



PORT OF OAKLAND

MARITIME e-NEWS

May 2015



Oakland Volume Bouncing Back; Cargo Flow Initiatives Moving Ahead

Containerized cargo volume was up for the second straight month at the Port of Oakland in April. Meanwhile, plans to accelerate cargo movement at marine terminals moved ahead.

The Port said its total volume—imports, exports and empty containers—rose 1.7 percent last month from April 2014. That followed an 8.1 percent increase in March.

The numbers show continued improvement from declines of 30 percent and 31 percent in January and February. “We’re moving out of the slack winter season and working to gain momentum,” said Port Maritime Director John Driscoll. “We want to drive additional cargo through Oakland as the peak shipping season arrives.”



Oakland import business continued to rebound in April. The Port said the volume of loaded import containers it handled last month rose 3.1 percent over 2014. That followed a 39.4 percent increase in March.

The Port said Oakland export cargo declined 12.9 percent in April. It attributed the slump to the continued strength of the U.S. dollar. The dollar has made American goods costlier overseas and has contributed to a widening U.S. trade gap.

The Port said it’s progressing on programs to improve cargo flow at terminals as volume increases. It announced four steps last month that include:

- Saturday gates;
- Off-dock locations for after-hour cargo pick-up and drop-off;

continues page 2

Changing Ports Pays Dividends (Reprinted from Patagonia Inc. website)

It often pays to re-evaluate the way you’ve always done things. By taking a long overdue look at our transportation network in 2011 and changing our destination port, we were able to save \$324,000, reduce related carbon emissions by 31%, and realize some important efficiencies—all during a 10-month period.

More than 60% of our clothing and gear is made in Asia. When a factory completes an order, our freight forwarder schedules a pick up, and has the container trucked to the nearest port. From Haiphong, Shanghai, Manila and a raft of other coastal cities, containers loaded with Patagonia products travel by ship to California.

When we were a much smaller company, our distribution center was located in Ventura, California, home to our corporate offices. We would have products from Asia shipped to the Port of Los Angeles/Long Beach. There they were offloaded, put on a truck and driven a hundred or so miles to our warehouse on Colt Street.

We outgrew the Colt Street facility after a few years, and in 1996 built a new distribution center in Reno, Nevada. Though Reno is 523 miles from the Port of Los Angeles/Long Beach, the busiest port in the U.S., we continued to ship there. We had our reasons, which included such things as a long history with the people and processes in Los Angeles, reasonable port costs, a large number of vessel sail times to choose from, and the flexibility of having three different trucking routes to Reno should inclement weather or some other event close a highway.

Long-distance shipping by truck, as opposed to ship, has some downsides. Road miles are more expensive and CO₂ emissions 4 to 7 times as high. Truck drivers are required to rest for 10 hours after 11 hours behind the wheel, which can result in delivery delays. Trucks break down more frequently. To complete a truckload, we often had to combine shipments, which also delayed deliveries and complicated things at our warehouse. We even had a couple of shipments stolen enroute to Reno, when drivers parked their rigs to spend the night.

So in 2011, we asked Expeditors®, our Seattle-based freight forwarders, to take a look at our situation. Their consulting arm informed us that by changing our receiving port from Los Angeles/Long Beach to the Port of Oakland, we could realize some significant savings. We made the shift in October 2011.

Expeditors® recently analyzed the results of our port change for the most recent 10-month period. (At the time, we didn’t have a full year’s worth of data.) They found we had saved \$324,000 mostly

continues page 2

- A pilot test of technology to measure wait time for truckers at terminal gates; and
- A common chassis pool.

Port officials said they've met with customers, terminal operators, harbor truckers and other ports to plan Saturday operations. Commencement of Saturday gates is expected soon.

Planning is also well underway on the other cargo flow initiatives, the Port said. Next up is likely to be a location near the Port for after-hour trucker transactions. All four cargo-flow programs are expected by summer.

