



**PORT OF OAKLAND**

# MARITIME e-NEWS

**January 2016**



## Port Of Oakland Will Keep Cargo Moving After a Terminal Closes

Port of Oakland officials said they're developing plans to minimize disruption and keep cargo moving after Ports America Outer Harbor terminal announced this month it will close in March. The Port said vessels will be rerouted to adjacent terminals after the shutdown occurs. Port representatives assured shipping lines and cargo owners that they're working to blunt the shutdown's impact.

"We're disappointed that Ports America is leaving," said Port of Oakland Maritime Director John Driscoll. "But we're in advanced discussions with our maritime partners here to support the Oakland business."

Ports America Outer Harbor said it intends to terminate its 50-year lease in Oakland for business reasons. It said it will continue with business as usual for 30 days, then cease vessel and cargo-handling operations. The company said it will close down the terminal in 60 days.

### Executive Director's State of the Port Message

**Chris Lytle, Executive Director**

Executive Director Chris Lytle said this month that the Port of Oakland will maintain cargo volumes and improve performance as one of its marine terminals closes.



"This Port can handle the business," he told an audience of 230 at a State of the Port speech in Jack London Square. "We will do all in our power to prevent disruption to the movement of cargo."

The Executive Director drew repeated applause as he outlined plans to revamp maritime operations when Oakland's Outer Harbor Terminal shuts down

March 31. The terminal's operator said it will exit the Oakland port "for business reasons."

Mr. Lytle said ships and cargo now managed at the terminal will be redirected to neighboring Oakland terminals. "We've identified a new home for 90 percent of the cargo that must be relocated," he said. As for the remainder of the business: "there is a good solution for that cargo, and we'll get there," he said.

Mr. Lytle addressed a lunchtime audience that included Oakland City

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The Port said it expects Ports America to meet all of its lease obligations until the two sides agree on an orderly transition of the property. The Port added that it has engaged in prolonged discussions with Ports America about the operator's future in Oakland. It said the decision to terminate the lease was made unilaterally by Ports America.

The Port said the departure of Ports America provides two significant opportunities:

- Ships and cargo can be redirected to Oakland's other marine terminals which have excess capacity; and
- The Port can find new, better uses for Ports America Outer Harbor Terminal.

Options for the land could include uses unrelated to containerized cargo operations, the Port said. That would be new for Oakland, which has been home exclusively to container ships since the 1960s.

Outer Harbor is one of five marine terminals leased to private operators by the Port of Oakland. More than 2,000 ships, most from Asia, berth at the terminals each year. The terminals load and unload containerized cargo transported by the vessels. More than 2 million containers move annually through the Port.

Port officials said their priority is minimizing customer impact and maintaining Oakland's cargo volume. There is capacity to absorb Outer Harbor's volume at other Oakland terminals, the Port said. It added that the key will be efficient cargo-handling operations to handle additional volume. It said that terminal operators are preparing for the cargo migration. For example:

- Oakland International Container Terminal has opened Saturday and occasional weeknight gates for two months. The extra hours enable harbor truckers to pick-up or drop-off cargo outside peak hours
- A port-wide Saturday-gate program is expected to launch in the first quarter of 2016.

### Benjamin Franklin

So long, "Big Ben," hurry back. That was the message to the 1,310-foot megaship CMA CGM Benjamin Franklin this month as she left Oakland following a New Year's Weekend visit.

The largest container vessel to ever call the U.S. sailed from the Port of Oakland at 1:30 p.m. Jan. 4. Nicknamed "Big Ben" by Bay Area media, she left goodwill and the promise of more business in her wake.

