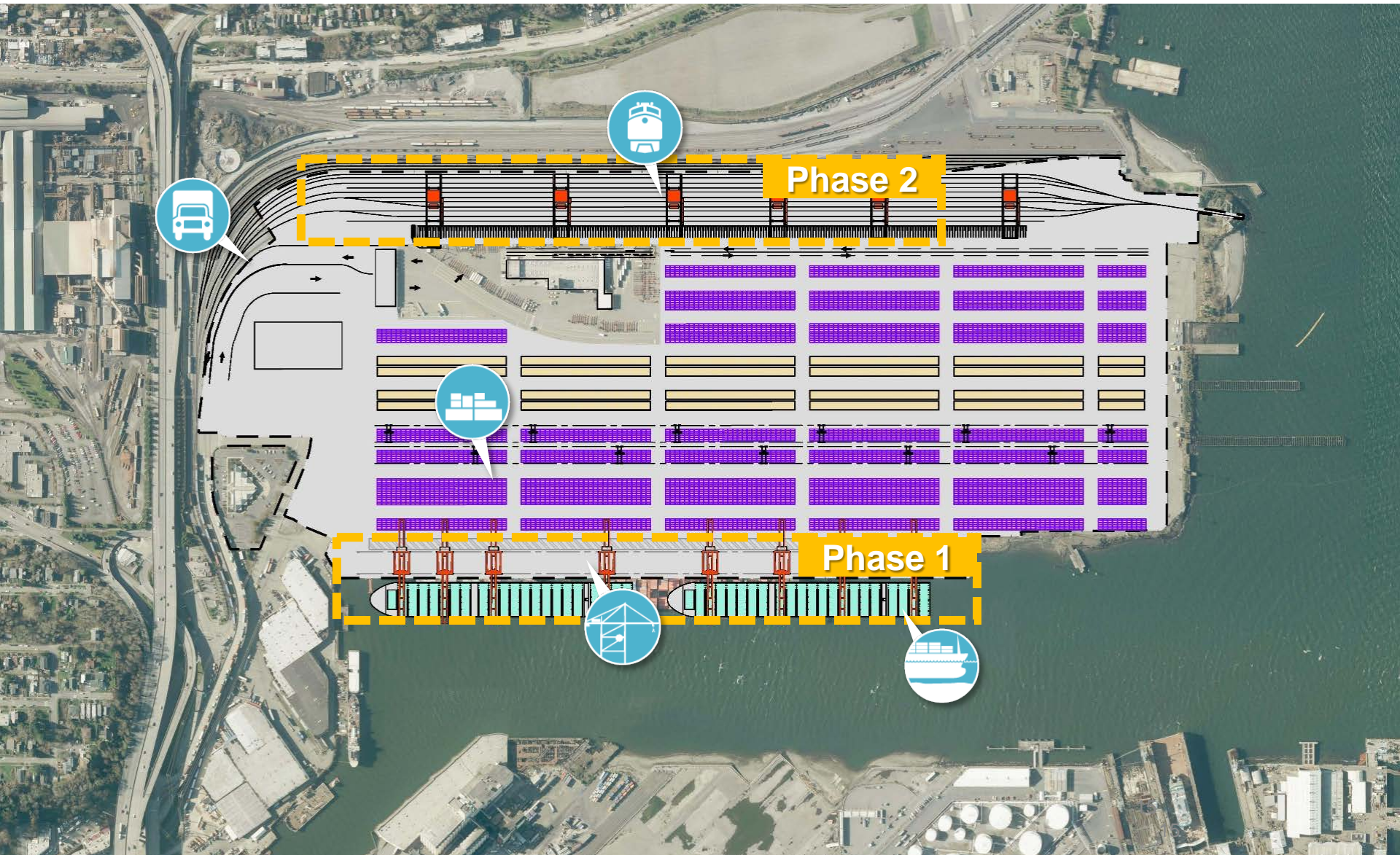
## General Central Peninsula Terminal Tacoma





