



**PORT OF OAKLAND
SEAPORT**

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MARITIME e-NEWS



Port Of Oakland Welcomes First Train to New \$100M Near-Dock Facility

The Port of Oakland this month welcomed the first train to use a new, \$100 million near-dock rail facility at the former Army Base. The new tracks are located in the Port's

Outer Harbor Intermodal Terminal area. They were designed as part of a strategy to enhance the Port's intermodal capabilities.

The Port wants to attract more discretionary cargo through Oakland. Discretionary cargo is cargo which is not local to the region and can be shipped through any number of seaports in the United States, Canada or Mexico. The cargo on this train was originally destined for Canadian seaports.

The 100-car train carried agricultural products from Archer Daniels Midland Company from the Midwestern United States and headed to Asia. The cargo was transferred from the rail cars directly into



containers by Port tenant Capital River Group and delivered to the terminals for export. The Port of Oakland has seen a growing market for agricultural products, especially from California's Central and Salinas Valleys and the Midwest.

"The Port envisioned a rail yard that would bring cargo through Oakland," said Port of Oakland Maritime Director John Driscoll. "This was made possible by maritime business partners such as Union Pacific Railroad and government funding partners."

The new tracks are part of a phased rail expansion. They consist of five manifest yard tracks and eight support yard tracks. Manifest yards are used for receiving rail cars that come from Class I railroads. Support yards are used for short-term storage. There are approximately 39,000 linear feet of track. Warehouses and distribution centers are also envisioned on the former Army Base.

The rail yard was built using California state Trade Corridor Improvement Funds (TCIF) and federal Transportation Investment Generating Economic Recovery (TIGER) grants.

New Rail Transfer Yard Extends Oakland's Export Reach

By Bill Mongeluzzo, reprinted from *Journal of Commerce*

The Port of Oakland's new near-dock rail transfer yard received its first train Thursday, making the Northern California port more attractive for discretionary cargo that would otherwise transit other North American ports.

In fact, the cargo on this first train to call at the \$100-million rail facility at the former Oakland Army Base was originally destined for Canadian ports. "The port envisioned a rail yard that would bring cargo through Oakland," said John Driscoll, the port's maritime director. Oakland's position on the West Coast, with the larger gateways of Los Angeles-Long Beach to the south and the Pacific Northwest gateways of Seattle, Tacoma, Vancouver and Prince Rupert to the north, presents advantages as well as challenges in attracting cargo.

The dominant rotation of vessels in Pacific Southwest services from Asia is Southern California inbound and Oakland outbound, which makes it a natural export gateway for agricultural products from California's Central and Salinas valleys. The new intermodal rail yard extends

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Customers Prefer Weeknight Gates

Weeknight shifts are the best way to spread the work load at the Port of Oakland. That's the view of shippers and those who move their cargo, according to a Port survey released this month. The good news: the Port's Oakland International Container Terminal (OICT) is listening.

OICT, Oakland's largest marine terminal introduced Monday-through-Thursday night gates this month for harbor truckers. The second shift is giving drivers more opportunity to move containerized cargo outside hectic 8-to-5 hours. It's also easing daytime crowding at terminal gates.

"The terminal has extended the workday to improve cargo flow," said Port Executive Director Chris Lytle. "It's what our customers and their motor carriers have needed for quite some time."

A survey sent to 1,271 Port customers last month showed that:

- 78 percent wanted night gates – not Saturdays – to extend hours for cargo pick-up and delivery;
- 62 percent are already using night gates; and
- Users view nights as a way to beat the crowds on weekdays.

The Port also asked customers about a \$30-per-container fee being charged to finance extended hours. Forty-seven percent of those responding said a fee of \$30 or less was reasonable. Twenty-nine percent said they wanted no fee. Those supporting a fee said that in return, terminal transaction times should be no more than one hour.

Oakland began experimenting with extended hours three months ago in response to concerns about crowding and cargo delays. By going to a second shift, long lines of trucks waiting at daytime gates have dwindled, the Port said. But dayside transaction times inside terminals still remain high, according to the Port.

That problem is expected to improve this month thanks to introduction of an appointment system for drivers. What's more, night operations now include import pick-ups which should lure more drivers to the second shift.

The Port financed the start-up of night gates with a \$1.5 million subsidy fund. The fund expired in June.

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Oakland's reach to the agricultural heartland in the Midwest and upper Midwest.

However, Oakland is at a disadvantage when it comes to attracting imports because Los Angeles/Long Beach, with its much larger local population, is the natural gateway for first calls inbound in the trans-Pacific. The former Army Base is being redeveloped as a logistics center for warehousing and transloading. With its strong export base, Oakland intends to market the logistics hub as an attractive location for first calls inbound for imported cargo from Asia that can be transferred from 40-foot marine containers at the logistics center to more cost-effective 53-foot domestic containers for inland shipment.

However, even with its strategy to diversify its cargo base, Oakland is likely to remain heavily dependent upon agricultural exports, which are its natural cargo. Higher-value fruits, nuts, wine and specialty grains are sourced in its backyard. The recent decision by Oakland's largest container facility, Oakland International Container Terminal, to open four night gates each week will give truckers from the Central Valley extra hours to haul agricultural products to the port.

The near-dock rail facility will extend Oakland's reach to the interior United States. Unit trains of hopper cars can now be unloaded on port property and efficiently transloaded into marine containers for export to Asia. Also, the expansion of cold-storage warehousing on the former Army Base will attract more frozen and chilled agricultural products.

The first 100-car train to call at the rail facility carried agricultural products from Archer Daniels Midland Co. from the Midwest. The agricultural products were transferred from the rail cars into marine containers by port tenant Capital River Group and delivered to the marine terminals for export to Asia.

