



PORT OF OAKLAND

MARITIME e-NEWS

October 2015



September Cargo Statistics

Containerized import volume was up for a seventh-straight month at the Port of Oakland in September. The Port said that it handled 1.6 percent more containerized imports last month than it did a year ago.

The import rally has erased a wintertime decline in Oakland. The Port said import totals for the first nine months of 2015 are now even with last year. That's a significant turnaround from January and February when import volume dropped nearly 40 percent.

"We're pleased with the ongoing buildup of import cargo," said Maritime Director John Driscoll. "Our job now is to maintain the momentum."

Overall containerized cargo volume - imports, exports and empty containers - declined 4.8 percent in September, the Port said. A 12.6 percent drop in exports contributed to the decrease. The Port said two factors dampened export volume:

Continued strength in the U.S. dollar which makes American goods more expensive overseas; and

The economic slowdown in China which has curbed its demand for foreign commodities.

Complete Port of Oakland cargo [volume statistics are available here](#).

Revenue up at the Port

Operating revenue at the Port of Oakland reached an all-time high in Fiscal Year 2015. The Port reported \$336.6 million in revenue for the year ended June 30. That was up 4.2 percent from the previous year.

"The result is encouraging, given the challenges we faced," said Executive Director Chris Lytle. "The job now is to build on our strengths and grow our business."

The Port reported revenue increases in all three of its major business lines:

- Aviation: up 3.1 percent due largely to an 8.7 percent boost in passenger traffic at Oakland International Airport;
- Commercial Real Estate: up nearly 20 percent;
- Maritime: up 3.9 percent despite a 6.5 percent decline in loaded container volume that followed a labor dispute last winter on the West Coast waterfront.

The Port said operating expense increased 6.8 percent during FY 2015. That led to an 8.5 percent decline in operating income from the previous year.

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LABOR AT THE READY



All summer we suffered through the consequences of labor shortages in Oakland. We do not need to recap those issues again, but we do want to highlight change is on the horizon.

The Pacific Maritime Association (PMA) agreed to promote 150 casuals to International Longshore and Warehouse Union (ILWU) Class B status and hire an additional 400 casuals. Many of the Class B workers have already completed their tractor training and are on the job. The PMA is quickly working to on-board the casuals.

Additionally, 30 clerks are being added to the roster and are in the process of being trained.

This additional labor is great news for users of the port. It is also much needed as the port and terminal operators move forward with their plan for Saturday gates.

They Said It

"Oakland is still the leading gateway for Pacific Rim exports"

—Logistics Management

Dean's Services Expands in Oakland

AGRO Merchants Group has completed construction on an expansion project at Dean's Services located in Oakland. The investment will increase storage and throughput capacity to support the temperature-controlled food product and service needs of existing and new customers, and allow for additional value-added services.

Ron Dean, Founder and CEO of [Dean's Services](#) said "This expansion demonstrates our commitment to provide best-in-class services to our customers and support industry innovation. We now have the opportunity to deliver even more value-added services and meet the increasing demands of the marketplace." Dean's Services became part of AGRO Merchants Group in October 2014.



Chris Hughes, President of [AGRO Merchants Group](#) North America added, "This expansion has been planned since the acquisition of Dean's. In addition to handling overweight shipments up to 60,000 lbs., some of the key features of the expansion include 23 dock doors, additional USDA export inspection capability, 20 container plug-ins, transload and cross-docking space, local port drayage, and loading and unloading of sea containers."

Located just a few miles from the Port of Oakland, Dean's Services operates one of the largest refrigerated warehouses in Northern California for frozen, chilled and dry goods and is the largest 3rd party meat import location on the U.S. West Coast. The facility now offers an additional 3,800 pallet positions, including 3,000 pallets for 0° bulk freezer and 550 for a 28° cooler. The expansion project also includes a 250 pallet 34° dock cooler transload facility.

This is the fifth expansion project by AGRO Merchants since May 2014. Other expansion investments include Mullica Hill Cold Storage in New Jersey, Gestion Frio Algeciras (GFA) located inside the Port of Algeciras, Spain, Coldstore Urk B.V., in The Netherlands, and Icestar in Chile.