Big Ships

Is bigger better? Hard to say. But it's becoming a trend at the Port of Oakland. The Port said in May that 16 big ships have called at Oakland in the past 30 days. It's a sign that Oakland is fully engaged with the megaships changing the face of global trade.

"We have prepared for these ships and they're here to stay," said Port of Oakland Maritime Director John Driscoll. "It's gratifying to see our planning and advance work pay off."

The Port said it is handling the largest container vessels to call U.S. ports. It defined big ships as those capable of carrying 10,000 or more 20-foot containers. Two Oakland arrivals last month, the MSC Regulus and the CMA CGM Margrit, hold up to 13,000 containers each.

The ability to service big ships is critical, the Port of Oakland said in a [video](#) released this month. International shipping lines have migrated to the 1,200-foot-long behemoths for economies of scale and improved fuel efficiency. Portside communities like them because they produce fewer emissions per container carried. Ports that can't handle big ships risk losing market share as containerized trade demand grows.



The first big ship to call Oakland, the MSC Fabiola, berthed in March of 2012. It carries up to 12,500 20-foot containers. In 2013 the MSC Beatrice became the largest vessel in Oakland. It holds 14,000 20-footers. The vessel is nearly a quarter-mile long. Its containers placed end-to-end would stretch more than 52 miles.

Oakland prepared for big ships by dredging approaches and berths to 50-foot depths over the last decade. It raised crane heights to reach over the mountains of containers stacked above vessel decks. It continues to refine marine terminal operations to improve landside cargo-handling speed.

continues

in transloading and transportation costs and reduced our carbon footprint by 135,000 kilos or 31%. In addition, we no longer have to co-mingle loads, and drivers can make the 229-mile trip to Reno in well under 10 hours.

We now have just one viable truck route from Oakland to Reno (Interstate 80), which goes over Donner Pass and is subject to closure in severe winter conditions. But other than that, the change was extremely positive.

"There are a lot of legacy operations companies don't question because it's the way they've always done it," said Tony Ferguson, who oversees Patagonia's U.S. import activities. "Shifting our port of importation from Los Angeles to Oakland was an easy fix that is paying dividends."

Taken from the Patagonia Web site: [Click Here](#)

PMSA

The Port of Oakland welcomed its newest maritime neighbor this month as proof of this city's growing trade stature. The Pacific Merchant Shipping Association (PMSA) moved its headquarters to Jack London Square, one block from Port headquarters. PMSA's arrival puts two big players in West Coast container shipping on the same side of San Francisco Bay.

"We've worked well with the association on issues of importance to our industry and global trade," said Port of Oakland Executive Director Chris Lytle. "Now that we're neighbors, we'll seek new opportunities to collaborate and raise the profile of this region as a trade gateway."

PMSA represents some of the largest container shipping lines and marine terminal operators serving West Coast U.S. ports. It had been based in San Francisco until the move to Jack London Square. The Port of Oakland owns the Square, a mixed-use complex at the edge of the Oakland Estuary. Its Master Lessee, Jack London Square Ventures LLC, secured the agreement with PMSA.

The Port is not a PMSA member. The Port of Oakland doesn't employ longshore labor or manage marine terminals. The Port leases terminal facilities to privately owned operating companies that contract with dockworkers.

Support for Legislation

The Coalition for America's Gateways and Trade Corridors (CAGTC)—which consists of more than 60 public and private organizations including the Port of Oakland—urges Congress to quickly pass a long-term surface transportation bill that includes a fully-funded freight grant program. CAGTC launched its "Freight Can't Wait" call-to-action campaign, which highlights key projects that rely upon the passage of freight-funding legislation.

Projects include enhancements at freight hubs, port and land gateways, and the augmentation of roadway capacity. According to CAGTC, U.S. government infrastructure investment as a percentage of GDP is less than 2 percent, the lowest level of infrastructure investment at any point since World War II. Every \$1.00 invested in infrastructure projects raises the level of GDP by about \$1.59.

