



**PORT OF OAKLAND
SEAPORT**

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MARITIME e-NEWS



The ONE Competence, part of the Ocean Network Express, arrives at the Port of Oakland. It's the first vessel in Oakland painted with ONE's new livery. See story, page 3

Peak season operations outlook

Marine terminal operators and Port of Oakland officials expect a 2018 peak season devoid of congestion or disruption. As the late summer-early autumn containerized import rush nears, projections are for steady, manageable cargo growth.

The Port foresees import volume gains of 1-to-3 percent from late August through October. The wild card will be any effect from U.S.-China trade conflicts. The Port anticipates little difficulty in moving peak season cargo through Oakland.

"There won't be giant volume spikes that cause congestion and hamper supply chains," said Port Maritime Director John Driscoll. "This is steady growth that we can absorb efficiently—we'll be able to get cargo delivered without delays."

Here's an operational status update as the Port of Oakland readies for peak season:

Marine Terminals: Oakland marine terminals are nearing completion on projects designed to improve productivity. The major projects include:

- Oakland International Container Terminal expects to finish raising ship-to-shore cranes this summer. The terminal reports that cargo throughput remains fluid thanks to its use of night gates for drayage drivers.

- TraPac expects to conclude this fall a two-year expansion that will double its Oakland footprint. The terminal has faced productivity challenges due to construction and a cargo volume increase. It noted that transaction times for drayage drivers should improve by August. That's when TraPac expects to open two additional rows for import container delivery.

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Port of Oakland import cargo volume at all-time high in June

Port of Oakland containerized import volume reached an all-time high last month, according to data released recently. The Port said it handled the equivalent of 87,207 20-foot import containers in June. That beat the previous monthly record of 84,835 containers set last July.

June import volume was up 8.7 percent over June 2017, the Port said. It explained that two factors may have led to the increase:

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Peak Season continued

- Everport terminal is ordering new cargo-handling equipment to maintain smooth cargo operations.

Crane raising: Three cranes heightened 27-feet over the past year are in operation at Oakland International Container Terminal. A fourth crane has been raised and should be back on the line late this summer. Higher cranes make it easier to work bigger ships. The terminal has committed to purchasing three new cranes as part of a lease extension with the Port.

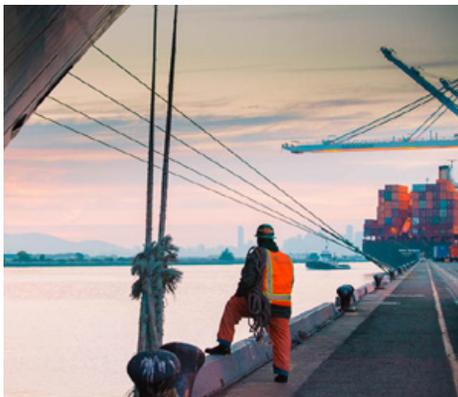
Seaport Logistics Complex: CenterPoint Properties is taking possession of land at Oakland's former Army base in July. It will begin demolition of outdated structures before starting construction on a 440,000-square-foot warehouse, the first building at the new Seaport Logistics Complex. CenterPoint is leasing the property long-term from the Port of Oakland.

Cool Port: Utility work and construction of north and south dock shells is complete. Work on a rail connection to Cool Port should be completed in September. The 283,000-square-foot, temperature controlled distribution center is scheduled to begin operation in August. The facility is projected to annually ship up to 54,000 20-foot-containers of beef, pork and poultry.

Truck Services Center: Negotiations continue with a potential developer to build and operate an 8.5-acre truck services center. The facility would be located near Maritime Street and Burma Road. It would include fueling stations, food service, truck parking and repair. The Port envisions a 2019 start for construction.

Chassis: The Port said it expects a sufficient chassis supply through the peak season.

