



PORT OF OAKLAND

MARITIME e-NEWS

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Executive Director's Message

By Chris Lytle

Executive Director, Port Of Oakland

Overcapacity will continue to weigh on container shipping in 2016. Too much space – not enough cargo; that's the problem. The most visible impact is at sea where ocean freight rates remain under pressure. But ports are feeling pressure, too.



*Chris Lytle
Executive Director of Port of Oakland*

Shippers with discretionary cargo can choose from a bounty of North American gateways: Canada, Mexico, West Coast, East Coast, Gulf Coast, Panama Canal, Suez Canal. So how do we compete in this crowded landscape? Once upon a time, the answer was simple: cost. Now it's not that easy. Cost matters, but what cargo owners really want is efficiency.

At many North American gateways it takes too long to get cargo in-and-out of port. That's because bigger ships and vessel alliances are discharging greater cargo volumes in shorter timeframes. As a result, importers and exporters want change. Here's what they're after: fluid container yards, faster turn-times and cargo delivered without delay.

Ports concerned with protecting their market share are responding. They're looking at everything from trucker appointment systems to offsite depots. The objective: beat the bottlenecks, get the cargo flowing. This is a priority at the Port of Oakland.

We spent the last half of 2015 developing efficiency improvements. Some, such as additional longshore labor, are already having an effect. We expect to implement others within three months. They include:

- Saturday gates for truck transactions;
- A common chassis pool;
- An offsite container depot; and
- Using Bluetooth technology to measure and display up-to-the-minute turn times.

Other than the groundbreaking use of Bluetooth, these aren't revolutionary ideas. But they reflect a commitment to improved productivity that can translate to better customer service. That's what it will take to succeed in the competitive world of container shipping this year.



Welcoming the Benjamin Franklin

The largest containership to ever visit the U.S. is scheduled to arrive at the Port of Oakland New Year's Eve. The Port said the 1,300-foot-long Benjamin Franklin will make a one-day stop on its maiden voyage. Its arrival could forever change the nature of trade between the U.S. and Asia.

"Nothing this big has ever been seen in our country," said Port of Oakland Executive Director Chris Lytle. "There's no doubt others will follow suit and we're gratified that Oakland is one of the only ports in the U.S. ready to receive them."

The Franklin, operated by Marseille-based shipping line CMA CGM, is the world's 10th largest containership. It was launched from a Chinese shipyard last month. CMA CGM said it will deploy the vessel on a regularly scheduled service between California, China and South Korea.

The Franklin is euphemistically called a megaship or ultra large container carrier. It can hold up to 18,000 20-foot shipping containers. The largest ships currently serving this country carry 14,000 containers. The Franklin's first visit to Oakland is considered a trial-run. Officials want to ensure that the vessel can be berthed and cargo discharged efficiently.

Oakland is one of a handful of U.S. ports that can receive megaships. Most other ports lack sufficient water depth for the deep-draft vessels. Gulf and East Coast ports are further limited by the Panama Canal. Even though the Canal is expanding, it won't be big enough to accommodate the ocean-going giants from Asia.

Oakland has invested millions in recent years to prepare for big ships. The steps have included:

- Dredging berths and channels to 50-foot depths;
- Raising the height of cranes that load and unload vessels; and
- Modernizing marine terminals to handle increased import and export volumes.

Until now, vessels the size of the Benjamin Franklin have been deployed exclusively in the Asia-Europe trade. It's the world's busiest

continues page 2

container shipping route. But ocean carriers are eager to extend the reach of megaships to the Trans-Pacific lane. That's because bigger ships provide economies of scale. Since they're newer, they also burn less fuel and produce fewer exhaust emissions than older vessels.

The Port of Oakland said the Benjamin Franklin is scheduled to berth at about 8 a.m. Dec. 31.

November Cargo Statistics

The Port of Oakland reported that November containerized import volume jumped 8.7 percent from a year ago. It was the eighth increase at the Port in the past nine months.

The Port said that import volume for the first 11 months of 2015 is up 0.4 percent from last year. It termed the performance significant in light of a nearly 40 percent volume decline last winter.

"We're finishing the year much stronger than we started," said Maritime Director John Driscoll. "Our goal now is to keep the momentum up heading into 2016."

The Port said healthy consumer demand may have been behind November's import increase. Containerized trade volume typically slows at year end as retailers complete holiday inventory buildups.

The Port said export volume declined 1.5 percent last month. Weaker demand in China for U.S. goods contributed to the decrease. Total container volume—imports, exports and empty containers—declined 0.3 percent in November. For complete cargo statistics: [click here](#).



