



Port of Tacoma

A Perspective on the Future

PNWARS
Portland, OR
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Market Forces Impacting Port of Tacoma

■ Immediate Impacts

- Economy, Economy, Economy
- Infrastructure Stimulus Package & State Rail Capacity
- Union Pacific Railroad domestic service at the Port of Tacoma
- Newly announced BNSF Railway service from PNW to Chicago and Memphis

■ Long Term Impacts

- Potential for volatile fuel prices in the future
- Tighter credit market is assumed not to effect Port of Tacoma's expansion plans
- Permanent changes in routing decisions – All Water versus intact intermodal

Economy, Economy, Economy

Immediate Impacts

- 2008 – Total TEU's down 3.3%
 - Intermodal volumes down 15.2%
- 2009 – Starting VERY Slowly
 - Projecting to be down an additional 6-10% this year
 - Intermodal volumes difficult to project for this year due potential decreases in international volumes, but increases at the Port of Tacoma in domestic containers
- Union Pacific Railroad domestic service at the Port of Tacoma
 - Started February 9th, 2009
 - Eastbound & Westbound service between Tacoma and Chicago and points beyond Chicago

Economy, Economy, Economy

Long Term Impacts

- Tighter credit market is assumed not to effect Port of Tacoma's expansion plans
 - Other public funding efforts have been delayed due to tighter credit
 - NYK / YTTI Project needs to be delivered July 2012
- Potential for volatile fuel prices in the future
 - Will change the percentage of intermodal versus truck routing
- Permanent changes in routing decisions
 - Panama Canal tolls will increase May 2009 to \$72 / TEU or \$290,000/vessel for an 8000 TEU vessel. Has already caused CMA and the Grand Alliance to each re-route one vessel string

