



**PORT OF OAKLAND  
SEAPORT**

JULY 2017

# MARITIME e-NEWS



## 2017 Mid-Year Review

### Message from the Maritime Director

We began 2017 at the Port of Oakland with momentum, buoyed by record 2016 revenue and cargo volume. Halfway through this year, we're seeing more of the same. **Volume's up. Revenue's climbing. Best of all, we're moving cargo efficiently for customers. We've established a stable, reliable global gateway in Oakland.**



*Maritime Director John Driscoll*

Now comes the next step. The Port is building new capabilities to strengthen its market position. They'll enable us to provide services others in our industry won't easily match. Transloading...distribution...warehousing—these are services in high demand on the U.S. West Coast. There's just one problem: you can't readily find them at the water's edge. We're changing all of that in Oakland. We're providing high-

value logistics services right next door to our marine terminals.

We'll save shippers time. We'll cut their costs. We'll give them more reasons to move cargo through the Port of Oakland.

This comes at just the right time. An industry shakeout is underway in maritime. It's most noticeable on the ocean where the number of liner companies continues to dwindle. However,

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### First half recap: Port prepared for added business

**Steady growth, improving performance, preparation for the future, that's the path the Port of Oakland is following in 2017.**

What's up? Volume and optimism. Containerized cargo volume increased steadily in the past six months. The Port managed cargo growth with little delay or disruption. Best of all, realignment among major ocean carriers didn't result in chaos at marine terminals, as skeptics warned.

What's down? Congestion, turn times and complaints. Cargo is moving more efficiently in 2017 thanks to a series of transformational changes to operations last year.

These results indicate that the Port should be prepared to handle an increase in business. That's important as Oakland develops new logistics capabilities designed to increase cargo volume. Here's a Port of Oakland status update entering the second half of 2017:

**Cargo volume:** Total cargo volume in Oakland increased 2.7 percent through the first half of 2017. Import cargo rose 3.4 percent while exports were up 1 percent.

**Vessel profile:** Fewer ships came to Oakland during the first half of the year. They were larger, however, and carried more cargo. This is likely to be Oakland's new normal. Until recently, workhorse vessels in the Transpacific trade had capacity for 8,500 20-foot containers. That's moving up to 14,000 now. It's headed toward 18,000 in coming years. One service now calling weekly in Oakland operates exclusively with 14,000-TEU vessels.

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*Driscoll, continued from page 1*

it's headed for ports, too.

There'll be fewer ports in the next decade. Some will combine to add scale or trim costs. Winners will be those with two dominant characteristics: 1) an ability to work megaships; and 2) maritime-related services that help shippers cut costs or improve efficiency. We'll remember 2017 as the year Oakland took major steps forward on both fronts:

- The Port and its terminal partners launched a \$20 million, 9-month project to raise the height of six ship-to-shore cranes. Oakland is already working the largest container ships ever seen in North America. This just expands our capability. Bigger ships carrying more cargo are headed to the U.S. The crane project ensures we'll be ready.
- The Port and two major logistics operators began construction on Cool Port Oakland. This 283,000-square-foot refrigerated distribution center opens next summer. It will be operated by Lineage Logistics and Dreisbach Enterprises. Both are cold-chain experts. Their Cool Port will transload as much as 37,000 TEUs of chilled beef, pork and poultry annually. Product will arrive via rail, transfer quickly to 40-foot reefer containers, then move next door to waiting ships.

And that's not all. Next winter we expect construction to begin on the 450,000-square-foot first phase of our Seaport Logistics Complex. This will be a distribution/warehousing/transload complex in the heart of the Port. It will adjoin our new \$100 million railyard. It will be across the street from marine terminals. The Complex will offer transloading with maximum efficiency: no offsite drays, no extra transit time or expense.

Competitors would like to market similar capabilities. Problem is, they don't have room. Oakland is one of the few U.S. ports with land available for development. This is how we'll remain not only viable, but also competitive in the rapidly changing maritime sector.

We've spent years creating a vision for Oakland's future. The first part of that vision, an efficient cargo-handling platform, is in place. Part II, an unrivaled logistics capability, is beginning to take shape. Soon, vision will become reality.

*Outlook, continued from page 1*

**Alliance restructuring:** Following realignment last spring, there are now 31 vessel services calling Oakland. The big change in the wake of realignment: an increase in direct Oakland service to-and-from Southeast Asia. Vessel calls from that region are up 50 percent since January. Anticipated disruption from alliance reshuffling never materialized at Oakland marine terminals.

**Port productivity:** Oakland consistently reports 35-to-40 container moves per hour during vessel operations. That's the top number among West Coast ports. Ships generally spend 24 hours, or less, at berth. Container ships anchored in San Francisco Bay awaiting berths are a rare sight.

