



**PORT OF OAKLAND  
SEAPORT**

MARCH 2018

# MARITIME e-NEWS

## Port of Oakland adopts new 5-year strategic plan

**The Port of Oakland released a new 5-year strategic plan this month that pairs business expansion with community benefits. Called “Growth with Care,” the plan envisions more jobs and economic stimulus as the Port grows.**

“We can grow, but we want our neighbors to grow with us,” said Port of Oakland Executive Director Chris Lytle in a preamble to the 21-page strategic document. “We must conduct ourselves in the public interest for the public good.”

The Port said its plan would serve as a blueprint for expansion into the next decade. Key elements of the plan include:

- Projections for record business volumes over five years in the Port’s Aviation and Maritime businesses;
- Large capital investments on major projects; and
- An emphasis on sustainability to minimize the environmental impact of growth.

According to the strategic plan, Oakland cargo volume should reach 2.6 million 20-foot containers by 2022. The Port’s Oakland International Airport is expected to serve 14-to-15 million passengers annually by then. Both would be all-time highs for Oakland.

Growing business volume should lead to more hiring, the Port said. The Port added that it would prioritize local residents in filling jobs.

The strategic plan calls for 8 percent more containerized cargo volume in Oakland by 2022. Airport passenger traffic should increase between 12 and 20 percent in the same timeframe, according to the plan.

The plan envisions cargo growth from two capital projects at the seaport. The first is a 283,000-square-foot refrigerated distribution center called Cool Port Oakland that opens this



### Growth With Care

Port of Oakland  
Strategic Business Plan  
2018-2022



**Click here to see the complete Port of Oakland 5-year strategic plan**

summer. Another 440,000-square-foot distribution center is planned at a nearby Seaport Logistics Complex.

At the Airport, Oakland’s growth strategy is predicated on more flights – whether domestic or international. Target destinations over the next five years include

New York, Boston, Washington, D.C., Asia, Canada and South America.

The Port’s third business – Commercial Real Estate – will concentrate on maintaining high occupancy rates, according to the strategic plan. It will also support residential development planned in the Port’s Jack London Square neighborhood.

A centerpiece of the strategic plan will be curbing diesel emissions, the Port said. According to Port data, truck emissions are down 98 percent since 2009 while vessel emissions have declined 76 percent. The strategic plan commits the Port to an overall reduction of 85 percent by 2020.

***See Maritime Strategic Plan on pages 4-5***

## Oakland to launch online portal

Port of Oakland officials have promised a digital shipping platform by mid-year to speed up global trade flows. The Port said it’s building an online portal for transactions that range from tracking to transporting containerized cargo. The move aligns with an industry migration toward digitalization of international supply chains for the sake of efficiency.

The Port previewed its portal – called a digital collaboration platform – at an American Association of Port Authorities meeting in Oakland this month. Port

officials said it would provide a single window for cargo owners or freight haulers who want to:

- Get personalized cargo status updates;
- Check ocean vessel schedules;
- Pay freight-handling fees; or
- Make appointments to pick up containerized cargo.

“This is the next big thing in global trade,” said Oakland Senior Project Administrator Eric Napralla. “It’s a common platform – one place where everyone can go to more easily view and direct their shipments.”

Development of the portal is already underway and it will roll out in phases, the Port said. It projected a third-quarter 2018 launch date for the site.

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## Port of Oakland imports jumped **14.9** percent last month

The Port said container volume grew in all categories, setting records along the way. Oakland's performance follows release of a new 5-year strategic plan calling for record cargo volume annually through 2022.

"A lot can happen in an uncertain trade environment, but we're off to an encouraging start to 2018," said Port of Oakland Executive Director Chris Lytle. "There'll be challenges along the way but we still see steady cargo growth into the future."

The Port adopted a strategic plan this month projecting 8 percent cargo growth in the next five years. Here's how February's totals fit the forecast:

Oakland handled the equivalent of 73,666 20-foot import containers, the highest February total in its 91-year history.

Export volume increased 1.8 percent, the third consecutive month of export growth in Oakland.