**See photos of Big Ben in Oakland on page 2**

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# Benjamin Franklin Visits Port of Oakland



Port of Oakland Maritime Director John Driscoll (left) presents plaque to Benjamin Franklin's Master

## They Said It

*'Big Ben' delivers in a big way* —Sacramento Bee

*The future of Pacific shipping loomed large on the bay Thursday as a giant container ship docked at the Port of Oakland* —Oakland Tribune

*A new chapter for the Port* —KQED

*A perfect day to mark a new era in shipping* —San Francisco Chronicle

*Oakland is one of only a handful of U.S. ports that can receive megaships* —ABC 7

*It took years and millions of dollars for Oakland to prepare for the arrival of such giant vessels* —CBS San Francisco

Council President Lynette McElhaney, Federal Maritime Commission Chairman Mario Cordero and varied maritime and supply chain representatives.

Waterfront labor leaders and Oakland terminal operators have committed to a smooth cargo transition when Outer Harbor closes, Mr. Lytle told his audience. Among steps to be implemented:

- Extended terminal gate hours including Saturdays and some weeknights;
- More labor to process cargo transactions; and
- A Central Valley depot to help agricultural exporters pick up and drop off containers

Mr. Lytle said he will ask the Port's Board of Commissioners for approval to help finance transition costs. The funding could be used to provide performance incentives during the initial period of cargo migration. He said cargo-handling efficiency must improve for the transition to succeed. "We can't keep doing the same old things," he said. "We must bring service levels up to meet the need."

According to Mr. Lytle, Oakland marine terminals have excess capacity. Closing a terminal and redistributing cargo will lead to more efficient use of Port property, he said. The Executive Director said the Port will explore future uses for Outer Harbor Terminal that may not include container operations. "There are too many acres devoted to container operations," he explained. "We now have a chance to reset."

Among the other topics addressed in the State of the Port speech:

**Labor relations:** The Executive Director expressed thanks for recent collaboration between the International Longshore and Warehouse Union and the Pacific Maritime Association, the waterfront employer group. "We've made significant progress recently," he said.

**Rail improvements:** The Port will complete construction of its new rail yard in the second quarter of 2016, he said. This will add 44,000 feet of new track. It will give shippers the ability to form complete trains at the Port for transport of containerized imports.

**Cold storage:** Construction should begin mid-year on a 370,000-square-foot Cool Port Logistics facility. It will be able to receive 36 rail cars per day laden with chilled beef, pork, poultry and other perishables from the U.S. interior. "This will cement Oakland as the premiere location for perishable distribution," Mr. Lytle said.



"This was a milestone event," said Port Maritime Director John Driscoll. "We proved the Port of Oakland can handle big ships efficiently and the entire Bay Area got caught up in the excitement of global trade."

The CMA CGM Benjamin Franklin, which carries up to 18,000 containers, drew hundreds of sightseers as she sailed into Oakland New Year's Eve. Many more watched her departure under cloudy skies. The vessel's visit symbolically opened the Trans-Pacific trade route between Asia and North America to megaships.

The visit was viewed as a trial-run to determine if big ships can work effectively on the U.S. West Coast. The initial verdict from Port officials: They can.

More than 2,200 cargo containers were moved on and off the CMA CGM Benjamin Franklin January 2-3. Cargo operations concluded on schedule. Port officials reported no problems with cargo handling equipment or staffing levels.

"The CMA CGM Benjamin Franklin's call at the Port of Oakland was made possible thanks to a tight collaboration with all stakeholders at the Port," said Marc Bourdon, President of CMA CGM (America) LLC, a subsidiary of CMA CGM, the vessel's operator. "By welcoming the largest container ship ever to call at U.S. ports, authorities have demonstrated their willingness to be part of an ever growing shipping industry."

The CMA CGM Benjamin Franklin is scheduled to make a second West Coast visit in February. Maritime experts expect megaships such as the CMA CGM Benjamin Franklin to become an increasingly important part of the Trans-Pacific trade between Asia and the U.S.