Cranes Lifted

Global trade is about to get a big lift from the Port of Oakland. The Port is raising four massive gantry cranes 26 feet higher to span modern megaships. The \$13.95 million project, scheduled to begin in April, will increase Oakland's capacity to handle giant container vessels.

"The big ships come here on a regular basis," said Port of Oakland Maritime Director John Driscoll. "This equips us to take on more of them as shipping lines continue to scale up."

The taller cranes, located at Oakland International Container Terminal, will be able to reach 141 feet above the dock.

The four 13-year-old cranes each weigh 1,380 tons. They'll be supported by jacking frames while their legs are cut away and replaced with new, longer ones. The legs will be fabricated by Shanghai-based ZPMC, manufacturer of the cranes. The Port said it will take 10-to-12 weeks to lift each crane.

The Port's cranes can lift as much as 65 tons of containerized cargo. Once they're heightened, they'll be able to reach three rows of containers higher on a ship.

There are 33 cranes at the Port's five marine terminals. Eight of them are tall enough to reach atop the biggest ships in Oakland. The Port said it's lifting additional cranes with an eye toward the future of global trade. More ocean carriers are building big ships, the Port said, to gain economies of scale in transporting containerized cargo.

They Said It

"The Port of Oakland is increasing the height of four ship-to-shore cranes so they will be capable of working the largest container ships now calling at U.S. ports, and even larger vessels in the future." —Journal of Commerce

"The Port's cranes have long been a vibrant symbol" —SFist

We Have Great Confidence in Oakland

Oakland's booming and the Port of Oakland is contributing greatly to the clamor. That was the message a top Port executive delivered this month to 500 business and civic leaders.



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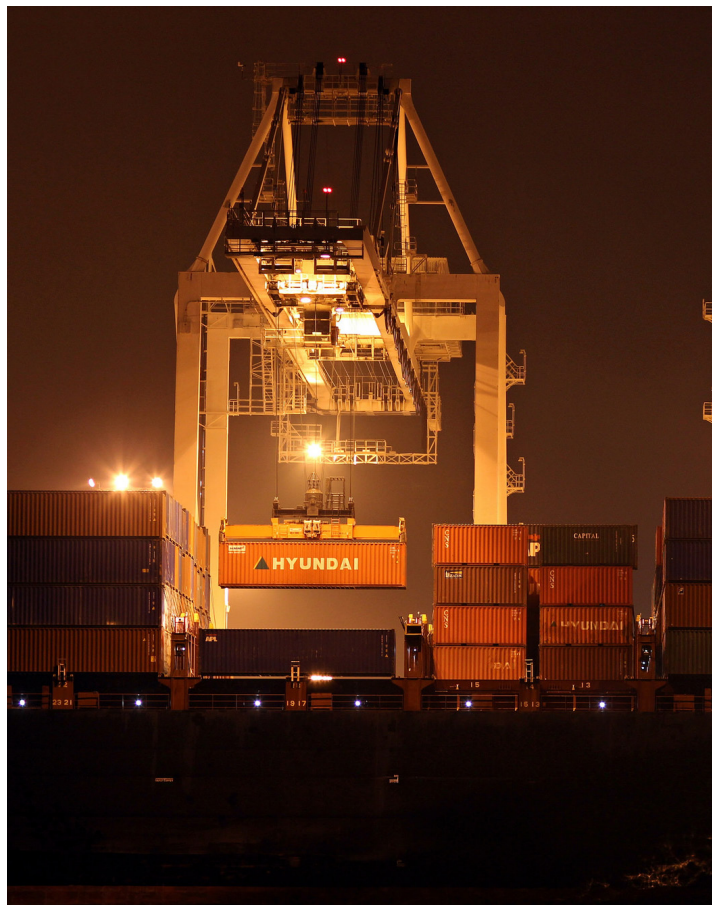
"We have great confidence in Oakland," Commercial Real Estate Director Pamela Kershaw told a business breakfast audience that featured Oakland Mayor Libby Schaaf. "Things are positive; impressive companies are calling, looking for opportunities to invest here."

Her remarks came as builders, bureaucrats and business executives declared that Oakland's time has come. Their proof: thousands of housing units scheduled for construction, new business openings and a decision by tech behemoth Uber to locate in Oakland.