Total volume – including imports, exports and empty boxes – grew 7.6 percent to 188,175 containers, another February record.

The Port said continuing strength in U.S. consumer spending helped drive its import business. It advised that March volume could dip due to post-Lunar New Year factory holidays in Asia, Oakland's primary market.

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## CenterPoint may begin work this summer

Construction could begin this summer on a landmark logistics campus at the Port of Oakland. Developer CenterPoint Properties said this month that it awaits only permits to start on the Port's long-anticipated Seaport Logistics Complex. The complex is considered the linchpin of the Port's future – a distribution hub driving additional containerized cargo across Oakland docks.

Port officials met with CenterPoint Board members in February to tour the 27-acre building site. Both sides have since expressed hope for a mid-year start to construction.

"We're eager to get underway with this project," said CenterPoint Chief Development Officer Michael Murphy. "We like the Port's vision and we see this partnership as the future of shipping and logistics."

Industrial real estate giant CenterPoint is building a 440,000-square-foot facility at the Port. It will be adjacent to the Port's new \$100 million railyard. Marine terminals will be just across the street.

"In this business, fast access to transportation is essential," Port of Oakland Executive Director Chris Lytle told the CenterPoint Board. "You're so close you'll be able to throw a rock to our marine terminals and railyard."

Port Commissioners approved a long-term lease for CenterPoint last December. The deal followed two years of negotiations. It culminated years of planning by the Port to develop land once used as an Army supply depot.

CenterPoint's project is the first phase of a planned Seaport Logistics Complex that could eventually encompass 180 acres. The vision for the Complex: modern freight distribution centers in the heart of the Port. Port officials said no

other U.S. port has the land to duplicate Oakland's marriage of transportation and logistics capabilities.

"We started discussions with CenterPoint back in 2015," pointed out Port Maritime Director John Driscoll. "It was a long road, but it has been a real pleasure and we couldn't be more excited about the results."

Mr. Lytle said the Port expects cargo volume to grow about 2 percent annually for the next five years. The forecast factors in increased business from the Seaport Logistics Complex, he said.

CenterPoint has approved a revolutionary jobs agreement that gives Oakland residents first crack at employment. Board of Port Commissioners President Joan Story labeled it a national model for community hiring. "Your willingness to engage with the community is unique," she told the CenterPoint Board.

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### *Online Portal continued*

The Port said it's working with New Jersey-based logistics software provider Advent Intermodal Solutions LLC to create the portal. The firm's eModal port community system is already used by every marine terminal operator in Oakland. That will make it easier to roll out a common platform, the Port explained.

Terminals are the pivot point of containerized trade. That's where ships, trucks and trains converge to transport cargo. According to the Port, Advent will

aggregate information from Oakland's four terminals to create a harbor-wide community portal.

Ports nationwide are considering digital portals to accelerate freight transport. Oakland said it intends to be one of the first to go live with the new technology. It could also be one of the few with an online portal that's used by every terminal operating within a port.

The Port said shippers would be better able to manage international supply chains once its portal is in place. For instance, cargo owners would know with greater precision when to expect

merchandise. Trucking companies would know exactly when and where to dispatch drivers for container pick-up. Marine terminals would benefit from more efficient movement of cargo in and out of the Port.

"They'll only log in to the portal once," Mr. Napralla explained. "Then they can navigate the entire Port with a few simple clicks."

# Battery-powered truck joins Oakland fleet

A battery-powered truck has entered the Port of Oakland fleet for the first time, testing the feasibility of zero-emission freight hauling. GSC Logistics, a major California trucking operator, introduced the 10-ton rig in February. It's the only electric truck alongside more than 6,000 diesel-powered vehicles registered at the Port.

The \$250,000 big rig represents the latest effort to minimize the environmental impact of containerized trade in Oakland. If it proves effective, Port officials expect motor carriers to acquire additional battery-powered trucks for hauling cargo containers. The Port has indicated its intention to explore technology that could make diesel-powered cargo handling obsolete.

