



PORT OF OAKLAND

MARITIME **e**NEWS

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We must make 2015 the Year of the Customer

Editor's note: The following commentary from Port of Oakland Executive Director Chris Lytle appeared Jan. 5 in the Journal of Commerce

On Feb. 19, Asia begins its celebration of Lunar New Year. It will be The Year of the Sheep. Perhaps our industry should consider a variation on a theme: The Year of the Customer. After all, we owe customers something. Goodness knows we made them suffer enough in 2014.

From port congestion to labor negotiations last year was a trying one for international shippers. We've got to do better for them this time around – not just for their sake, but ours, too. If we don't, especially on the U.S. West Coast, they'll bolt.

Canada....Mexico....Suez Canal....Panama Canal....we know the alternative paths to the U.S. Our customers do, too. Frustrated by delays in California and the Northwest, they're increasingly using those gateways. It's hard to blame them.

So what do we need to do to stem customer attrition? We need to do a lot, and in a hurry. Here are improvements we have to make right away:

- **Terminal efficiency:** Bigger ships tax terminal throughput. Turn-times are slower. It takes longer to get intermodal cargo to the rail. The fix requires all-hands-on-deck. Labor's best effort is required. Truckers must respect appointments. Chassis providers need to improve availability. Terminals should maximize technology to expedite container handling and ease the pain of gate-waits.
- **Terminal infrastructure:** Change is needed to speed cargo off the ship and out the door. This means modifying not just plant, but process, too. An example: terminals are creating express lanes. They congregate import boxes for individual motor carriers with multiple pick-ups. Trucks line up to take the first box off the stack. A trucker's transaction can take as little as 15 minutes.
- **Customer contact:** Customers are desperate to understand the status of the supply chain. How can we help? Timely website alerts; credible turn-time metrics; automated gate-wait updates; on-site customer service representatives.

Shippers don't have to settle for any port in the storm. They expect us to improve their experience, cure their headaches, or they'll find someone else who can. We've got to respond with urgency. If we don't, say hello to The Year of the Customer Exodus.

Port of Oakland Applauds Call for Federal Mediator in Labor Talks

Agreement seen as first step in breaking eight-month waterfront negotiating impasse

The Port of Oakland applauded a decision to bring federal mediation to stalled West Coast waterfront labor talks. It called the action a key first step in breaking an eight-month negotiating impasse between employers of the Pacific Maritime Association and the International Longshore and Warehouse Union. Representatives from both sides asked Jan. 5 for outside help in negotiating a contract to replace one that expired last July.

"The announcement shows that both sides understand the importance of arriving at a contract settlement," said Port of Oakland Executive Director Chris Lytle. "The impasse has affected port operations up and down the West Coast and the sooner it's resolved, the sooner we can resume the normal flow of trade in and out of the U.S."

Ports from Los Angeles to Seattle reported productivity declines in the fourth quarter of 2014 that slowed trade flows. Labor-management disputes were cited as one of the principal causes. A new contract for dockworkers is expected to help restore the flow of containerized cargo. The Port of Oakland is not part of the waterfront labor talks. As a landlord port, it leases its facilities to private-sector operators who manage terminals and hire longshore workers. Nevertheless, the Port and terminal operators have taken an active role in addressing the impact of stalled negotiations. The steps include:

- Night and weekend gates to help ease a cargo buildup at marine terminals;
- Express lanes to speed the movement of containerized imports out of the Port; and
- Daily status updates for customers that include reports on waterfront staffing levels.

Mediation is just the first step in producing a new contract for dock workers. The goal is to craft a deal that can be ratified by employers and the full union membership. Both sides have remained mum on the issues that stand in the way an agreement.

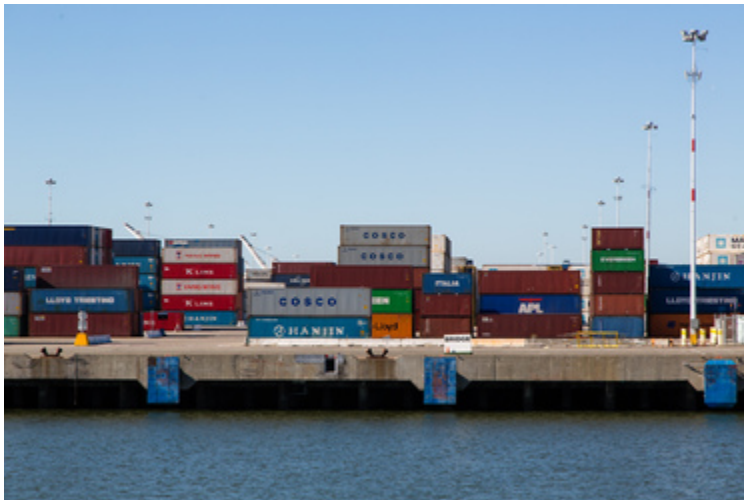
New Saturday & Sunday gates ease some pressure on Port cargo buildup