About AGRO Merchants Group

AGRO Merchants Group owns and operates 49 facilities in eight countries across the U.S., Europe, and Latin America, with nearly 700,000 square meters of cold storage. The company is focused on providing innovative cold chain solutions on a global basis by partnering with the highest quality family businesses and creating new, reliable, and integrated trade networks to help its customers grow. AGRO invests in modern assets, industry-leading technologies, and value-added service offerings to ensure the highest quality supply chain management standards in the industry.

EPA Grant to Upgrade Port Equipment

The United States Environmental Protection Agency (EPA) has awarded the Port of Oakland \$277,885 to upgrade cargo-handling equipment and reduce exhaust emissions on the waterfront. The funds will be used at TraPac marine terminal, one of five terminals operating in Oakland.

Under the EPA's National Clean Diesel Funding Assistance Program Diesel Emissions Reduction Act (DERA) grant, TraPac will use the funds to upgrade four rubber-tired gantry cranes and a top-pick. They will be re-engineered with clean diesel engines or exhaust filters. The equipment is used in container yards to load boxes onto trucks for delivery to customers.

These retrofits and upgrades will result in significant emissions reductions:

- 94% reduction in carbon monoxide
- 92% reduction in oxides of nitrogen
- 44% reduction in diesel particulate matter
- 41% reduction in hydrocarbons

"These reductions represent another great step towards our progress in meeting the Port's goal of reducing health risk related to diesel particulate matter emissions by 85%," said Richard Sinkoff, Director of Environmental Programs and Planning at the Port.

The Port said it contacted all four terminal operating companies in Oakland about pursuing the environmental grant. Several expressed interest, but ultimately TraPac stepped forward.

The project is scheduled to be completed by December 2016.

Fire Victim Relief from Port Partners

Three companies working at the Port of Oakland sent shipping containers to fire-ravaged Lake County last month. The eight 40-foot containers will store mountains of relief supplies donated for victims of the devastating Valley Fire.

[MOL \(America\) Inc.](#) provided the containers. [Flexi-Van Leasing](#) of Kenilworth, NJ, made chassis available to carry the boxes. Drivers from [California Multimodal Inc.](#) of Wilmington, Ca. transported the containers to Middletown near Northern California's Clear Lake. The equipment was shipped from locations at or near the Port.

"We're grateful for the support of these companies and pleased that they're helping home and business owners who lost everything in the fires," said Port of Oakland Maritime Director John Driscoll.

The Valley Fire began Sept. 12 in Lake County, two hours north of San Francisco. It burned more than 76,000 acres and was blamed for four fatalities. Several towns in the county were heavily damaged by the fire.

They Said It

"Fast transit times from Asia, as well as recent investments by Class 1 railroads, have benefited the Port of Oakland"

—Global Trade

Retailers Well Stocked as Holidays Approach

From the National Retail Federation

WASHINGTON, October 9, 2015 – Import cargo volume at the nation's major retail container ports is expected to increase 3.3 percent this month over the same time last year as retailers make final preparations for the holiday season, according to the monthly Global Port Tracker report released today by the National Retail Federation and Hackett Associates.

"The holidays are almost here, and retailers are ready," NRF Vice President for Supply Chain and Customs Policy Jonathan Gold said. "Merchants have been stocking up since summer, and there should be plenty on the shelves as consumers begin their holiday shopping."

The cargo report comes a day after NRF forecast 3.7 percent growth in holiday sales this year over 2014. While imports provide a barometer of retailers' expectations, cargo volume does not directly correlate with sales figures because each container counts the same regardless of the value of its content.

Ports covered by Global Port Tracker handled 1.68 million Twenty-Foot Equivalent Units in August, the latest month for which after-the-fact numbers are available. That was up 3.9 percent from July and 10.4 percent from a year ago. One TEU is one 20-foot-long cargo container or its equivalent.

September was estimated at 1.62 million TEU, up 2.1 percent from 2014. October is forecast at 1.61 million TEU, up 3.3 percent from last year; November at 1.49 million TEU, up 7.2 percent, and December at 1.42 million TEU, down 0.9 percent.