"We'll be following this experiment closely," said Richard Sinkoff, the Port's Director of Environmental Programs and Planning. "If battery-powered vehicles can do the job efficiently and affordably, they can help change the way we do business."

The Port said it has reduced diesel emissions 98 percent in the past decade through clean truck programs. It's promising to update its Maritime Air Quality Improvement Plan this summer with an emphasis on zero-emissions technology. The challenge: battery-powered equipment designed for container handling isn't readily available. That's why a test of electric big rigs is attracting so much attention.

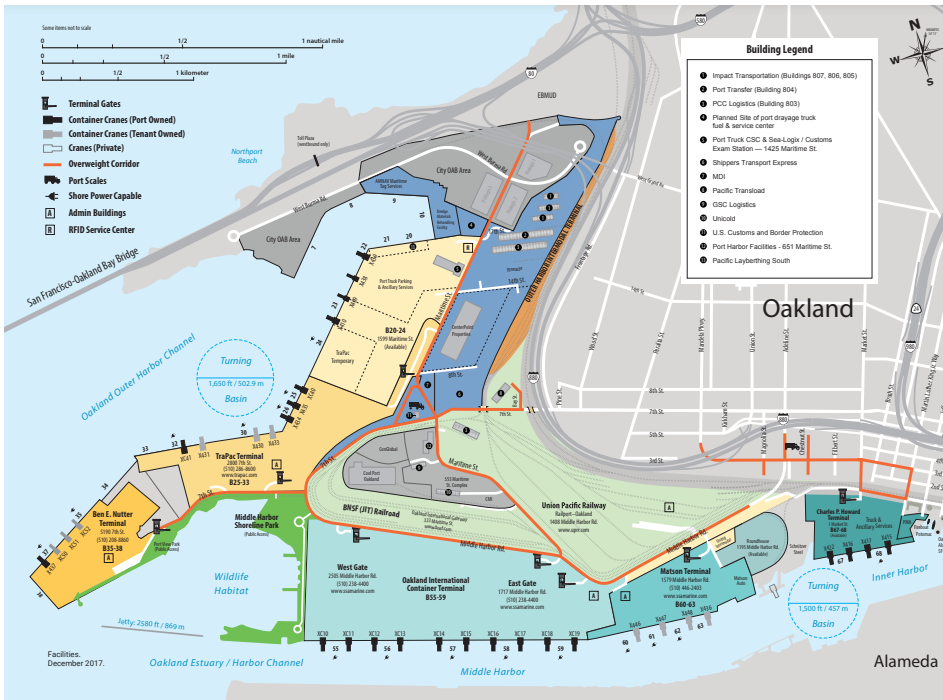
GSC Logistics said that its demonstration truck would be used on short-hauls during a three-year trial. GSC is using the rig to shuttle cargo containers between its depot and Oakland marine terminals. The company explained that the vehicle's 100-mile battery range is unsuitable for long-haul drayage.

"We're making four-to-five runs a day within the Port's perimeter and so far, the truck's performing well," said GSC Logistics CEO Scott Taylor. "Our next step will be to get it out on the road."

GSC Logistics moves the equivalent of 120,000 20-foot cargo containers annually through Oakland. The company said it would consider purchasing up to three additional electric trucks if its test proves successful.







## Maritime Strategic Plan

Since our founding in 1927 the Oakland seaport has served as the principal ocean gateway for international cargo shipments in Northern California. We manage more than 1,300 acres of maritime-related facilities. We serve a local market of over 14.5 million consumers, 34 million more within a seven-hour drive, and 50 percent of the US population within 3-4 days by rail. Four active container terminals and two intermodal rail facilities serve the Oakland waterfront. All shipping channels and 90 percent of berths at the Port are dredged to -50 feet, capable of accommodating the largest vessels serving North America. The Union Pacific and BNSF railroad facilities are located adjacent to the heart of the marine terminal area to provide a reliable and efficient movement of cargo between the marine terminals or transload facilities and the intermodal rail facilities.