First port of call: The Port plans to empanel a subcommittee of its Efficiency Task Force to pursue a first call vessel service for Oakland. The goal is to make Oakland the first stop on the U.S. West Coast for at least one Transpacific Trade service originating in Asia.



Oakland, Long Beach directors call for aid

Two of this nation's highest-ranking port executives want continued government support for maritime industry clean air efforts and infrastructure development. They made that pitch last month in Oakland to an audience of 100 at the Pacific Transportation Association.

Port of Long Beach Executive Director Mario Cordero and Oakland counterpart Chris Lytle called for government aid and policy direction. Both are needed, they said, for the industry to digest global trade growth while further curbing freight transport diesel emissions.

"In California, we have the cleanest ports in the world," said Mr. Lytle, who was Long Beach's Executive Director before coming to Oakland. "But we could use help if we're going to do more."

Added Mr. Cordero, former Chairman of the Federal Maritime Commission, "we'll be as successful as government support allows us to be."

The pair spoke at a panel discussion for trade and transportation executives in the Port of Oakland's Jack London Square. Their comments were timely. Both ports have spent much of the decade improving infrastructure to handle bigger ships and greater containerized cargo volume. They've also developed new guidelines to more aggressively curb diesel emissions.

Both port directors expressed gratitude for government grants supporting current clean air programs. Long Beach said it has reduced diesel particulate emissions 88 percent in the past decade. Oakland has reported a 76 percent reduction. More aid is needed to advance the clean air effort, Mr. Lytle said.

The executive directors said policy guidance in Washington, D.C., would help, too. Mr. Lytle called for nationwide clean air regulations to bring ports elsewhere up to California standards. Mr. Cordero said the U.S. needs a national freight policy to make port infrastructure a government priority.

Roads, bridges and rail networks must be upgraded to keep international supply chains humming, Mr. Cordero said. Mr. Lytle agreed, pointing to the example of Seventh Street in the Port of Oakland. Freight rails and trucks intersect at the major Port thoroughfare, he said. The Alameda County Transportation Commission is spearheading a \$500 million effort to separate them. The project would include tunnels, overpasses and new traffic-control technology. When it's completed, a freight-transport bottleneck will disappear, Mr. Lytle said.

"We can't afford to do this ourselves," Mr. Lytle said. "We rely on government to help and in this case, they've really stepped up."



Christopher Lytle
Executive Director
Port of Oakland



Mario Cordero
Executive Director
Port of Long Beach



Cargo Volume continued

- Peak season— the summer-fall period when most U.S. imports from Asia are shipped - is expected to be strong.
- Importers may have ordered aggressively in June ahead of tariffs imposed this month by the U.S. and China.

"Retailers have been forecasting a good peak season for containerized imports, so June's numbers weren't surprising," said Port of Oakland Maritime Director John Driscoll. "But there's uncertainty over the international trade picture, so we're taking a wait-and-see approach."

The Port said it's too soon to project the impact of 2018 tariff increases on cargo from China. It said the increases would have affected about \$225 million of China imports had they been in place last year.

The Port said that total container volume in Oakland is up 2.3 percent so far, this year. That's in line with a January Port forecast calling for 2-to-3 percent growth in 2018.

Containerized export volume is down 1.8 percent through six months of 2018, the Port said. Exports decreased 4.7 percent in June. The Port attributed the decrease to a strong U.S. dollar which makes American goods costlier overseas.



Magenta ship comes to Oakland

Here's a style tip for those who track ships: magenta is the new black. A 1,036-foot-long, cherry blossom magenta-colored container ship arrived for a 24-hour stay at the Port of Oakland earlier this month. Called the ONE Competence, it's the

newly branded symbol of Japan's recently consolidated container shipping lines.

The ship called at Oakland's TraPac marine terminal before heading to Hong Kong. It was easy to spot. It was the only one without a black or grey hull.

"It was a glorious sight," said Port of Oakland Maritime Director John Driscoll. "We've been welcoming the Japanese fleet to Oakland for years but this was an eye-popper—a reminder that things are changing in our industry."

