

GATEWAY PERFORMANCE TABLE

WINTER CONTINGENCY PLANNING SESSION (9:30 AM TO NOON)

INTERMODAL COMMITTEE SESSION (1:00 PM TO 4:00 PM)

MEETING RECORD

December 11, 2015

Port Metro Vancouver Offices – Main Boardroom

Attendees for either or both sessions

Co-Chair – Joyce Henry (Transport Canada)	John Beckett (BCMEA)
Co-Chair – Robert Dick (Transport Canada)	Rob Ashton (ILWU)
Christian Dea (Transport Canada)	Brad Sutton (Richardson)
Mark MacKenzie (Alliance)	Chris Locher (LEI)
Jean Boily (Cargill)	Jeff Bellarud (GCT)
Greg Aldus (Viterra)	David Fung (ACDEG/CME)
Robert Meredith (Canadian Tire)	Dan Sewell (CP)
Matthew May (BST Group)	Ed Steinback (CP)
David Bedwell (Cosco Container Lines)	Nancy Read (CP)
Balaji Salem (Maersk)	Francois Boucher (CN)
Chris Locher (LEI)	Rex D’Souza (Prudential)
Jeff Bellerud (GCT)	Marko Dekovic (GCT)
Colin Jones (Kinder Morgan)	Jason Fletcher (Kinder Morgan)
Rob Booker (Neptune)	Greg Rogge (PMV)
Peter Xotta (PMV)	Dale Thulin (PMV)
Chris Hoff (Transport Canada)	

Regrets

Dave Suttis (DP World)	Alan Smith (Walmart)
Maksim Mihic (DP World)	Eric Waltz (GCT)
Glenn Dudar (Westshore)	

WINTER CONTINGENCY PLANNING SESSION

Opening Remarks / Introductions

Joyce Henry and Robert Dick welcomed those present, gave a general overview for both the Winter Contingency and Intermodal Committee meetings, and thanked those in advance who prepared presentations.

Railway Sector

Dan Sewell introduced his successor, Ed Steinback and proceeded with a presentation. In general, Dan noted that co-production with CN remains a useful tool to optimize fluidity in the Vancouver area, key network national metrics such as network speed have shown improvement year over year, and that transit time has been reduced on key

domestic intermodal lanes.

Planning for upcoming winter season usually begins in the preceding August. Planning and response includes proactive positioning of assets such as snow removal equipment, and manpower; active monitoring of snow levels and early responses to avalanches; and maintaining network fluidity through operations such as daily plowing, sweeper trains, night crews and active yard maintenance.

Francois Boucher presented a video on CN Winter planning, and raised many of the same winter operational plans as CP.

In order to be able to respond to less predictable vessel arrivals during the winter season, CP and CN have surplus intermodal cars and locomotives on hand. CP stores equipment in Ashcroft and has 20,000 feet of intermodal cars on the Cascade sub. CN has 60,000 feet of surplus intermodal cars in the Yale sub and at Ashcroft. Sewell and Boucher noted that slow-steaming from steamship lines also contributes to this issue.

David Fung proposed the idea of premium traffic slots on intermodal trains, in support of just-in-time service for the manufacturing sector. The rail representatives responded that their focus is reliability and on-time performance for all traffic. A premium service would introduce operational challenges, and potentially compromise overall fluidity.

Coal and Potash Sector

Rob Booker noted that the terminals were comfortable with winter plans from the mines, railways and terminals. They are looking at a strong finish to the year for coal and potash, and Neptune expects to be just short of record handling. Future prospects remain positive, where Neptune could be as high as 24 million metric tonnes in 5 years.

Grain Sector

At 20.6 million metric tonnes, the Vancouver Terminal Elevator Association (VTEA) had a record year for grain in 2014-2015. Pulse and soybeans are growing, but wheat and canola remain primary exports. Grain companies are spending significant capital to further increase throughput in the Pacific Gateway.

Overall, there is good cooperation between actors in the system including ship-owners and labour. However, tarping remains an issue for loading certain vessels in the rain. This is subject to ongoing discussion between the terminals and ILWU.

The VTEA also raised concerns regarding rail service to the grain terminals – specifically breaking up of unit trains. As a consequence, shipments are received in parcels, with the end result of delays in completing vessels, and rebirthing of ships, increased dwell-time and other inefficiencies. Terminals such as Richardson and Cascadia have invested in their terminals to receive unit trains, and Pacific has its own locomotive and crew.

Further concern was expressed that the terminals may not be able to support forecast increased volumes with railway operations and supporting infrastructure constraints.