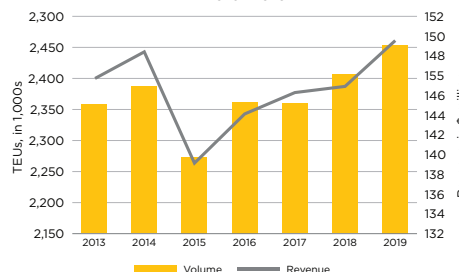
The Port's maritime business has recovered from the worldwide recession and is growing. We are handling more containers with fewer but more efficient terminals, and on fewer but larger ships. Today the seaport is the preferred gateway for Northern California importers and exporters. To sustain and grow that position the Port must earn every container load with efficiency, customer service, reliability and safety.

The seaport loads and discharges more than 99 percent of the containerized goods moving through Northern California, one of the nation's largest mega-regions. Oakland's cargo volume

makes it the seventh-busiest container port in the United States, and ranks San Francisco Bay among the three principal U.S. Pacific Coast gateways for U.S. containerized cargo. About 76 percent of Oakland's trade is with Asia. Europe accounts for 14 percent, Australia/New Zealand and Oceania about 5 percent and other foreign economies about 5 percent. About 0.2 percent of Oakland's trade is domestic (Hawaii and Guam) and military cargo.

The care we take with our trading partners must be extended to our community, so Oakland and its residents are sustained and grow with the Port. We are working to reduce emissions and congestion in the seaport area, and to encourage local hiring for Port construction projects.

Revenue & Volume Trends  
2013-2019



## Maritime Status:

**Operational Stability** – In recent years the Port of Oakland, its partners and its stakeholders have worked through a deep recession, a difficult management-labor dispute, a labor shortage and a termi-

nal closure to achieve safe, stable and efficient operations. Shippers have a renewed confidence in Oakland and our container traffic is growing. This recovery was achieved in part through a series of investments and innovations that also position the Port, the terminal operators and the labor unions for further growth.

**Marine Terminal Improvements** – The Port and its tenants have made substantial capital investments and introduced multiple operating innovations to improve throughput, reduce waiting times and cut costs while maintaining a safe working environment. Port and tenant investments have totaled:

- \$100 million in the CoolPort project
- \$55 million in the TraPac Terminal
- \$63 million in the Oakland International Container Terminal
- \$25 million in Ben E. Nutter Terminal
- \$100 million in the Outer Harbor

In cooperation with the Port, our marine terminal operator tenants have introduced:

- Extended Gate Hours to spread the daily workload over additional shifts and reduce congestion;
- Appointment Systems to eliminate long morning truck queues and facilitate driver and dispatcher planning

	1999	2017	2031
Largest Containership	8,000 TEUs	21,000 TEUs	↑
Number of Marine Terminals	11 Terminals	6 Terminals	↔
TEUs Handled	1.69 million TEUs	2.37 million TEUs	↑
Number of Ocean Carriers	44	45	↓
Average Terminal Size	49 acres	133 acres	↑
Largest Marine Terminal	81 acres	291 acres	↑

**Maritime Cargo Outlook** – The Maritime Division anticipates a 5-year run of record cargo volume starting with more than 2.4 million cargo containers in 2018. By 2022, the Port expects to handle the equivalent of 2.6 million 20-foot containers annually—8 percent more volume than the Port has ever processed in a single year. The Port foresees increased cargo volume arriving at Oakland on larger ships. The CoolPort development and expanded rail and logistics capabilities will give the seaport and its customers new tools to handle a wide range of cargo types. Northern California's booming freight market will drive the growth.

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**Industry Challenges** – Besides maintaining the capacity necessary to accommodate growth, the Maritime Division must address ocean carrier trends and changes in the way containerized trade is being conducted. To handle that growth with care, the Port will pursue every opportunity to increase efficiency and strengthen our competitive position. Despite major realignment of ocean carrier alliances in early 2017, the Port has maintained operational stability and terminal throughput. Increasing vessel size has implications for yard and berth space requirements, and the Objectives and Strategies below address those challenges.

