

**THIRD-PARTY LOGISTICS SERVICE AGREEMENT**

Contract Reference: 3PL-WH-NE-2024

BETWEEN: Northeast 3PL Partners, LLC ("Provider")

AND: Manufacturing Corp ("Client")

EFFECTIVE DATE: January 1, 2024

EXPIRATION DATE: December 31, 2024

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**SECTION 1: SERVICES PROVIDED**

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Provider agrees to provide the following warehousing and logistics services at  
the Northeast Distribution Center located at 100 Distribution Way, Newark, NJ:

**1.1 Storage Services**

- General ambient storage
- Climate-controlled storage for high-value electronics
- Staging and cross-dock operations

**1.2 Handling Services**

- Receiving and put-away
- Order picking and packing
- Shipping and loading

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**SECTION 2: CAPACITY AND RATES**

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## 2.1 Storage Capacity

Total allocated capacity: 20,000 pallets across all zones

Zone breakdown:

- Zone A (General Storage): 6,000 pallets
- Zone B (General Storage): 5,000 pallets
- Zone C (Electronics - Climate Controlled): 4,000 pallets
- Zone D (Overflow): 3,000 pallets
- Zone E (Staging): 2,000 pallets

## 2.2 Standard Storage Rates

- Standard zones: \$2.50 per pallet per day
- Climate-controlled zones: \$3.75 per pallet per day
- Staging zones: \$2.00 per pallet per day

## 2.3 Handling Rates

- Inbound handling: \$4.50 per pallet
- Outbound handling: \$5.25 per pallet
- Order picking: \$0.35 per unit

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# SECTION 3: CAPACITY OVERFLOW PROVISIONS

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## 3.1 Overflow Threshold

Overflow conditions are triggered when total occupancy exceeds 85% of total

allocated capacity (17,000 pallets).

### 3.2 Overflow Penalty Structure

When capacity exceeds the 85% threshold:

- Overflow penalty rate: \$5.00 per pallet per day (in addition to standard rate)
- Applies to all pallets above the threshold
- Calculated daily at midnight EST

### 3.3 Overflow Example Calculation

If total occupancy is 18,500 pallets:

- Pallets above threshold:  $18,500 - 17,000 = 1,500$  pallets
- Daily overflow penalty:  $1,500 \times \$5.00 = \$7,500/\text{day}$
- Monthly overflow impact: ~\$225,000

### 3.4 Capacity Expansion Options

Client may request temporary capacity expansion with 30 days notice:

- Off-site overflow storage available at partner facilities
- Premium rate: \$4.00 per pallet per day plus transport
- Maximum additional capacity: 5,000 pallets

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## SECTION 4: SERVICE LEVEL AGREEMENTS

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### 4.1 Receiving SLA

- Same-day put-away for shipments arriving before 2:00 PM
- Next-day put-away for shipments arriving after 2:00 PM

### 4.2 Shipping SLA

- Orders received by 12:00 PM ship same day
- 99.5% order accuracy target
- 99% on-time shipment target

#### 4.3 Inventory Accuracy

- Physical inventory counts: Monthly
- Cycle counts: Daily
- Target accuracy: 99.9%

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### SECTION 5: SEASONAL PROVISIONS (Q4 PEAK)

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#### 5.1 Q4 Peak Period Definition

Peak period: October 1 through December 31

#### 5.2 Q4 Capacity Commitments

- Client must provide rolling 30-day inventory forecast
- Forecasts due by 15th of preceding month
- Variance allowance: ±15% from forecast

#### 5.3 Peak Season Staffing Surcharge

- October: No surcharge
- November: 10% handling surcharge
- December: 15% handling surcharge

#### 5.4 Pre-Build Storage Incentive

For inventory staged in Q3 (July-September) for Q4 demand:

- 10% discount on storage rates for inventory held >60 days

- Requires written pre-build plan approval
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## SECTION 6: CONTACT INFORMATION

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Operations Manager: John Smith

Phone: (973) 555-0100

Email: jsmith@northeast3pl.com

Billing Inquiries: accounts@northeast3pl.com

Emergency (24/7): (973) 555-0199

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## SECTION 7: SIGNATURE

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For Northeast 3PL Partners, LLC:

Signature: \_\_\_\_\_

Name: Michael Johnson, VP Operations

Date: December 15, 2023

For Manufacturing Corp:

Signature: \_\_\_\_\_

Name: Sarah Williams, VP Supply Chain

Date: December 18, 2023