



# Feasibility Assessment of Short Sea Shipping to Service the Pacific West Coast

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# Project Objective

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- To demonstrate the preliminary market, economic and technical feasibility of a commercial short sea service on the Pacific Coast that handles domestic and international (feeder) freight moving between major transportation hubs and population centers

# Potential Pacific Coast SSS Cargo Flows

- Potential SSS truck volume on the north-south lanes is approximately 50 times greater than the volume moving via intermodal rail on the same lanes
- The top five truck lanes (BEA to BEA) account for over 80% of the total volume (18 – 20 million truckloads\*) and are extremely balanced
  - San Francisco – Los Angeles (54%)
  - Sacramento – Los Angeles (10%)
  - San Diego – Los Angeles (9%)
  - San Diego – San Francisco (6%)
  - Seattle – Los Angeles (3%)
- The top commodity segment moving is “Warehouse and Distribution Center”, an estimated 30% of the total, reflecting the cargo’s final move to the retail outlet or store

*\*Certain low probability commodities have been removed, e.g., Ready-Mix Concrete, Wet, Petroleum Refining Products, Liquefied Gases, Industrial Gases*

# Trends in Intermodal Rail / Trucking Sectors May Favor an Alternative Mode

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## ➤ Trucking Trends

- Rising fuel cost (fuel surcharge)
- Hours of service rules
- Concerns over availability of long haul drivers
- Environmental regulations increasing tractor costs
- Increasing highway congestion

## ➤ Intermodal Rail Trends

- Capacity and service quality issues
  - Railroads favor investment on east-west lanes
- Rising fuel cost (fuel surcharge)

# Potential Users of Short Sea Shipping Service: Survey Results Summary

- About 43 percent of the respondents (28 of 65) indicated that they would consider using a coastal shipping service
  - Decision is positively influenced by respondents':
    - Average length of haul for eligible shipments
    - The percentage of their eligible freight that moves via rail
- Lack of interest in the service stems from skepticism about the service's ability to provide adequate transit time and reliability, particularly for those respondents with shipments involving a high degree of circuitry or perishability
- Other service considerations of those willing to consider coastal shipping service (28 of 65)
  - 32% require daily service; 36% require 2-3 times per week
  - Day-of-week preferences were spread throughout the week
  - Moderate seasonality of demand, relatively heavy in Summer and Fall, and relatively light in Winter

# SSS Service Challenges for Capturing the International Feeder Market

- Shipping line service strategies
  - SSS planning must be done in conjunction with shipping line operators
- Frequency and reliability of service
  - Must be responsive to customer base; connection to linehaul vessels must be reliable
- Shipper port diversification
  - Carriers have diversified deployments offering many direct calls to various west coast ports
- Cost control
  - Competitive costs for manning, loading/discharging vessel and terminal drays
- Cost sensitivity of export cargo
  - Low value cargo will not be able to bear any additional costs
- Chassis fleet requirements
  - Management of fleet with potential imbalances, etc.
- Harbor maintenance tax
  - International cargo will potentially be charged twice
- Public funding support
  - SSS service need to be commercially viable

# Potential Military Applications

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## ➤ Domestic Transport Mode

- Military domestic freight volumes traveling on north-south lanes are relatively low compared to commercial volumes
  - 1,073 full truckload shipments; 2,762 partial truckload shipments

## ➤ Military potentially views benefits of a potential SSS service as:

- An additional mode, reducing vulnerability of coastal distribution
- An alternative mode, offering capacity during contingencies

## ➤ Ro/Ro SSS vessels, if properly configured, could be utilized as additional capacity during periods of sealift surge and sustainment

- Vessel military requirements would have a negative impact on capital and operating costs in the commercial market

# Questions - Comments

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