# STRATEGIC TERMINAL CONFIGURATION

## Terminal 5 Seattle





# Opportunities for Excess International Container Capacity

Autos & RO/RO



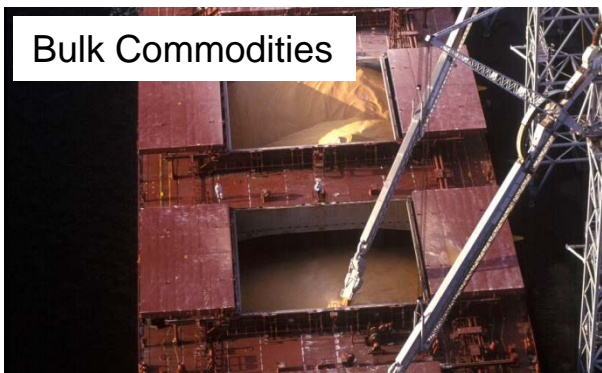
Project Cargo



Logs



Bulk Commodities



## CARGO DIVERSIFICATION

Domestic Cargo



Industrial Properties



Breakbulk



Domestic Container





# DOMESTIC CONTAINER

## FACILITIES

### Tacoma's TOTE Terminal

- Totem Ocean Trailer Express



### Seattle's Terminal 115

- Northland Services



### Seattle's Terminal 18/30

- Matson



## FORECAST

### Alaska

Modest Growth



### Hawaii

Modest Growth



## LOOKING FORWARD

- Stable market for Alaska/Hawaii
- Terminal capacity meets market need
- Explore new business opportunities with key stakeholders

# NON-CONTAINER

## FACILITIES



## FORECAST

Dry Bulk	Breakbulk	Autos	Logs	Liquid Bulk	Military
Flat	Modest growth	Modest growth	Flat	High growth	Flat

## LOOKING FORWARD

- Stable market
- Adapt facility capacity to meet market demand
- Pursue additional cargo diversification opportunities

# CUSTOMER FOCUSED SOLUTIONS

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

## Internal Drivers



### Service Delivery

Team approach to deliver operational excellence



### Facilities for the Future

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



### Customer Satisfaction

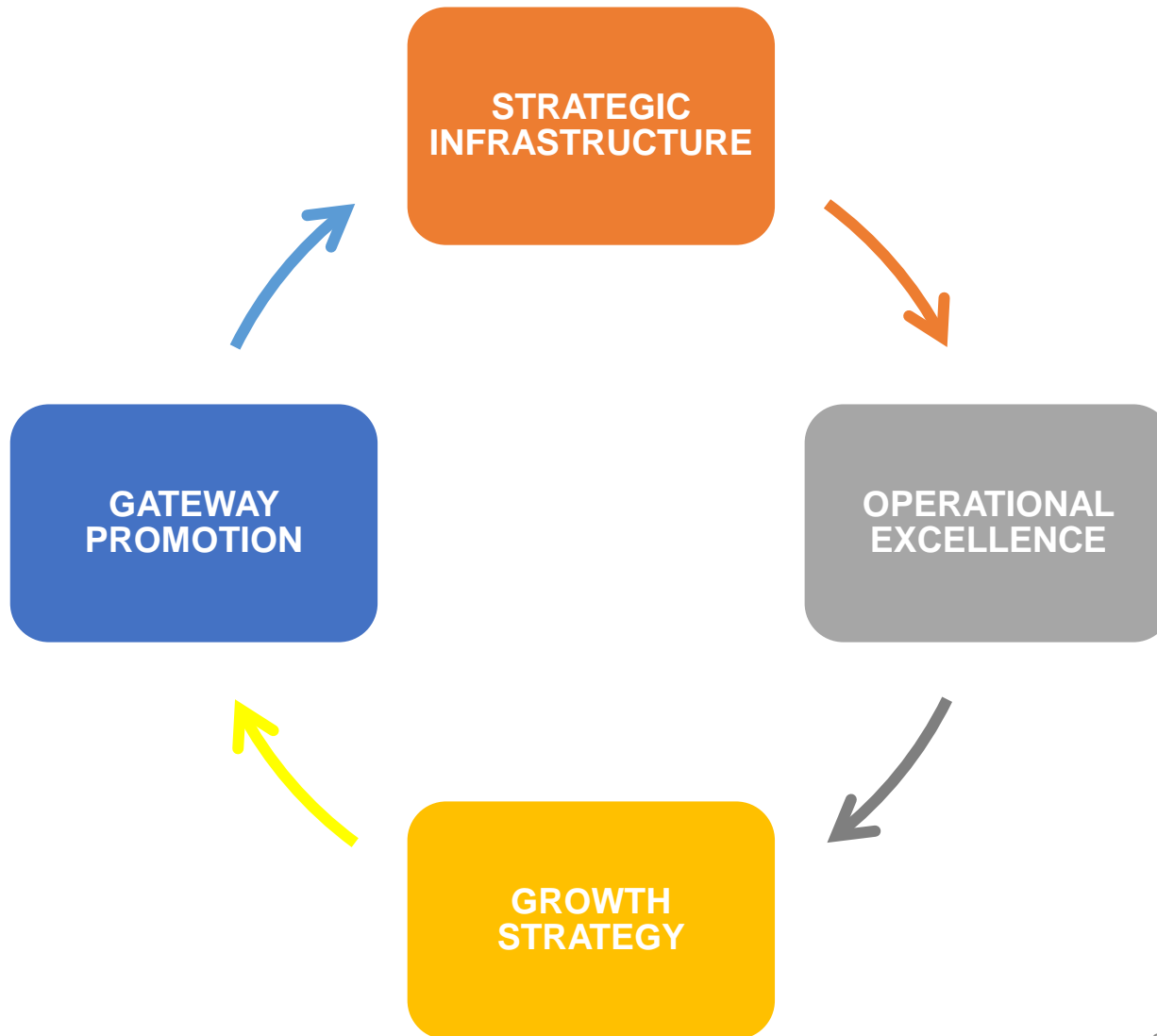
Ease of doing business  
Reliability  
Operational Efficiency  
Cost of doing Business



