



March 28, 2025

Dear Supply Chain Partners,

In 2024, the Port of Los Angeles and the Port of Long Beach handled a combined 19,947,076 TEUS. More than 70% of the containers going in and out of the Ports do so by truck. The twelve container terminal operators in the Ports work together as the West Coast MTO Agreement (WCMTOA) to mitigate this truck traffic across both peak and offpeak commute times in Southern California. The WCMTOA member container terminal operators do so with the OffPeak Program.

The OffPeak Program reduces cargo-related congestion on local streets and freeways in and around the two ports. The OffPeak Program provides regularly scheduled gates during the night shift and weekend shifts of operations. The costs of the extended gates are offset by the Traffic Mitigation Fee (TMF) assessed on non-exempt containers.

SC Analytics' cost analysis of the OffPeak Program reports that it cost the WCMTOA members \$348 million in 2024. As reported in the WINDES Financial Summary Letter, during this same period, \$303 million was collected for distribution to the WCMTOA members. The WINDES Financial Summary Letter and the SC Analytics OffPeak Program Cost Summary reports are attached.

More information about the PierPASS OffPeak program can be found at [www.pierpass.org](http://www.pierpass.org). Please do not hesitate to contact us with any questions or comments you may have.

Sincerely,

John Cushing  
President & CEO

February 17, 2025

PierPASS  
5555 Garden Grove Blvd, Suite 365  
Westminster, CA 92683

To the Members of PierPASS, LLC:

We are submitting this letter in response to your request for a summary of financial highlights for the year ended December 31, 2024. The following information has been taken from the combined financial statements of PierPASS, LLC and PierPASS, Inc. (collectively, PierPASS) for which we have rendered an unmodified audit opinion dated February 12, 2025.

### ***PierPASS Financial Performance***

Traffic mitigation fee revenues for the year ended December 31, 2024 totaled \$302,517,532. PierPASS operating expenditures for the year totaled \$12,600,743. Major categories of operating expenses include computer software and customer service expense, bank transaction processing fees, and administrative support. The excess of revenues over expenses are distributed by management to marine terminal operator members as cash flow permits. Distributions to members totaled \$286,305,206 for the year ended December 31, 2024.

### ***Combined Financial Results of PierPASS, LLC and PierPASS, Inc.***

A summary of the combined financial results is as follows:

	Year Ended December 31, 2024	Year Ended December 31, 2023
Total Combined Operating Revenues	\$ 302,551,986	\$ 251,328,242
Total Combined Operating Expenses	\$ 12,600,743	\$ 11,462,921
Excess of Revenues over Expenses	\$ 289,951,243	\$ 239,865,321
Total Distributions to Members	\$ (286,305,206)	\$ (244,670,900)
Members' Equity	\$ 11,617,078	\$ 7,971,041

Sincerely,





March 28, 2025

Mr. John Cushing, President & CEO  
PierPASS, Inc.  
5555 Garden Grove Blvd., Suite 365  
Westminster, CA 92683

Mr. Cushing:

At the request of PierPASS Inc., we have prepared the attached summary of our 2024 PierPASS OffPeak Program gate and yard cost calculation. This calculation is used, in turn, to help determine a Traffic Mitigation Fee (TMF) to fund the Program.

Since the inception of the OffPeak Program in July 2005, PierPASS has engaged outside, independent consultants to determine these costs.

The result of this calculation for 2024 is described in the following summary.

## PierPASS 2024 OffPeak Program Cost Calculation

This summary describes the 2024 calculation of gate and yard costs used to help determine the Traffic Mitigation Fee (TMF), for the members of the West Coast Marine Terminal Operators Agreement (WCMTOA), as it relates to the PierPASS OffPeak Program under Federal Maritime Commission (FMC) Agreement No. 201143.

PierPASS revised the OffPeak Program beginning November 19, 2018. The original weekday incentive-based pricing model was replaced with container appointment systems to manage traffic flows. A detailed description of the revised program is available at the end of this document.

