



**PORT OF OAKLAND
SEAPORT**

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The Port of Oakland's Howard Terminal is used for temporary truck parking and short-term container storage. The Oakland Athletics envision a baseball stadium at the site.

Port approves term sheet with A's

Port of Oakland Commissioners have approved a term sheet giving the Oakland Athletics four years to complete an environmental impact report (EIR), secure land use approvals and reach real estate agreements for a proposed ballpark at Howard Terminal. The seven-member Board of Port Commissioners voted unanimously May 13 on an Exclusive Negotiation Term Sheet that includes:

- A requirement to complete an EIR studying the impacts of a ballpark surrounded by mixed use development and public access amenities, and the Port's right to reject or modify the project based on the findings of the EIR;
- Preliminary terms and principles for further negotiations on the lease or sale of approximately 50 acres of Port property at Howard Terminal that includes a 66-year lease for a ballpark and commercial development parcels and sale of other parcels on which housing may be developed;
- A requirement to secure regulatory approvals and a community benefits plan; and

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Port sends letter to customers

A proposal for a new Major League ballpark at the Port of Oakland won't dampen the Port's commitment to maritime business. That was the word the Port's two top leaders delivered this month to shipping executives nationwide.

"In partnership with you, we've achieved great things at the Port of Oakland," the Port said in a letter signed by President of the Board of Port Commissioners Ces Butner and Port Executive Director Chris Lytle. "The plan now is to build on our momentum."

The letter to 85 Port tenants and other stakeholders arrived as the Oakland Athletics advanced plans for a 35,000-seat stadium with adjacent housing at the Port's Howard Terminal. The Port said the letter was intended to assure customers that the Port would forge ahead with maritime growth plans. "We remain fully committed to that objective," the Port officials stressed in their letter.

The Board of Port Commissioners this month approved a term sheet for the proposed baseball stadium project. It gives the A's four years to complete an environmental impact report and gain public agency approvals. The Board said it would take a final vote on a proposed stadium only after the A's completed preliminary steps.

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Port could return to bulk shipping roots

Bulk shipping operations could soon return to the Port of Oakland for the first time in 20 years. The Port said this month it's negotiating with a Canadian building materials shipper to transport sand and gravel here.

The Port's governing Board in May authorized talks with Vancouver-based Eagle Rock Aggregates. The firm seeks a vessel berth along with 20 acres of adjacent land at the Port's Outer Harbor Terminal.

Eagle Rock would use the property as a base for distributing sand and gravel for Bay Area construction sites. The firm said it wants a 15-year lease for one berth on Outer Harbor. Eagle Rock would ship sand and gravel from British Columbia to produce concrete for Bay Area builders.

Oakland is one of the busiest container seaports in the U.S. It handled the equivalent of 2.5 million 20-foot containers last year. But the Port said a deal for bulk shipping wouldn't hamper container operations. It explained that it doesn't envision using the property for container handling until 2035.

Term sheet from page 1

- Permit conditions to assure compatibility between the project and current as well as future Port seaport operations.

A report detailing the term sheet can be found on [the Port's website](#). The Board's vote punctuated a year of negotiations between the Port and baseball team. It's the first step to begin a long series of public and regulatory reviews and real estate negotiations.

The A's have stated their intention to build a 35,000-seat stadium at Howard Terminal replacing their current home at the Oakland Coliseum. The A's also plan to build housing at Howard Terminal.

The Port emphasized that the Board's vote on the outlines of further actions does not commit the Port to the project. No binding agreements would be reached until after an EIR is completed and the A's secure regulatory and land use approvals from the City of Oakland and a variety of state and regional authorities.

Port Commissioners adopted an amendment to the ballpark project term sheet at their May 13 meeting. It reads in part: "The parties shall negotiate measures, designs and operational standards to ensure that the project doesn't impact or interfere with the Port's use or operations outside of the project. The Port will consult seaport and maritime stakeholders regarding such measures."

The new stadium would be built on Oakland Estuary adjacent to the Port's Jack London Square entertainment district. Port

The Port has nearly 1,300 acres devoted to containerized cargo. Outer Harbor Terminal is currently used for container-related activities as well as berthing for vessels in lay-up for extended periods.

"This is an opportunity for us to perhaps diversify our business," said John Driscoll, the Port's Maritime Director. "We've built the Port of Oakland to be a global gateway for containerized cargo but a steady, divergent revenue stream could be beneficial."