## Television

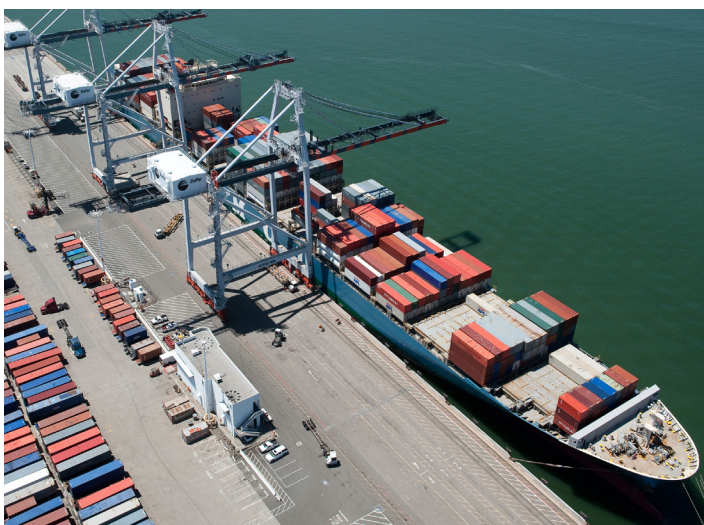
Want to know more about the Port of Oakland? Television can help. Two informative videos have been produced by TV outlets this month that provide insights into the Port. You can find both on the Port's home page, [www.portoakland.com](http://www.portoakland.com)

The first segment is a narrated history of the Port of Oakland from C-Span American History Television. It traces the Port's progress over more than 1,000 years, culminating in the introduction of containerization and megaships.

The second feature is from KQED Channel 9 in San Francisco. It spotlights the Port of Oakland dive team. Go underwater with the divers responsible for maintaining 28,000 pilings that support the Port's berths and cranes.

You'll also find photos and video from the recent Oakland visit of the 18,000 TEU megaship CMA CGM Benjamin Franklin.

It's all available on the [Port of Oakland website](http://www.portoakland.com).





## Nutter Terminal Reopens

A Port of Oakland marine terminal re-opened this month following two months of modernization to improve cargo handling. The upgrade climaxed Jan. 8 when Ben E. Nutter Terminal received its first container ship since early December.

“Across the Port we’re taking steps to improve performance and efficiency,” said Maritime Director John Driscoll. “We’re pleased that the management of Ben E. Nutter Terminal shares our desire to upgrade operations in Oakland.”

The Nutter terminal in Oakland’s Outer Harbor is managed by Everport Terminal Services. It began renovations in November and closed last month to complete improvements that include:

- Rebuilt entrance gates for harbor truckers;
- More than 100 new pieces of cargo-handling equipment; and
- A new terminal operating system.

The terminal re-opened in late December to begin receiving export cargo and empty containers. It resumed vessel operations with arrival of the 1,100-foot container vessel Ever Liberal.

The Nutter terminal serves all Evergreen Line ships calling Oakland. It’s named after former Port of Oakland Executive Director Ben E. Nutter, considered a pioneer in containerized trade.



## Port of Oakland 2015 Cargo Volume Report

Containerized import volume at the Port of Oakland in 2015 was essentially unchanged from 2014, according to statistics released this month. The Port said imports declined just 0.2 percent after dropping nearly 40 percent last January and February.

The import recovery indicates that cargo diverted during a waterfront labor impasse last winter has returned, the Port said. “This was no small achievement given the way the year started,” said Maritime Director John Driscoll.

Oakland import volume plummeted in early 2015 during a West Coast contract dispute between dockworkers and waterfront employers. Since then, Oakland import volume has increased in eight of the past 10 months.

Overall cargo volume—imports, exports and empty containers—decreased 4.9 percent in 2015, the Port said. It attributed the decline to an 11.5 percent drop in containerized exports. That was primarily the result of continued strength in the U.S. dollar, the Port said. The dollar’s relative value makes American goods more costly overseas.

The Port said last month’s import volume decreased 6.3 percent from the same period a year ago. That was not unexpected, the Port said. A year ago, December import volumes spiked due to extraordinary cargo diversions from congested Southern California ports.

A complete look at 2015 cargo statistics is [available here](#).