## Maritime Objectives and Strategies:

### Goal: Grow Net Revenue

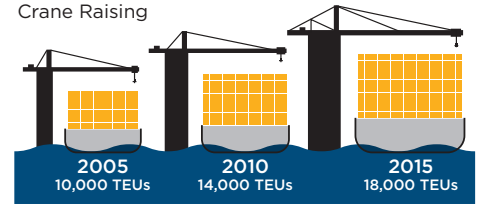
<b>Objective</b>	Maximize local/regional market penetration.
<b>Strategies</b>	<p>Cargo recapture, especially the Utah and Colorado markets</p> <p>Continue to market our services beyond Northern and Central California shippers</p> <p>Work with ocean carriers, terminals and truckers to maximize Oakland's participation in newly permitted rice exports to China</p> <p>Work closely to develop automotive parts strategies that support local auto manufacturers and grow this market segment</p> <p>Explore bulk and break-bulk cargo opportunities</p>

<b>Objective</b>	Increase discretionary intermodal cargo to 15 percent and grow refrigerated exports by 10 percent and imports by 5 percent.
<b>Strategies</b>	<p>Extend our marketing efforts to western grain and Midwest frozen meat exporters</p> <p>Pursue strategies that will better utilize our extensive rail resources</p> <p>Promote new transload and refrigerated cargo capabilities</p>
<b>Objective</b>	Obtain new first port of call service.
<b>Strategies</b>	<p>Work with importers through the Port Efficiency Task Force (PETF) to influence ocean carrier deployments</p> <p>Strengthen terminal and rail performance to attract first-call intermodal imports</p>
<b>Objective</b>	Differentiate Oakland from our competitors.
<b>Strategies</b>	<p>Tell the Port's success stories through industry meetings and media</p> <p>Increase cargo velocity complex-wide</p>
<b>Objective</b>	Maximize net revenue from Maritime property.
<b>Strategies</b>	<p>Tightly manage land assets to prevent over/under supply</p> <p>Maximize space leases</p>
<b>Objective</b>	Improve cost-competitiveness.
<b>Strategies</b>	<p>Raise and add cranes to accommodate larger vessels and higher container loads efficiently</p> <p>Minimize trucking turn times and costs through operational improvements</p>

## Vessel Size

### Infrastructure Demands

Crane Raising



### Goal: Improve Customer Service

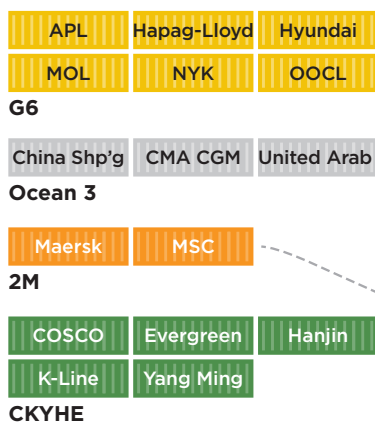
<b>Objective</b>	Introduce new logistics capabilities.
<b>Strategies</b>	<p>Develop logistics facilities – including the Seaport Logistics Complex – to meet customer needs for an efficient and cost-effective supply chain</p> <ul style="list-style-type: none"> <li>Seaport Logistics Center buildout</li> <li>Cool Port development buildout</li> </ul>
<b>Objective</b>	Reduce marine terminal truck wait times.
<b>Strategies</b>	<p>Minimize trucking turn times and costs through operational improvements</p> <p>Implement a new turn time measurement system</p> <p>Implement a common data portal to facilitate digitalization of transactions and communication between supply chain participants</p> <p>Maximize coverage and use of extended gates and appointment systems</p>

### Goal: Modernize and Maintain Infrastructure

<b>Objective</b>	Modernize wharf and terminal structures.
<b>Strategies</b>	<p>Raise and add container cranes to handle larger vessels efficiently</p> <p>Maintain and upgrade bollards, fenders, wharves and shore power</p>

## Ocean Carrier Alliances & Consolidation

### 2016 Carrier Alliances



### 2017 Carrier Alliances