New Saturday and Sunday gates are putting a dent in an extraordinary cargo buildup at the Port of Oakland. More than 1,000 U.S. import containers have moved out of its marine terminals every weekend for the past month. It's cargo that would otherwise move weekdays when terminals and harbor truckers strain to manage soaring volume. "The weekend moves are only a fraction of what we send out the gates Monday-through-Friday so they're not the complete answer to our big buildup" said Port Maritime Director John Driscoll. "But every little bit helps while we're working to keep cargo moving."

The largest marine terminal operators at the Port have opened weekend gates since Thanksgiving. It's an unusual move precipitated by an unprecedented cargo surge in Oakland. Import volume has increased in each of the past three months compared to previous year totals. The reasons:

- Increased U.S. trade with Asia: The Trans-Pacific trade, while not the world's largest, is nevertheless the most vibrant container shipping market thanks to the improving U.S. economy;
- Southern California congestion: Ships and containers have been diverted to Oakland to avoid cargo backlogs at Los Angeles and Long Beach ports;
- Labor-management negotiations: An impasse in the eight-month-long quest for a new waterfront labor contract has disrupted West Coast port operations. The import surge is being felt in Oakland. Three-to-nine vessels anchor in San Francisco Bay every day awaiting berths. It sometimes takes truck drivers several hours to get through weekday terminal gates. A series of measures has been introduced at the Port to manage the volume. Express lanes now expedite simple trucker transactions. Daily status updates advise cargo owners on peak periods for container pick-ups. Traffic-control officers manage lines that build up outside terminals. Weekend openings are the most complex response to Oakland's cargo increase. Customs inspections must be arranged to clear cargo for pick-up. Extra cargo handlers are needed to load containers onto truck trailers. Clerks have to be hired, as well, to process imports before they're sent out the gates. Terminal operators, private-sector firms working under leases from the Port of Oakland, are expected to continue moving containers on Saturdays and

Heightened activity continues at Port of Oakland



West Coast ports – including Oakland - have unfinished business entering 2015: a new waterfront labor contract. Longshore workers and employers continue to operate without one after the previous agreement expired last July. A Federal mediator has been requested. The negotiating impasse continues to affect Port operations from Southern California to the Pacific Northwest. Productivity levels remain less-than-optimal. Terminal transaction times have increased as have the waits at terminal gates. The Port of Oakland has urged both sides to reach agreement on a new contract. While the stalemate continues, the Port is working through an extraordinary cargo influx. Import volume increased in the fourth quarter of 2014 as cargo diverted from congested Southern California ports. The added cargo on top of labor-management disputes stressed marine terminal operations. This was the situation for much of the past month in Oakland:

- up to nine container ships a day at anchor on San Francisco Bay awaiting berths;
- moderate-to-heavy gate waits for harbor truckers attempting to enter marine terminals;
- periodic chassis shortages.

Volume should moderate with the conclusion of peak season and the Port has implemented measures to improve throughput. These include weekend gates, dedicated lanes for simple transactions, and a daily status report to aid supply chain planning. Hundreds of additional containers are being discharged from terminals each week thanks to the Saturday/Sunday gates.

Here's a snapshot of Port conditions:

Labor availability: Longshore gangs have not been at full complement in recent weeks due to holiday schedules and vacations. Full work gangs were dispatched to terminals in the first week of the new year.

Transaction times: Turn times vary from terminal-to-terminal. For dual transactions, they range from 30 minutes

Sundays while demand persists. That could be another month as U.S. shippers import cargo before Lunar New Year factory shutdowns in Asia.

Import volume still increasing

Containerized import volume continues to grow at the Port of Oakland. Through 11 months of 2014, imports were up 4% from a year ago. They increased 2.97% in November, the third straight month of gains over last year.

“Our objective is to make imports a bigger percentage of the cargo mix in Oakland,” said Maritime Director John Driscoll. “We’re progressing and the challenge now is to step up the pace in 2015.”

The Port handled the equivalent of 771,454 20-foot import containers in the first 11 months of 2014. That was up from 741,662 containers during the same period in 2013.

The Port attributed the increase to aggressive marketing, greater consumer demand and cargo diversions from congested Southern California ports. Through the peak shipping season, which concluded in November, thousands of imports rerouted to Oakland.