A deal to transport bulk cargo through Oakland would mark a new twist in the Port's 92-year history. The Port began life in 1927 handling bulk commodities loaded directly into the hold of ships. Oakland revolutionized shipping in 1962 when it introduced containerized cargo to the West Coast. With containerization, freight is first stuffed into 20- or 40-foot steel containers before loading to a vessel.

Oakland abandoned bulk in 1999 by adopting Vision 2000, a totally containerized cargo strategy. Now it could be going back to its roots, albeit on a small scale.

and A's officials said the stadium could bring 2 million additional visitors to the ballpark and commercial district annually. The Port said the project provides the opportunity to enhance its commercial real estate portfolio. The Port also said that it would gain commercially from nationwide exposure during baseball telecasts.

The A's have said they plan to invest hundreds of millions of dollars in building a ballpark and related infrastructure. They said they'd be paid back from revenues and assessments from the project.

Oakland seaport operations encompass more than 1,300 acres of marine terminals, seaport logistics and rail lines. The 50-acre Howard terminal, located at the eastern edge of the seaport area, is separated from other maritime operations by a privately-owned metal recycling operation.

Howard is one of the Port's six marine terminals but has not been used for container cargo operations since 2013. Howard Terminal is currently used for vessel berthing, truck and container parking and depot operations, training of longshore workers and other logistics services that support Port operations.

Port officials said that the ballpark project would provide for possible expansion of the water area adjacent to Howard Terminal used for turning ships in the Oakland Estuary. The Port said it would insist on project designs compatible with seaport operations as well as uses in the West Oakland and Jack London Square neighborhoods.

Letter from page 1

The letter to customers said the proposed ballpark project provides an opportunity to enhance the Port's commercial real estate portfolio. Commercial real estate is one of three business lines at the Port of Oakland. The others are the seaport and Oakland International Airport.

The Port's letter addressed shipping industry concerns about a ballpark at one of Oakland's six marine terminals. Questions have arisen over everything from game day traffic to navigational safety on Oakland Estuary where Howard is located.

The Board President and Executive Director said the Port and its governing Board would work to address potential impacts. They added that a number of issues have already been tackled in the term sheet. Among them:

- revisions intended to preserve the Port's ability to enlarge the Inner Harbor Turning Basin for ships on Oakland Estuary;

- a buffer zone area between any proposed residential uses and the adjacent seaport activities; and
- a requirement for the submittal of a comprehensive transportation and circulation plan to the Port.

The letter highlighted an amendment adopted by Commissioners prior to approving the ballpark project term sheet. The key language in the amendment read: "The parties shall negotiate measures, designs and operational standards to ensure that the project doesn't impact or interfere with the Port's use or operations outside of the project. The Port will consult seaport and maritime stakeholders regarding such measures."

"We know that our business partners, customers, and tenants have questions about the proposed development project," Mr. Butner and Mr. Lytle said in their letter. "We want to assure you that we understand the issues."

Oakland truck plan nears ok

A 5-year plan to make truck traffic less annoying has moved closer to adoption at the Port of Oakland. The Port's governing board last month endorsed the West Oakland Truck Management Plan addressing everything from big rig thoroughfares to parking in neighborhoods.

It's now up to the Executive Director of the Port and the Oakland City Administrator to give final approval to the plan. The Port and City say the plan is intended to reduce the nuisance of trucks driving or parking where they shouldn't.

"It's our responsibility to be a good neighbor in Oakland," said Port of Oakland Environmental Planner Andrea Gardner, who helped develop the Truck Management Plan. "With this plan, we're keeping our promise to minimize the impact of containerized cargo transportation in Oakland."

Developed jointly by the City and the Port, the plan targets thousands of big rigs hauling containers at the Port, as well as trucks that will serve new buildings on city property under development at a former Oakland Army Base near the Port. The plan would guide where trucks access the Port, adjacent freeways or nearby businesses. The plan would propose strict limits on parking trucks in commercial and industrial areas that are close to residential neighborhoods.

The Port is budgeting \$2.35 million over five years for its role in implementing the plan. Additional funds would come from developers of the City's portion of the former Oakland Army Base.

The Truck Management Plan is considered especially important for West Oakland residents who are among the Port's closest neighbors. The Port and City conducted five community workshops in West Oakland over 18 months to develop the plan.