The new facility is part of a phased rail expansion that consists of five manifest tracks for receiving rail cars from Class 1 railroads and eight support tracks for short-term storage, providing 39,000 linear feet of track.

Port of Oakland Adopts \$477 Million Budget

A \$477 million Fiscal Year 2017 budget has been approved for the Port of Oakland. The spending plan, OK'd by Port Commissioners, is up 1.7 percent from the 2016 budget. It took effect July 1.

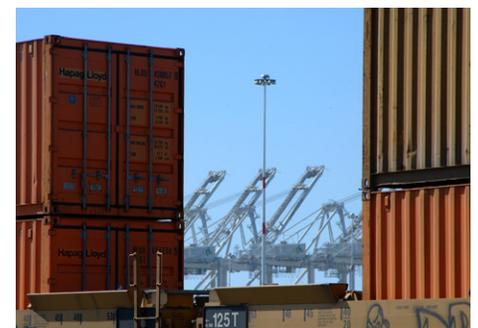
The Port's budget forecasts a 3.9 percent boost in 2017 revenue. Expenses are expected to increase 6.4 percent, due mostly to rising personnel costs.

The Port's budget earmarks \$113 million for capital improvements. Chief among them are two projects at the Port's Oakland International Airport:

- \$43.6 million for renovations at Terminal 1; and
- \$24.8 million for upgrades to the International Arrivals Building.

The budget includes \$9.5 million in infrastructure spending at Oakland's seaport for development of a major cold-storage facility.

The Port operates three businesses: Maritime, Aviation and Commercial Real Estate. It collects no local tax revenue and funds operations from its own revenue sources.



Three-Year Contract for Executive Director



Port of Oakland Commissioners have awarded Executive Director Chris Lytle a new three-year contract. The agreement means the longtime industry veteran will remain at the helm in Oakland through July 2019. Commissioners unanimously approved the new deal at a meeting last month.

“Chris Lytle has transformed the Port of Oakland and raised its visibility as a center for trade, transportation and economic vitality,” said Port Commissioner Earl Hamlin. “Chris and his staff have the full support of the Board and we look forward to three more years of progress together.”

Mr. Lytle will continue to manage three primary businesses: a seaport, Oakland International Airport and a commercial real estate portfolio. All three have achieved milestones under his direction in 2016 including:

- Thirty-consecutive months of growing passenger traffic at the Airport along with Oakland’s first nonstop service to London;
- A cargo volume rebound at the Port of Oakland along with the first three visits of the 1,300-foot-long Benjamin Franklin, the largest cargo ship to ever visit the U.S.; and
- A new master lease at tourist-favorite Jack London Square with CIM Group, one of the nation’s best-known real estate investment and management firms.

“It has been gratifying to work with the staff and Board at the Port of Oakland,” said Mr. Lytle. “We’ve achieved a great deal together and it’s my honor to continue working toward our common goals.”

Mr. Lytle joined the Port in 2013 after serving as Executive Director at the Port of Long Beach. Before that, he worked as a shipping industry executive with CMA CGM, P&O Ports, APM Terminals and Sea-Land Service.

Mobile Phone App for Empty Container Swaps

A mobile phone app helping Port of Oakland harbor drivers initiate street-turns has gone live. The app, called Jupigo, is now available from the Google App Store. It’s the third technology innovation at the Port in 2016 designed to get drivers out of line and on the road.

Jupigo functions like a dating app for truck drivers who want to initiate street-turns. A street-turn is industry vernacular for an empty container swap between drivers conducted outside the Port.

Drivers with empty containers to return post their equipment availability on Jupigo. Truckers searching for empties post their requirements as well. The app automatically alerts both drivers, who



can then initiate a container exchange. There’s also a web-based street-turn tool available at www.portal.jupigo.co.

The Jupigo app can’t finalize street-turns. Truckers must still contact the shipping lines that own the empty containers. That’s usually done through an online form.

Jupigo is one of three mobile phone apps introduced this year to improve efficiency for harbor drivers. The others, DrayQ and DrayLink, measure marine terminal turn-times and track driver locations.

DrayQ and DrayLink were developed by the Port of Oakland in conjunction with transport technology experts. A San Francisco Bay Area licensed motor carrier developed Jupigo. Learn more about Jupigo at www.jupigo.co.

Port of Oakland Cargo Up 6 Percent From a Year Ago

The Port of Oakland’s total cargo volumes are up 6 percent over the same period a year ago. The Port this month reported that terminals handled 1,152,608 TEUs between January to June 2016. A TEU is a 20-foot equivalent unit, which is a standard measure in the container shipping industry. During the same period in 2015, the volume was 1,087,417 TEUs. Total volume includes loaded and empty containers.

When looking at fully-loaded containers, the Port’s imports and exports have grown 10.1 percent compared with the same January to June period in 2015. The Port continues to see a balance between import (49%) and export (51%) cargo volumes through the Oakland gateway.

“These container statistics are

encouraging in light of the current state of volatility within the global maritime industry,” said Maritime Director John Driscoll. “We are continuing to grow—a sign of the robust regional economy in Northern California and also of strong agricultural exports.”

When comparing loaded and total container volumes for the month of June 2016 versus June 2015, the data shows a 2.2 and 4.6 percent decline respectively. The decline in total TEUs in June 2016 versus June 2015 was driven primarily by approximately 15 percent fewer export empty containers handled. The decline in loaded TEUs in June 2016 versus June 2015 was driven by a modest decline in export volumes. The Port said that the export decline is due to softening scrap and waste paper shipments.