Overall volume at the Port – imports and exports – was up 1.5% for the first 11 months of 2014. Exports declined 4%. The Port attributed the export drop to a strong dollar, which made U.S. goods more expensive overseas. Exports accounted for 54% of the Port’s cargo volume in 2014 bolstered by a strong agricultural market.

Full-year 2014 cargo volume statistics are expected by Jan. 15.

to several hours. Variables include sufficient yard labor, chassis availability and off-schedule vessel arrivals from congested Southern California ports.

Chassis: Periodic shortages of 20-and 40-foot chassis continue at larger terminals. The pinch is expected to ease as throughput improves and more trucks with chassis can be processed daily.

Gate waits: Another variable. At some terminals the wait to enter a gate is less than 15 minutes. During peak times at large terminals the waits have lasted several hours. The Port is emailing status updates to stakeholders every morning to assist with trucker dispatch.

Productivity: Crane productivity has declined in the past six weeks. Settlement of the longshore labor contract will be a key factor in restoring optimal productivity.

Daily operations status update introduced

The Port of Oakland has taken new steps in its effort to manage the increase in cargo activity including daily updates to help keep customers and stakeholders informed about the operational status of the Port's marine terminals. The Port is doing this because import cargo has increased and operations have been hampered by off-schedule ships and recent labor-management disputes on the docks.

The updates cover which terminals are open, street wait time, vessels at berth and anchor, labor order status, and details such as chassis availability and whether fulls and empties are being accepted at terminals. The Port encourages all parties to check with the applicable Marine Terminal Operator, Logistics Provider or Ocean Carrier for any specifics.

Terminal	Marine Terminal Status	Street Wait Time *	Vessels @ Berth	Vessels @ Anchor	Labor Orders Filled
Oakland International Container Terminal (OICT)	OPEN	MODERATE	4	3	FILLED
Ports America Outer Harbor (PAOH)	OPEN	HEAVY	3	3	FILLED
Ben E. Nutter (Evergreen)	OPEN	LIGHT	1	0	FILLED
TraPac	OPEN	LIGHT	1	0	FILLED
Matson	OPEN	LIGHT	1+1 (load/unload)	0	FILLED

Dramatic reductions noted in air emissions at port

Researchers say they've measured "dramatic reductions" in diesel emissions at the Port of Oakland. The result, according to Lawrence Berkeley National Laboratory, should be cleaner air.

"At the Port of Oakland we measured reductions of nitrogen oxides and black carbon PM (particulate matter) which should translate into local improvements in air quality," said Berkeley Lab air quality scientist Dr. Thomas Kirchstetter in a Laboratory announcement released in December.

Dr. Kirchstetter, also an adjunct professor at UC Berkeley's Department of Civil and Environmental Engineering, said that between 2009 and 2013:

1. The median emission rate from diesel trucks operating at the Port declined 76% for black carbon, a major portion of diesel particulate matter and a pollutant linked to global warming.
2. The average emission rate for nitrogen oxides, which leads to the creation of ozone and particulate matter, went down 53%.

The Berkeley Lab findings show that a clean truck program initiated at the Port of Oakland in 2009 is paying off. Known as the Comprehensive Truck Management Program, it requires harbor truckers to comply with state air quality regulations. It also bans rigs that don't meet 2007 US Environmental Protection Agency engine emission

standards. The Port took part in a \$22 million grant program to help drivers make their trucks compliant.

Dr. Kirchstetter's research team noted two significant improvements in the truck fleet serving the Port: 1) the median age of truck engines has declined from 11 to 6 years since 2009; and 2) the percentage of trucks equipped with particulate filters has increased from 2% to 99%.

The findings are important because diesel trucks make thousands of trips annually transporting Port of Oakland imports and exports. The UC Berkeley and Lawrence Berkeley National Laboratory team, which also included Rob Harley, professor of civil and environmental engineering at UC Berkeley, and Phil Martien of the Bay Area Air Quality Management District, monitored fleet emissions in 2009, 2011 and 2013.

The full announcement from Lawrence Berkeley National Laboratory is available here: <http://1.usa.gov/1yX3IBU>

What they're saying...

"A key strategic goal for Oakland is to attract more import traffic to Northern California, and efforts to that effect are yielding some positive results."

--JOURNAL OF COMMERCE

"Container ships have been arriving with unprecedented frequency in Oakland."

--KCBS RADIO

"Import cargo volume has increased at Oakland in each of the last three months."

--WORLD MARITIME NEWS

"Cargo has been diverted to Oakland, which has contributed to a growth in traffic to the port."

--SAN FRANCISCO CHRONICLE

"Researchers say they've measured dramatic reductions in diesel emissions at the Port of Oakland."

--AMERICAN JOURNAL OF TRANSPORTATION