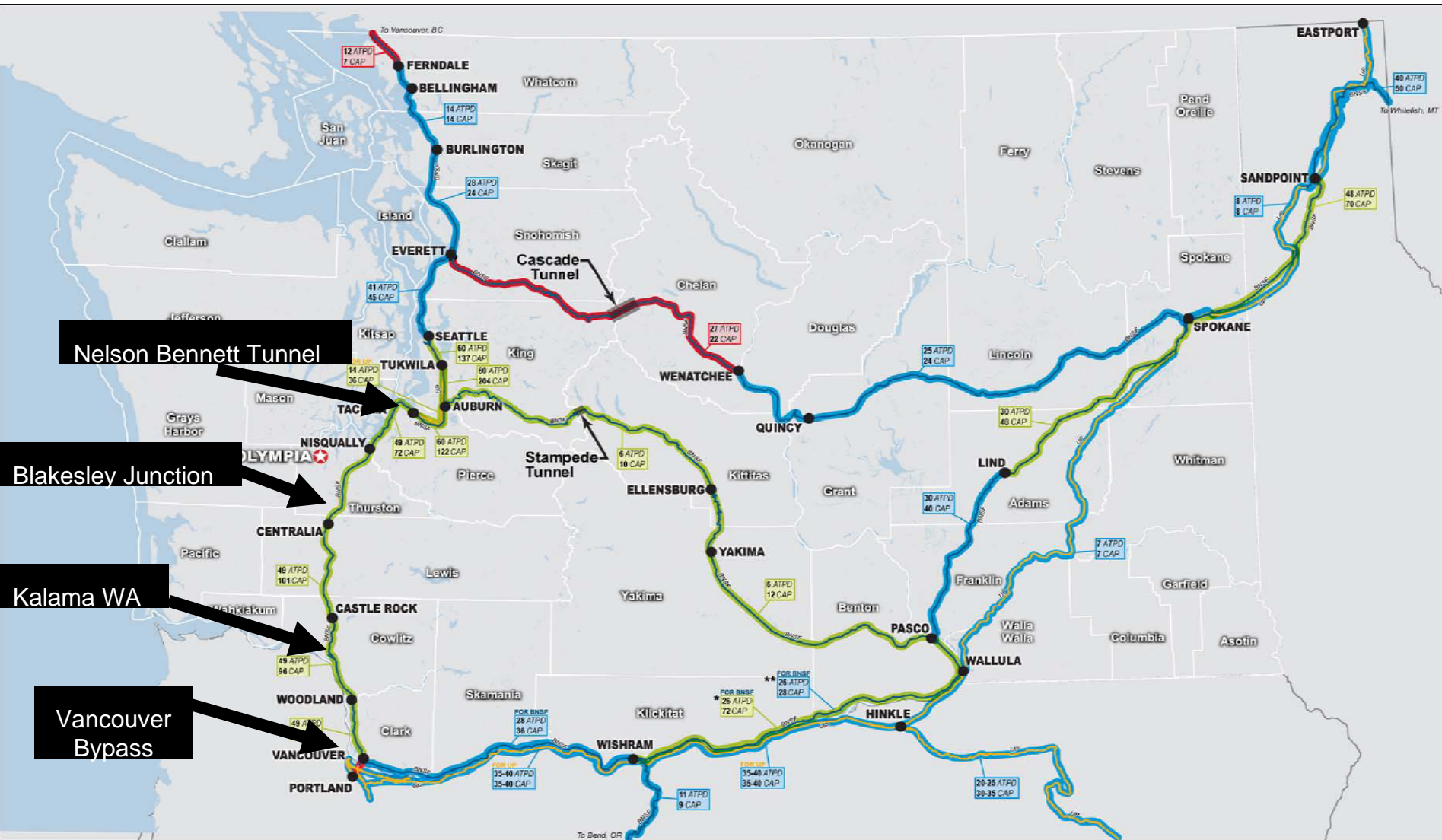
Infrastructure Stimulus Package

- \$27.5 billion to USDOT for infrastructure projects
 - Highway formula grants for the states
 - Transit, ports, highways, rail, and bridges are eligible
 - According to the AAR, each \$1 billion of railroad investment creates 20,000 jobs.
- Port of Tacoma will complete the Lincoln Avenue Grade Separation as part of the original FAST corridor program
 - Currently has a funding shortfall of \$26 million

State Rail Capacity Today

- According to the Washington State Rail Study completed 2006 - total rail volumes were at that time approximately 60% of practical rail capacity (intermodal is 60% of total rail traffic in the state)
- The most significant rail expansion projects for the Puget Sound area will be;
 - Vancouver Bypass – Completion 2012
 - An ability to get grain trains off the main line at Kalama /Longview – Construction to begin in 2014
 - Blakeslee Junction – Only 1 of 5 phases partially funded
 - Bypass of the Nelson Bennett Tunnel (Point Defiance in Tacoma) – Completion 2015

State Rail Capacity



Legend
 BNSF = BNSF Railway
 UP = Union Pacific Railroad
 XX ATPD = Average Trains per Day
 XX CAP = Practical Capacity
 * = <7,000' Trains
 ** = >7,000' Trains

OPERATIONAL RELIABILITY
 Reliable
 Constrained
 Congested

Primary Secondary TYPE OF BOTTLENECK
 1 1 Bridge/Tunnel Restrictions
 2 2 Signal Spacing and Speeds
 3 3 Conflicting and Low Speed Movements
 4 4 Yard Capacity

5 5 Distance Between Meeting Points
 6 6 Terminal Access
 7 7 Station Configuration

**Washington State
 Railroad Main Lines - 2006 Average
 Train Counts and Capacities**

Operational Changes Impacting the Port of Tacoma

- Continued growth of all water vessel service to the Gulf and East Coast (Panama Canal toll impact)
- Prince Rupert, Lazaro Cardenas, Punta Colonet
- “Clean Trucks”, environmental programs, and environmental pressures
- Trend toward transloading international containers into domestic boxes resulting in decreasing intact intermodal
- Continued emphasis on reduced environmental impact due to on-dock rail at the Port of Tacoma

All Water Service / Alternative Gateways

- All Water Service
 - Continues to increase year over year
 - Fuel, Panama Canal costs & vessel availability will continue to be primary drivers of how this trends
- Prince Rupert & Vancouver BC
 - CN continues to improve its network and transit times
 - CN EJ&E Implementation may further erode Puget Sound Volumes

Clean Trucks & the Environment - PSW

- Southern California's new tariff items may force freight to the PNW due to higher fees - Cargo Owner is responsible for paying for fees
 - Clean Trucks Fee
 - \$70 per 40' container \$70
 - Started on February 18th, 2009
 - Infrastructure Fee
 - \$30 per 40' container \$30
 - Delayed six months to June 1st, 2009
 - Pier Pass
 - \$100 per 40' container (in place now) \$100
 - Alameda Corridor (in place now- January 2009) \$39
- TOTAL** **\$239**

Clean Trucks & the Environment - PNW

- Voluntary, combined efforts of the Ports of Tacoma, Seattle, and Vancouver BC
- Overall goal - to reduce greenhouse gas and particulate emissions in the region by achieving early reductions in advance of, and complementary to, applicable regulations.
- The agreement builds on emission reduction strategies already implemented, and establishes short- and long-term performance measures for reducing emissions from cargo-handling equipment, rail, harbor craft, ocean-going vessels, and trucks.

Reduced Environmental Impact Due to On-Dock Rail

- “Industry Only” Zone
 - Support from surrounding communities regarding environmental and traffic mitigation issues
- Results in reduced traffic congestion on roads.
- Reduced emissions
- Reduced population density in close proximity to rail facilities



Trend Towards Transloading

- Port of Tacoma total TEU volume down 3.3% in 2008, Intact intermodal down over 15%
- Historically, approximately 70% of Port of Tacoma's inbound international containers have continued on (intact) to inland points – Midwest & East Coast - via rail
- Availability of the Union Pacific Railroad domestic service at the Port of Tacoma will allow POT to recover some of the transloading
- Close proximity of transload and distribution centers in the South Puget Sound region reduces truck congestion and trucking rates for transloading



Questions? Comments?