This change did not impact on the incremental cost calculation methodology used since the program’s inception but did impact on the criteria used to determine the number of Twenty Foot Equivalent Units (TEUs) subject to the TMF. The resultant calculation for 2024 is in Table 1 below:

**Table 1:** 2024 Calculation of OffPeak Program incremental costs

Item	2024 Full Year
Terminal OffPeak Program incremental costs	\$372,325,175
PierPASS OffPeak Program administrative costs	11,617,189
Less: Day shift savings	(36,183,837)
Net OffPeak Program incremental costs	\$347,758,527
TEUs subject to TMF (2.0)	8,340,643
OffPeak Program cost per TEU subject to TMF (rounded)	\$42/TEU

The terminal’s annual OffPeak Program incremental cost for 2024 is \$372,325,175. When the PierPASS administrative cost of \$11,617,189 for the year is combined with the terminal operating costs, the Total OffPeak Program cost is \$383,942,364.

The cost of the Total OffPeak Program is partially mitigated by savings from reductions in peak period shift costs. The peak period savings are \$36,183,837<sup>1</sup>.

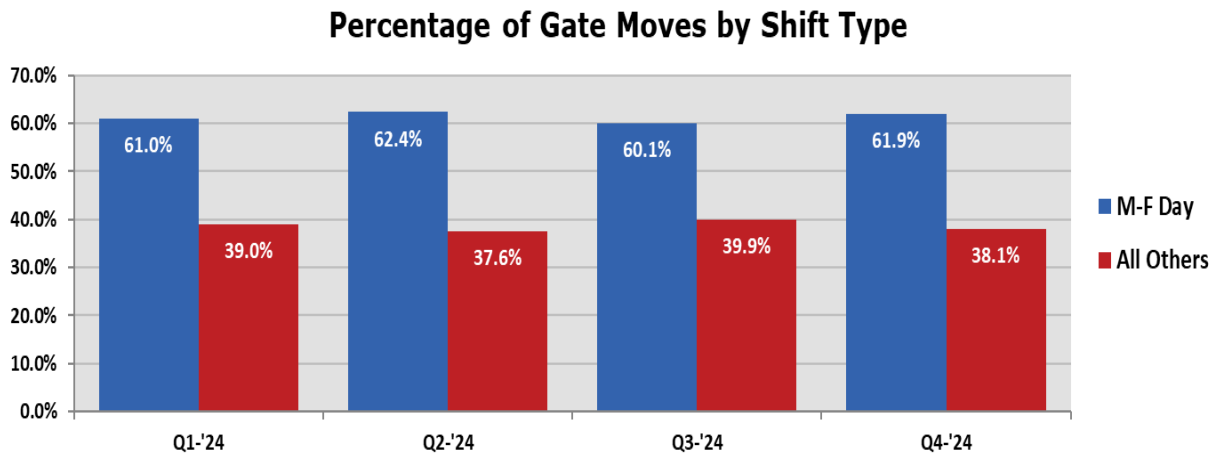
The 2024 incremental cost of the OffPeak Program is \$41.69/TEU, while the TMF charged to cargo owners in 2024 was \$35.57/TEU through August 31st, 2024, then increased to \$37.71/TEU for the remainder of the year.

<sup>1</sup> OffPeak Program cost calculations are reduced by the estimated peak shift savings from the movement of cargo from peak to non-peak shifts.

### Percentage of Gate Moves by Shift Type

Terminal gate moves include all imports, exports and empty containers that pass through a marine terminal's gate. With the advent of terminal appointment systems, most terminals have chosen to 'flex' their day and night shift gate hours<sup>2</sup>. Chart 1 below shows the 2024 quarterly percentage of gate moves by shift type.

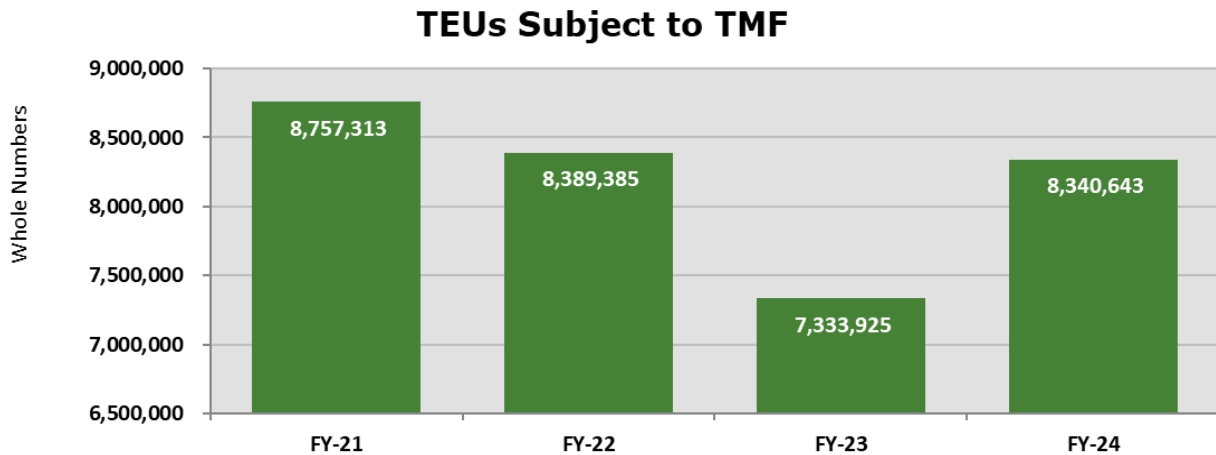
**Chart 1: Percentage of Gate Moves by Shift Type (includes empty containers)**