The ONE Competence is part of the Ocean Network Express, or ONE. The shipping line began service in April following the merger of Japan's three legacy carriers—K Line, MOL and NYK. It's one of the largest shipping lines by volume at the Port of Oakland.

The ONE Competence is one of the first with a magenta hull. The color represents a cherry blossom tree, symbol of Japanese spring. The ONE Competence can carry more than 8,000 20-foot containers. ONE said it plans to brand more of its 240 vessels with the vibrant hue.

Support for more Japan trade

Port of Oakland Executive Director Chris Lytle this month called for strengthening business ties with Japan. Addressing visitors from the Japanese Port of Hakata, Oakland's boss listed opportunities for growth at sea and in the air.

"It's extremely critical for us to have good, strong free trade partners such as Japan," Mr. Lytle told a visiting delegation of 20 from the city of Fukuoka on the island of Kyushu. "Japan is a very large and very important part of our business."



The Executive Director's remarks came on the 30th anniversary of a sister port relationship between Oakland and Hakata. Japan

is Oakland's second-largest ocean trading partner after China, with containerized trade between the two totaling \$2.6 billion in 2017.

"Everything from machinery to lithium batteries for electric cars is imported to Oakland from Japan," Mr. Lytle said. "This is very high-value cargo and we would like to see it grow."

New developments coming on line at the Port of Oakland should accelerate ocean trade with Japan, Mr. Lytle said. That could happen as soon as August when a \$90 million refrigerated distribution center called Cool Port Oakland opens. Cool Port meat shipments to Asia could reach 50,000 containers annually, Mr. Lytle said. Much of that would be destined for Japan.

In addition to increased trade volume, the Executive Director made a pitch for Oakland-Japan air travel. The Port of Oakland operates Oakland International Airport, California's fourth-largest airport. Oakland has 13 international destinations, but none are in Asia, Mr. Lytle pointed out.

"A strong business case can be made for flights to Japan," he said. "The pressure is on us to make this happen."

Port adopts FY 2019 budget

A new \$494.2 million budget for Fiscal Year 2019 goes into place this month at the Port of Oakland. Port Commissioners have approved the spending plan that includes \$34.7 million for capital projects.

The budget finances operations at the Port's three businesses: Aviation, Commercial Real Estate and Maritime. In addition to its container seaport, the Port manages Oakland International Airport and the Jack London Square entertainment district.

The budget is about \$40 million less than the Port's FY 2018 spending plan. The previous year's budget was higher because of extraordinary Airport upgrades, the Port said. Those included a major overhaul of the Airport's International Arrivals Building and rehabilitation of its main runway.

The Port said it would seek Commissioners' approval for up to \$92 million in additional capital funding this year.

Cestra 'Ces' Butner elected Board President

Oakland business leader Cestra 'Ces' Butner has been elected President of the Port of Oakland's governing Board. The Board of Port Commissioners selected their colleague for the top post at a meeting earlier this month.

Commissioner Butner succeeds Joan Story, who will remain on the Board. Commissioner Andreas Cluver was elected First Vice President by his colleagues on the Board. The Board elected Commissioner Michael Colbruno as Second Vice President. All three officers take over their new roles July 26.

This is Commissioner Butner's second term as President. He previously held the role from July 2013 to July 2014. This past year he has been the Board's First Vice President.

"I appreciate the support of my colleagues on the Board and I'm eager to continue serving the Port," said Commissioner Butner. "We'll work with the staff to grow the Port's business for the benefit of our community."

Commissioner Butner is the founder of Oakland-based Horizon Beverage. He has served on the boards of the East Bay YMCA and the Oakland Metropolitan Chamber of Commerce. He joined the Port's Board in 2012.

The Mayor of Oakland nominates the seven-member Board of Port Commissioners. The City Council appoints Board members.