Ms. Kershaw highlighted three events this month that she said underscore the Port's contribution to the resurgence:

- Renowned western lifestyle arbiter Sunset Magazine began moving its editorial headquarters into the Port's Jack London Square.
- International air carrier Norwegian Airlines announced new flights to London from the Port's Oakland International Airport.
- Marseille-based shipping line CMA CGM said it will bring its newest ship, the 1,300-foot-long Benjamin Franklin to the Oakland seaport New Year's Eve. It's the largest cargo vessel to ever visit a U.S. port.

continues page 4



Night and Weekend Gates

A Port of Oakland marine terminal is opening on certain nights and Saturday's in an experiment to accelerate containerized trade flow. The trial-basis program precedes a port wide plan for Saturday operations expected in the first quarter of 2016.

Oakland International Container Terminal (OICT)—the Port's largest terminal—said it's testing increased hours of operations for specific transactions. So far, extended gate transactions have included empty container returns and pick-ups and loaded container export drop-offs. Specialized import pick-ups known as One Stop free-flow delivery have also been part of the trial program. There's no fee for transactions conducted during night and Saturday gates.

"This is a service for all customers and drayage companies that can utilize the transactions," said Jim Rice, the terminal's General Manager. "We know this may not fit everyone's business needs, but it has a positive impact on the overall flow of transactions during the day. We will continue to operate night and weekend gates if the demand is there."

Drivers receive weekly broadcasts from the terminal advising them of the dates and times for the extended gates. Transaction types may vary depending on the demand. The terminal said it has seen increased participation since it began Nov. 3.

The Port of Oakland has the highest concentration of truck transactions-per-gate at any West Coast Port. During some peak periods, terminals report long lines of trucks waiting to enter. The marine terminals are working on a collaborative plan to open permanent Saturday gates for all transactions in 2016. The plan is under review by the Federal Maritime Commission.



Academy of Truck Driving Addressing Need at the Port

When you drive through the Port of Oakland you'll see a familiar sight: help wanted signs for truck drivers. Motor carriers are scrambling to find qualified drivers to meet the Port's demand. The [Academy of Truck Driving](#), located at the ports of Oakland and Stockton, trains about 200 drivers annually. The school was started by James Kemp and Jennifer Walker-Kemp 15 years ago.

Ms. Walker-Kemp reflected on why they went into the business, "My

continues page 4

Academy, continued from page 3

husband was a trucker originally, but then his health wouldn't allow for him to continue so we decided to start something new." She said her husband's truck driving experience along with her administrative skills gave them the opportunity to create the Academy.

Not only was this a way for them to start a business, Walker-Kemp said it was a chance to help others quickly begin a career and provide for themselves and their loved ones. She said the school works well as a high percentage of the Academy's students complete the program, "Today, we have about 200 students that come through our school each year and most of them succeed in getting a commercial driver's license as well as a job."

The Academy of Truck Driving, with its headquarters at the Oakland seaport, provides post-secondary education and is licensed by the state of California. Ms. Walker-Kemp said her school is able to move clients through in one to two months depending on the licenses needed and the number of hours a student can commit. The program provides classroom and vehicle training on a tractor with or without a trailer, buses and other vehicles in customized classes for specific agencies and companies.

"My husband and I take great pride in the fact that we make every effort to fund the training through a grant, agency, or corporate customer so that the student does not have a big loan to pay off at the end of the program," said Ms. Walker-Kemp. Many prospective students who come to the Academy who are veterans, dislocated workers, low-income, injured or disabled are eligible for training grants.

She stated that the Academy of Truck Driving customers range from individuals to government agencies (local to federal) to private sector employers. The courses offered include Class A or B license, refresher courses, tanker, doubles, hazmat, passenger endorsement and the TWIC (Transportation Workers Identification Credential) card.

"We've had more than 2,000 students get their commercial driver's license since we started this school in 2000." Ms. Walker-Kemp added, "We're pleased that we've been able to help so many people begin a lifetime career in commercial driving."



Kershaw, continued from page 3

"We're very excited about these developments," she said. "And we take seriously the role we will play in Oakland's future."

The director said the Port is advancing critical infrastructure projects in each of its business lines: Aviation, Real Estate and Maritime. Renovations to the airport's Terminal 1—where international flights depart—are well underway, she said. The seaport plans to begin constructing a 370,000-square-foot Cool Port Logistics Complex next spring for refrigerated cargo. And negotiations are underway to build a new hotel at Embarcadero Cove down the road from Jack London Square.

"Infrastructure may not sound sexy, but it's sexy to us," said Ms. Kershaw. "It means we're ready to grow with the city."

They Said It

"The Port of Oakland continues its effort to attract more fully-loaded inbound ocean carrier calls by investing in its infrastructure."

—Logistics Management