### TEUs Subject To TMF

TEUs subject to TMF are the number of non-exempt laden containers that have entered or exited the terminal during gate operations. Chart 2 below presents the 2024 TEUs subject to TMF as compared to prior years.

**Chart 2: TEUs Subject to TMF**

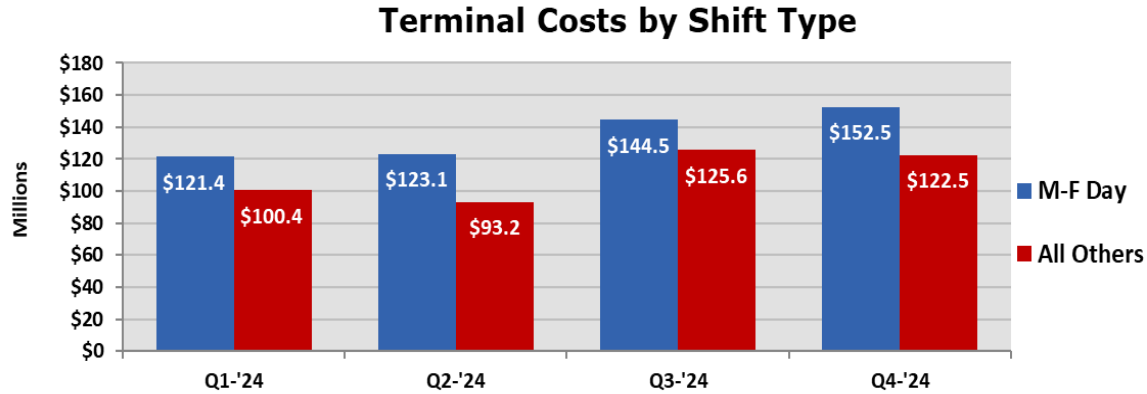


<sup>2</sup> M-F Day = 1<sup>st</sup> shift (flex) 7:00am to 4:59pm, All Others = M-F 2<sup>nd</sup> shift (flex) 5:00pm to 2:59am, 3<sup>rd</sup> shift 3:00am to 6:59am and weekends.

## Terminal Costs by Shift Type

The quarterly shift costs for 2024 are presented in Chart 3 below.

**Chart 3:** Terminal Costs by Shift Type



The terminal costs include gate and yard activity only. Vessel, rail, and certain mechanics costs are excluded from the analysis because these are not related to the receipt and delivery of cargo at terminal gates. Gate and yard costs include three cost types: ILWU payroll, non-ILWU payroll and equipment.

Increases in ILWU labor costs are due in part to contractual increases in wage rates, benefit assessment rates and payroll taxes. Table 2 presents the rate increases that have affected ILWU payroll, benefit assessments and taxes since June 2004.