Those numbers would bring 2015 to a total of 18.3 million TEU, up 5.7 percent from last year. The first half of 2015 totaled 8.9 million TEU, up 6.5 percent over the same period last year.

January 2016 is forecast at 1.44 million TEU, up 16.5 percent from weak numbers seen a year earlier just before West Coast dockworkers agreed on a new contract that ended a months-long labor dispute. February is forecast at 1.35 million TEU, up 12.9 percent, also skewed by the labor dispute.

Hackett Associates Founder Ben Hackett said West Coast ports have largely recovered their share of cargo following the labor dispute, with the West Coast accounting for 59 percent, the East Coast 37 percent and the Gulf Coast 4 percent. But the inventory-to-sales ratio remains "stubbornly high" because of the influx of cargo that came through after the dispute ended.

"We would have thought that by now the aftermath of the disruption at the West Coast ports had worked its way through, which would help to reduce inventory," he said. "This is not the case."

Global Port Tracker, which is produced for NRF by the consulting firm Hackett Associates, covers the U.S. ports of Los Angeles/Long Beach, Oakland, Seattle and Tacoma on the West Coast; New York/New Jersey, Hampton Roads, Charleston, Savannah, Port Everglades and Miami on the East Coast, and Houston on the Gulf Coast. The report is free to NRF retail members, and subscription information is available at www.nrf.com/PortTracker or by calling (202) 783-7971. Subscription information for non-members can be found at www.globalporttracker.com.

NRF is the world's largest retail trade association, representing discount and department stores, home goods and specialty stores, Main

Street merchants, grocers, wholesalers, chain restaurants and Internet retailers from the United States and more than 45 countries. Retail is the nation's largest private sector employer, supporting one in four U.S. jobs – 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation's economy. NRF's *This is Retail* campaign highlights the industry's opportunities for life-long careers, how retailers strengthen communities, and the critical role that retail plays in driving innovation. NRF.com

Hackett Associates provides expert consulting, research and advisory services to the international maritime industry, government agencies and international institutions. www.hackettassociates.com

Dredging

Once again, the Port of Oakland is getting down and dirty. The Port said it's about a third of the way through its annual maintenance dredging program for 2015.

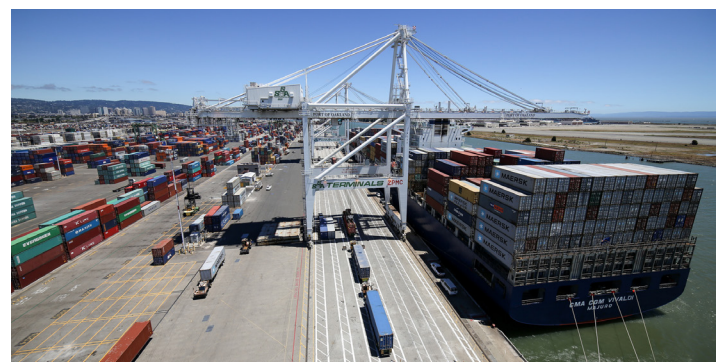
By November, the Port plans to scoop 185,000 cubic yards of sediment from 17 deep-water shipping berths. The goal of the \$3.7 million project: maintain 50-foot depths so container ships aren't stuck in the mud.

"This is one of the least glamorous, but most important jobs a port authority has every year," said Chris Chan, the Port's Director of Engineering. "Few ports nationwide have the deep-water capability to berth the biggest container vessels, so we need to continually protect that advantage."

Vessels capable of carrying up to 14,000 20-foot containers berth at Oakland. These are the largest ships calling U.S. ports. Berths and approach channels must be 50-feet-deep to accommodate them.

The Port said it has dredged 45,000 cubic yards of material from six berths since dredging began in August. It will clear another 140,000 yards of material from 11 additional berths.

Dredging season is restricted to this time period to protect endangered fish and fowl. Sediment dredged from Oakland berths is being deposited at the Montezuma Wetlands on Suisun Bay. The 2,400-acre marsh is being restored as a shorebird habitat.



They Said It

"Port of Oakland brings cleaner diesel technology to the seaport"

—American Journal of Transportation