"We listened closely to the West Oakland community to understand their concerns about truck traffic," said City of Oakland Planner Patricia McGowan. "Then we collaborated with them to shape a plan that addresses those concerns."

The plan proposes 10 strategies to be implemented over five years. Among them:

- Improving safety at key West Oakland intersections near the Port;
- Updating designated truck routes and improving signage; and
- Tighter parking enforcement including a potential increase in fines.

"The plan is intended to improve the quality of life for people living and working in West Oakland," said Ms. Gardner.

Import volume up 7 percent in April

Port of Oakland import business is still growing. The Port reported that its containerized import volume jumped 7 percent last month compared to April 2018. It was the busiest April in the Port's 92-year history.

The Port said import totals have increased in three of the first four months of 2019. It added that export volume edged up 1.7 percent last month.

Oakland's trade numbers predated U.S. tariff increases on Chinese goods that took effect this month. The Trump Administration boosted tariffs on \$200 billion of Chinese imports from 10 percent to 25 percent. China is Oakland's largest trading partner. A tariff hike could dampen import demand.

"We entered this year with uncertainty over the trade outlook, so we're gratified by the solid performance of import cargo," said Port of Oakland Maritime Director John Driscoll. "At the same time, all of us involved in global trade are concerned about what comes next."

The Port said that Oakland import volume has increased 5.8 percent through the first four months of 2019. It attributed the gains primarily to continued strong U.S. consumer demand. Oakland's total cargo volume — imports, exports and empty containers — is up 4.6 percent, so far this year.

The number of ships calling at Oakland in 2019 has declined 8.1 percent, the Port said. Shipping lines are consolidating more cargo on fewer but larger ships to cut costs, the Port explained.



Port of Oakland saw cargo volume increase 5.2 percent to 2.55 million TEU in 2018, the second fastest annual growth rate among US West Coast ports. Photo credit: Shutterstock.com.

Process improvements key in Oakland

Process improvements are driving solid performance at the Port of Oakland. That was the message Journal of Commerce Senior Editor Bill Mongelluzzo delivered to an Oakland maritime audience last month. The highly respected shipping journalist singled out night gates, truck appointments and inland depots as keys to Port growth.

Mr. Mongelluzzo addressed a lunchtime audience at the Northern California Propeller Club. He told the gathering of maritime insiders that last year was a good one for Oakland. Total volume increased 5.2 percent to 2.55 million TEU, Mr. Mongelluzzo pointed out. It was up another 4.2 percent in the first quarter of 2019.

Operational improvements such as extended hours have enabled the Port to successfully absorb additional business, Mr. Mongelluzzo said. He projected

continued modest growth in Oakland's business commensurate with overall U.S. trade growth.

Here were the veteran editor's observations on the transpacific trade — Oakland's main source of business — for 2019:

- The annual contracting season between shippers and ocean carriers climaxes in June with 20 percent rate increases likely.
- Shipping lines are limiting capacity to boost rates. They've canceled 36 scheduled sailings through April.
- Carriers will pass on costs to customers when global requirements for cleaner, more expensive fuel launch in January. Mr. Mongelluzzo said his magazine's survey of shippers showed they expect fuel costs to rise 10-to-30 percent.

Oakland Port strategy mitigates import surges

Bill Mongelluzzo, Senior Editor, Journal of Commerce

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OAKLAND, California — Despite handling record container volumes last year, the Port of Oakland avoided the serious congestion issues that plagued the much larger Los Angeles-Long Beach port complex through a strategy built on process improvements, technology advancements, and infrastructure investments.

Oakland last year handled 2.55 million laden and empty TEU, an increase of 5.2 percent over 2017, which was one of the better growth rates on the West Coast in 2018. Total laden and empty container volumes in Los Angeles increased 1.24 percent year over year in 2018, while the Northwest Seaport Alliance of Seattle and Tacoma saw volume rise 3.9 percent, and Long Beach's throughput increased 7.2 percent, according to port authority figures.

Although it is the seventh-largest US container port, Oakland, with three container terminals, does not face the logistical challenges of its neighbors to the south. The 12 terminals in Los Angeles-Long Beach, for example, handled 17.55 million TEU last year. The more than 40 weekly trans-Pacific services that call Oakland first visit Southern California, often discharging and reloading more than 10,000 containers per visit, before calling in Oakland to complete the remaining 15-20 percent of the vessel contents.