Railway representatives noted operational challenges regarding switching equipment between CN and CP (such as the size of the Sapperton yard) and differences in operational models between CN and CP. CN and CP expect that a newer operating plan that uses Thornton yards would yield improvements. CN and CP have many common customers, and are trying to do things differently to satisfy them.

The VTEA encouraged the railways to, as much as possible, construct trains in places such as Edmonton and deliver as a single train to the terminals. From a terminal perspective, visibility of the train is also very important, as well as strong working relationships with the railways on planning, coordination and management. The railways and terminals need to stay engaged and find different ways of doing things. CP noted that they were on board with this and always looking for ways to improve.

Given the VTEA forecasts and the potential addition of the G3 terminal (another 5-7 million metric tonnes), concerns were also expressed regarding capacity of rail infrastructure that serves the North Shore, including the Second Narrows rail bridge. Peter Xotta introduced work to identify infrastructure priorities was underway, and noted the prospect for potential funding under the New Building Canada Fund.

Robert Dick suggested that a more focused conversation on these operational and infrastructure issues may be useful. Infrastructure is often the most expensive and slowest way to improve things, where operational improvements can often be a quicker and more efficient way to add capacity in the shorter to medium term. At this point, the government is considering its infrastructure funding options.

INTERMODAL COMMITTEE SESSION

Robert Dick welcomed those present, and reviewed the record of discussion from the March 2015 meeting.

PMV Project Updates

Dale Thulin reviewed some projects underway by Port Metro Vancouver:

- The first drayage scorecard is expected to be distributed in January 2016. This scorecard will reflect summarize drayage operations such as truck utilization, number of terminal moves, tag utilization over a month etc.
- The port has also developed a drayage model that estimates truck trips for both on and off-dock activity.
- The Common Data Interface (CDI) Phase 1 focussed mostly on GPS, turn times and activity. They are working closely with advent and are close to finishing Phase 1.

PMV and Advent are also mapping out key functionality and requirements for the Common Reservation System. The timing is complicated by terminal upgrades to Navis this year. One function is the 'pre-arrival' notice, where trucking companies would be able to announce their anticipated arrival to the VACS around 15 minutes in advance.

Discussion noted that pre-arrivals are relatively straightforward for imports, but more complex for exports due to data requirements such as driver, container, Portpass, truck etc. Benefits of a pre-arrival notice include less trouble tickets, and potentially less digging on the terminal. It was suggested that this type of system be flexible enough to have alternates and perhaps a group code.

Future phases will include performance measures and empty container inventory in 2017. Stakeholders expressed an interest in transparency regarding the magnitude and times of reservations on the new system. PMV has not landed on a final design, but suggested that new system will be more transparent than present but will not but not be as transparent as suggested by stakeholders.

There will likely be a cost recovery fee for the system, and a decision on who operates and maintains the system (PMV, standalone, industry group) has not been made.

Similar consideration is also being given to a rail visibility project that would give transparency to rail activity from Boston Bar to Vancouver. This project would support infrastructure planning and justification.

On the vessel side, PMV continues weekly forecasts of inbound vessels, based upon CBSA data in support of terminal and rail planning. They are also considering a predictive analytics model that could forecast vessel arrivals for 3-6 months into the future. PMV is satisfied with the CBSA data that is based upon point of departure, and does not see merit to pursuing 96 hour information.

Trucking companies expressed an interest in getting access to GPS data for their specific companies, preferably in real time. After some discussion, Peter Xotta offered to take the matter with trucking companies off-line.

Canadian Transportation System: An Overview of Performance and Capacity

Christian Dea presented overall context for Transport Canada's multimodal transportation and supply chain analytical framework. This framework is sensitive to new Government of Canada priorities such as expanded export opportunities and informed infrastructure investments, the outcome of the Canada Transportation Act Review, and seizing economic opportunities such as CETA and TPP. Dea reviewed efforts to foster efficiency on the first/last mile of the transportation system, and measures to monitor the gateway and corridor performance and competitiveness.

Update on Asia-Pacific Gateways and Corridors Initiative (APGCI) Projects

Chris Hoff reviewed Transport Canada's vision for the APGCI. With a view towards addressing freight bottlenecks, improving intermodal access and positioning the Gateway for future growth, Canada invested over \$1.4 billion in over 50 projects with an estimated value of \$3.5 billion. Some key projects such as the Roberts Bank Rail Corridor, North Shore Trade Area and South Shore Trade Area and others were profiled. Central themes in the presentation were how these projects were designed to enable trade, and the strength of partnerships developed with other government agencies and private industry. Peter Xotta built on this theme noting that more investment, such as that promoted by the Gateway Transportation Collaboration Forum, was required as the Gateway moves forward.