The Port said vessels holding between 6,500 and 8,500 20-foot containers remain the norm in Oakland. But it added that the number of big ships calling here is growing. And it said the big ship migration will test marine terminals' ability to load and unload vessels.

According to recent Port data, big ships spend 40-to-45 hours in Oakland discharging or loading cargo. Smaller ships usually depart in 35-to-39 hours. The Port said upcoming improvements designed to accelerate landside operations could help shorten berth time for larger ships. The steps include weekend gates and after-hour off-dock locations for cargo pick-up or delivery.

Local Hiring

The Port of Oakland reports that 61 percent of the workforce at the Port's Army Base redevelopment project comes directly from neighboring communities. Twenty-eight percent of the workers live in Oakland. The numbers indicate that the Port's efforts to generate jobs locally are paying off.

"Due to our partnerships and programs with contractors, labor, local non-profits and residents, the Port is able to ensure that the community also benefits from this project," said Port Social Responsibility Director Amy Tharpe. "And the real evidence of our impact is when the Port puts its closest neighbors to work."

Local companies have benefited too, as contractors on the Army Base project. The Port said 60 percent of the funding spent with contractors has gone to businesses in these categories: Local Impact Area, Local Business Area, Small Business Enterprises and Very Small Business Enterprises. Oakland-based companies have received 47 percent of the contracting dollars.

The Port began construction at the old Army Base in 2013. Nearly two years later, 460 employees have worked on the project. Thirty-three percent of those workers live in the Port's Local Impact Areas: Oakland, San Leandro, Alameda and Emeryville. Another 28 percent are from the Local Business Areas: Alameda and Contra Costa counties.

When the former Army base closed in 1999, the land was divided and transferred to both the Port of Oakland and the City of Oakland. The Port's development area is approximately 185 acres of land, which is subject to state laws that restrict development to maritime-serving uses. The development on the Port's portion includes creating rail yards, providing warehouse space, and adding a recycling center.

Local hiring is central to the Port's mission. The Port has a Maritime Aviation Project Labor Agreement (MAPLA) that was intended to cover capital improvement programs at Oakland International Airport and the Oakland seaport. The underlying philosophy of MAPLA is to ensure that the Port hires local workers on its projects.

They Said It

"When West Coast ports operate efficiently, they provide the most economical way to move goods from factories in the Far East to markets in North America,"

—Jock O'Connell, Beacon Economics

Wetlands

Did you know that wetlands help clean water and provide buffers for sea level rise and storm surges? McClymonds High School biology students learned about wetlands and native plants at the Port of Oakland's Middle Harbor Shoreline Park (MHSP) recently from Park Naturalist Tara Reinertson. McClymonds High School is located in the Port's neighboring community—West Oakland.



Students removed non-native species and trash from the park beach in preparation for planting in the fall. One of the goals of the work-based learning project is to provide students with exposure to the growing field of environmental restoration. It also generates a sense of ownership among participants to promote the overall health of the San Francisco Bay. Naturalist, Clayton Anderson said, "This park is in their backyard; people who live locally are shown to be more effective in stewardship in their community."

McClymonds High School biology teacher Malina Wolfram said, "You can't just learn science in the classroom; you have to be out in it and get your hands dirty." This was McClymonds second visit to the Port of Oakland. Last year, 25 students and three teachers from the McClymonds engineering academy took part in the day-long interactive program. This activity is part of an ongoing collaboration between the Port of Oakland and the Oakland Unified School District in support of STEM (Science, Technology, Engineering and Mathematics) education.

Biogas

The East Bay Municipal Utility District's (EBMUD) wastewater treatment plant in Oakland generates biogas from processing biodegradable waste found in sewage, food scraps and grease. This biogas is then used to generate renewable electricity to power EBMUD's wastewater treatment facility.

The excess electricity that EBMUD generates is sold to the Port of Oakland and is used at Oakland International Airport and at our seaport to power operations.

They Said It

"The Port of Oakland management is being proactive and aggressive in trying to regain its lost cargo business"

—San Jose Mercury