**Table 2:** ILWU Base Wage Rates, Assessments & Taxes by Period

As of:	Wage Rates & Assessments				Payroll Taxes		
	Base Hourly Wage Rates	Hourly Rate Adjustments	Hourly Assessment Rates	Hourly Assessment Adjustments	Year	FICA Annual Limits	Percentage of Base Wage
06/28/04	\$28.68	N/A	\$17.02	N/A	2004	\$87,900	*7.65%
07/05/05	\$29.68	\$1.00	\$17.11	\$0.09	2005	\$90,000	*7.65%
07/01/06	\$30.18	\$0.50	\$17.60	\$0.49	2006	\$94,200	*7.65%
06/30/07	\$30.68	\$0.50	\$19.25	\$1.65	2007	\$97,500	9.95%
06/28/08	\$31.18	\$0.50	\$21.52	\$2.27	2008	\$102,000	9.95%
07/04/09	\$31.68	\$0.50	\$28.78	\$7.26	2009	\$106,800	10.15%
07/03/10	\$32.68	\$1.00	\$29.35	\$0.57	2010	\$106,800	10.15%
07/02/11	\$33.68	\$1.00	\$30.04	\$0.69	2011	\$106,800	10.15%
06/30/12	\$34.68	\$1.00	\$30.75	\$0.71	2012	\$110,100	10.15%
06/29/13	\$35.68	\$1.00	\$35.74	\$4.99	2013	\$113,700	10.15%
06/28/14	\$36.68	\$1.00	\$35.74	\$0.00	2014	\$117,000	10.15%
07/04/15	\$38.18	\$1.50	\$35.74	\$0.00	2015	\$118,500	10.15%
07/02/16	\$39.43	\$1.25	\$35.74	\$0.00	2016	\$118,500	10.15%
07/01/17	\$40.93	\$1.50	\$35.74	\$0.00	2017	\$127,200	10.15%
06/30/18	\$42.18	\$1.25	\$35.74	\$0.00	2018	\$128,400	10.15%
06/29/19	\$43.49	\$1.31	\$35.74	\$0.00	2019	\$132,900	10.15%
07/04/20	\$44.84	\$1.35	\$37.87	\$2.13	2020	\$137,700	10.15%
07/03/21	\$46.23	\$1.39	\$37.97	\$0.10	2021	\$142,800	10.15%
07/02/22	\$50.85	\$4.62	\$38.11	\$0.14	2022	\$147,000	10.15%
07/01/23	\$52.85	\$2.00	\$33.25	-\$4.86	2023	\$160,200	10.15%
06/29/24	\$54.85	\$2.00	\$36.54	\$3.29	2024	\$168,600	10.15%

\* SUI was not included in the OffPeak Program cost calculations prior to Q4-2007

## OffPeak Program Incremental Costs

To identify the incremental terminal costs related to the implementation of the OffPeak Program, multiple cost factors must be subtracted from the terminal costs<sup>3</sup>. These cost reductions include:

- Monday through Friday 1<sup>st</sup> and 3<sup>rd</sup> shift gates (excluding holidays)
- Non-full-service gates,
- Domestic volume activity,
- Yard operations unrelated to the receiving and delivery of containers,
- Existing mechanics and guards.

The total amount of terminal cost reductions calculated for 2024 is \$610,948,747.

## Information Sources

PierPASS OffPeak Program incremental costs used in the determination of TMF are calculated from these sources:

- Pacific Maritime Association (PMA) ILWU payroll data files
- Member-prepared schedules of non-ILWU labor and ILWU labor cost allocations
- Equipment cost standards derived from the Army Corp of Engineers methodology calculated by SC Analytics
- Administrative cost data supplied by PierPASS, Inc.

## Background

PierPASS is a not-for-profit company created by the terminal operators of the Ports of Los Angeles and Long Beach that constitute the West Coast Marine Terminal Operators Agreement (WCMTOA). Their purpose is to address multi-terminal issues such as congestion, security, and air quality. PierPASS created its OffPeak Program as an incentive for cargo owners to receive and deliver cargo at night, weekends and holidays, to reduce truck traffic and air pollution during peak daytime traffic hours and to alleviate port congestion.

On November 19, 2018, PierPASS revised the OffPeak Program to utilize terminal appointment systems to mitigate container traffic. The details of the new program are listed below:

- Appointments are required for all full import containers.
- As of September 1, 2024, the TMF is \$37.71/TEU, and \$75.42 for all other container sizes.
- The TMF is applicable on all shifts, every day.
- Gate activity exempt from the TMF includes:
  - Empty
  - Rail intermodal
  - Transshipment (cargo that arrives at the port on one vessel and leaves on a second vessel without entering U.S. commerce)
  - Domestic
  - Bare chassis

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<sup>3</sup> Starting January 1<sup>st</sup>, 2024, all full-service M-F 2nd shift, weekend and holiday gates are included in the incremental cost calculation.