Review of Intermodal Scorecard

Dale Thulin reviewed the highlights of the intermodal scorecard including container activity, vessel on-time performance and truck turn times on terminal.

Trucking companies have difficulty getting access to 'empty reservations' at marine terminals. As a consequence they need to take and retain screenshots of each of these failed transactions (for up to six months) in order to dispute detention fees with shipping lines.

Damaged Containers at Terminals

At present, there is no mechanism to identify a damaged container that is delivered by rail to a marine terminal until a trucker attempts to pick it up. If a driver picks it up, the damaged container would become their (or their company's) responsibility. LEI cited a recent case where a driver rejected four containers, and ultimately left without a container. This has direct costs, is unproductive for all involved, and presents reliability issues. The railway companies and terminals do not inspect containers, though some inland rail-yards do take photos of the outside. This is a difficult issue to resolve given the multiple parties involved – starting from the shipper inland and ending with a Vancouver drayage firm attempting to pick it up.

Gateway Productivity

Truck wait times at terminals are a metric for assessing truck productivity, and have improved with night gates and reservation rationing. However, off-dock productivity has suffered with these measures. This is an overall system issue that needs to be addressed. Related to this, there was discussion regarding the effect of the truck wait time fees charged to terminals and, by extension, night gates.

- While these charges motivate terminals to meet the specified level of service for trucks, it also motivates terminals to take measures to avoid the fees. For example, terminals take fewer reservations in the 11am to 2 pm period, so as to avoid wait time penalties that could be incurred during lunch hour. As a consequence, terminal productivity is not optimized during the 11am to 2pm period. Some trucking companies present noted that they would prefer that terminals remain at full productivity during this period, and that trucking companies and drivers be given the option of opting out the wait time penalty during this period. This would enable optimal use of terminal, trucking company and off-dock assets during the peak period of the working day.
- The night gates also lead to reservations being spread out over a 16-hour period, as the operating hours of the terminals are not aligned with many of the off-dock stakeholders. This creates system inefficiencies, and

by extension costs for doing business, that are manifested in a number of ways for off-dock industry e.g. extra paid truck trips, overnight storage charges, transload productivity, lost opportunity for truckers.

David Fung noted that there could be fewer empty containers in the Lower Mainland in the future due to increased demand for empty containers in the prairies and potential decreases in consumer goods in the Metro Vancouver area. This could create more competition for empty containers for export in Metro Vancouver.

Gateway Operational Costs / Transparency of Terminal Reservation Fee

The transparency of the \$50 terminal reservation fee was raised in the context of a series of new charges that add cost to operating in the Gateway, such as truck license fees. A desire to see a \$25 fee charged to all reservations instead of the current regime was expressed. The terminals may be open to the idea of a \$25 fee for all reservations if there was a clear consensus among industry.

Discussion regarding the \$50 centred around the impact on off-dock logistics (such as one-way trips), and the ability for trucking companies to pass the fee to customers. In many cases they absorb the cost. Trucking companies would find it easier to pass the cost on to customers if there was more transparency.

CBSA Re-Manifest Policy

Chris Locher explained Canada Border Services Agency was recently inclined to introduce a policy that regarding a policy that would change the timing of when re-manifests could be submitted for stamping. The policy would require that re-mans in Vancouver be submitted only after a vessel has 'arrived', instead of the usual 4-5 days prior to arrival of the vessel. This change would have increased dwell time in terminal with associated demurrage charges, delays in shipments and make it difficult to secure terminal reservations. CIFFA successfully intervened with the CBSA to change the policy, including a one-day workshop explaining import logistics with the CBSA.

Safety of Lives at Sea – Declaration of Verified Gross Mass (VGM)

The International Maritime Organization (IMO) has amended the Safety of Life at Sea Convention (SOLAS) to require, as a condition for loading a packed container onto a ship for export, that the container has a verified weight. This requirement will become legally effective on July 1, 2016. After that date, it would be a violation of SOLAS to load a packed container onto a vessel if the vessel operator and marine terminal operator do not have a verified container weight.

There is considerable anxiety from stakeholders regarding unintended consequences of this regulation, as it would be difficult to have measures in place, and it could add a considerable level of complexity, cost and time for container exports. Industry was looking to Transport Canada (Marine Safety and Security) for guidance. This matter was also discussed at the Canadian Marine Advisory Council.

Miscellaneous

- Robert Lewis Manning has been announced as the successor to Stephen Brown as President of the British Columbia Chamber of Shipping.
- David Fung asked that presentations be distributed to the Committee.

Conclusion and Next Meeting

Robert Dick and Joyce Henry thanked all for coming. The next meeting will be planned for Spring 2016.