### Return to Community & Stakeholders

Job Creation  
Cargo Growth  
Financial Sustainability

# COMMERCIAL IMPLEMENTATION STRATEGY



# OPERATIONAL EXCELLENCE

## SERVICE DELIVERY PERFORMANCE METRICS

### Proposed Service Delivery Key Performance Indicators (KPIs)

KPI	KPI Description
On-time pro-forma vessel arrival and departure	Percentage of vessels that arrive and depart within 12 hours of the published pro-forma berth window
Vessel Production	Average production (berth and crane) against the vessel
Truck visit turn time	Average time per truck visit. Includes both queue and terminal turn time
Average import rail dwell	Average container dwell for import rail containers from discharge at the terminal to the train transfer to the mainline railroad
Import rail transit time	Average transit time by inland destination from the transfer to the mainline railroad to train arrival at the inland rail ramp

### Proposed PNW Gateway Executive Advisory Council

- Beneficial Cargo Owners & NVOCC's
- Ocean Carriers
- Marine Terminal Operators
- Labor Partners
- Class 1 Railroads
- Shortline Railroads
- Trucking Companies
- Transload/Distribution Companies
- Puget Sound Pilots

# GATEWAY RISKS



Continued cargo erosion to other gateways



Terminal productivity



Rail Competitiveness



Late to market with strategic terminals



Regulatory environment



Global trade patterns shift



# STRATEGIC BUSINESS PLAN GOALS & KEY INITIATIVES

GOALS	Service Delivery Excellence	Gateway Growth and Optimization	Gateway Business Environment
INITIATIVES	<ul style="list-style-type: none"> <li>• Operations Service Center</li> <li>• Key Performance Metrics</li> <li>• Freight Mobility</li> </ul>	<ul style="list-style-type: none"> <li>• Carrier Alliance Consolidation Strategy</li> <li>• Beneficial Cargo Owner/NVOCC Program</li> <li>• Cargo Diversification</li> <li>• Rail Competitiveness</li> <li>• Integrated Investment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation Infrastructure Funding</li> <li>• Regulatory Climate</li> <li>• Gateway Commitment</li> </ul>

# SEAPORT ALLIANCE KEY METRICS

## 2025 Measures of Success



### Cargo Growth

6,000,000 TEU



### Job Creation

14,600 incremental jobs



### Financial Sustainability

Return on invested capital

Net income growth

Solid Financial margins



# THE SEAPORT ALLIANCE

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