"Oakland has more inherent consistency," Executive Director Chris Lytle told JOC.com. Call density — the number of container exchanges made per vessel visit — are increasing along with ship sizes, but Oakland's total annual volume consistently increases about 3-4 percent, which makes planning equipment and labor requirements easier. And unlike in Los Angeles-Long Beach, where imports dominate, Oakland's imports and exports are roughly in balance, so the port does not experience the sudden surges in [empty container returns](#) that contributed to terminal and warehouse congestion in Southern California last year.

From nine terminals to three

Port stakeholders credit Lytle and his management team for the improvements they have fostered through the [port efficiency task force](#). Port staff has brought together carriers, terminal operators, truckers, railroads, non-vessel-operating carriers, forwarders, and equipment providers to address operational issues before they fester into major problems. "It really starts with leadership," said Scott Taylor, president and CEO of GSC Logistics. "We believe that in Oakland, we have the most efficient and best communication between the port and its stakeholders on the coast."

Taylor noted that since Lytle and his management team took over six years ago, Oakland pioneered the flat \$30 per container fee that [supports extended gates](#) and prevents the truck bunching that occurred in Los Angeles-Long Beach when its traffic mitigation fee was charged only on containers moved during the day shift. As long truck lines outside the terminal gates dissipated, the [wait fees](#) that beneficial cargo owners (BCOs) were paying to truckers likewise went away. Lytle agreed, saying a large cargo consolidator told him it was "the best \$30 he ever spent."

Earlier in the decade, nine small terminals still competed for business in Oakland, complicating the operations of carriers, truckers, and equipment providers. A series of private sector consolidations cut that number to three larger, more efficient international terminals, with SSA Marine's Oakland International Container Terminal controlling about 60 percent of the port's

volume and TraPac and EverPort splitting the rest.

It is much easier for logistics providers to allocate trucks and other assets to three facilities than to nine, Taylor said. Oakland, like Los Angeles-Long Beach, faces strict emissions-reduction guidelines in the coming years, which will contribute to increase operational costs, although the possibility of a new baseball stadium being built at the Howard Terminal site poses a more serious threat to [operational efficiency](#) because of the vehicular traffic it will generate in the port area.

Logistics providers like GSC also credit Oakland's terminal operators for being nimble in implementing process improvements such as trucker appointment systems that help the terminals to manage truck flow, and container peel-off piles, also known as [free flow](#), that reduce truck turn times. Andy Garcia, GSC Logistics chairman and executive vice president, said the terminals have been diligent in working the return of empty containers into their appointment systems. These measures help drivers, who are paid by the trip, to make better use of their limited hours of service. "When the port is fluid, it helps to attract more drivers," Garcia said.

SSA, which operates OICT, uses free flow and container dray-offs not only to relieve gate pressures but also to increase throughput capacity on its existing terminal footprint, which is crucial for a facility that processes about 7,000 truck moves a day, said Jim Rice, general manager of SSA's operation at OICT. The terminal is going a step further in expediting truck turn times by installing an auto in-gate operation at a second entrance, Rice said.

Keeping ahead of growth

With container volumes in Oakland increasing each year at a fairly predictable pace, terminal operators have been able to stay ahead of growth by ordering super post-Panamax cranes and yard equipment as they are needed. Rice said terminals would like to see increased use of night gates by BCOs and truckers, but as street and freeway traffic continue to grow, he expects that congestion will drive more trucks to the night gates.

Oakland will invest more than \$800 million in the coming years on various infrastructure projects in the harbor area, including road/rail grade separation and overpass projects and the [GoPort](#) freight intelligent transportation system, said John Driscoll, director of maritime. The GoPort FITS project, which is being developed with Alameda County, will use data collection on transportation conditions within the harbor and on arteries feeding the port to better manage truck dispatching and traffic flows.

For GSC, the "next frontier" is to acquire its own chassis for its truck fleet, Garcia said. Although chassis providers have done a good job in ensuring sufficient equipment, GSC is expanding its chassis fleet in order to reduce the time it takes for drivers to complete transactions. Company-owned chassis will eliminate the need to stop at a chassis storage facility on the way to the terminals, he said. GSC has 500 chassis, and by the end of the year will have about 1,000.

Although there may be some resistance from BCOs whose all-in contracts with shipping lines include ocean transportation, drayage, and chassis usage, Garcia believes GSC can make the case that a drayage contract that includes chassis usage will result in a stable, predictable cost for ground transportation that in the end will work in favor of the BCO as well as the logistics provider.