**Labor:** Dockworker shortages that disrupted operations two summers ago are past. An influx of longshore labor over the past year has kept pace with growing container business. Labor/management relations continue to improve. The longshore union expects to vote on a proposed contract extension late this summer.

**New development projects:** Construction began last month on 283,000-square-foot Cool Port Oakland, a refrigerated distribution center scheduled to open next summer. Development could begin next winter on the 450,000-square-foot first phase of a Seaport Logistics Complex envisioned at Oakland's former Army base. The Port is negotiating to develop a 6-acre Drayage Truck Center on Maritime Street to support harbor truckers. The facility would include truck scales, food and retail outlets as well as fueling stations.

**Marine terminals:** Oakland's three international marine terminals now operate at better than 80 percent of capacity. It's a big jump up from the first half of 2016. Terminals are making long-term commitments to Oakland. They're expanding, buying new equipment, modernizing their layouts. Here's a report on the terminals halfway through 2017:

- **Oakland International Container Terminal (OICT):** OICT handles 61.65

percent of Oakland's cargo volume. Terminal operator SSA received the first-ever Terminal Recognition Award from California truckers in March for overhauling Oakland operations. The changes ranged from night gates to appointments and off-dock pick-up locations. OICT has reduced transaction times and accelerated cargo delivery, as a result. The terminal processes up to 6,000 truck transactions a day. About 1,200 of those daily transactions take place at night. OICT manages about 400 transactions daily at a yard reserved exclusively for empty container pick-up/return. The terminal is in the midst of a 9-month project to elevate four ship-to-shore cranes. Taller cranes will help OICT better manage megaship cargo operations. Up to 25 ships weekly call at OICT.

- **TraPac:** The terminal handles 16.75 percent of Oakland's cargo volume. TraPac is in the midst of expanding its Oakland footprint by 86 percent. Construction will continue into next year. A new gate complex for harbor truckers is expected to open after Labor Day. It's designed to move truck traffic off Maritime Street with expanded queueing areas inside the terminal. Expansion includes the addition of 10 racks for refrigerated containers. TraPac is increasing its number of reefer plugs by 150 percent. The terminal has acquired four additional rubber-tired gantry cranes. The new equipment is expected to boost import-handling capacity by 40 percent. Five ships call weekly at TraPac.
- **Ben E. Nutter:** The terminal handles 13.95 percent of Oakland's cargo volume. It primarily works vessels operated by Evergreen shipping line. In 2017, it has added calls from CMA CGM and APL. Terminal operator Everport modernized in 2016 with a new gate complex and a new operating system. Turn times are among the best in Oakland, ranging from 28-to-35 minutes. Three ships call weekly at Everport.



## Investors show faith in Oakland

A senior Port of Oakland executive says investors are making long-term commitments to his international shipping hub. Maritime Director John Driscoll said in June that the trend bodes well for Oakland's future in global trade.

"A lot of people believe in the Port," Mr. Driscoll told a 40-member Efficiency Task Force created two years ago to improve Oakland's cargo-handling performance. "They're putting their money where their mouth is and I'm proud that they see Oakland as a major trade gateway."

Mr. Driscoll said the Port envisions more than \$600 million worth of infrastructure investment. It's coming from private developers, government grants and Port funds, he explained.

Projects ranging from marine terminal improvements to new distribution centers are either on the drawing board or under construction, Mr. Driscoll said. They're expected to strengthen Oakland's position as a magnet for containerized imports and exports. "These are game-changers," Mr. Driscoll said. "They will give us first-class logistics capabilities."

The Maritime Director gave his audience of trade and transportation officials a progress report on key developments in

Oakland. Among the highlights:

- Construction began last month on a 283,000-square-foot Cool Port Oakland refrigerated distribution center. Scheduled to open next summer, Cool Port will prepare chilled and frozen beef, pork and poultry for Asian export. Developers estimate the location could handle up to 37,000 20-foot containers of cargo annually.
- A project is underway at Oakland International Container Terminal to raise the height of four ship-to-shore cranes. Two more are scheduled to be heightened at nearby TraPac terminal. Taller cranes will help terminals handle the newest megaships now calling West Coast ports.
- TraPac is in the midst of expansion that will increase its Oakland footprint by 86 percent next year.
- A 6-acre Drayage Truck Center is being designed to support the more than 3,000 harbor truckers visiting Oakland daily. It would provide fueling stations with diesel and alternative fuels, truck scales and retail outlets in the heart of the port. The center could help keep truck traffic out of nearby residential neighborhoods.

## June imports set all-time record for the month

**Last month was a record-setter at the Port of Oakland.** The Port handled the equivalent of **80,253 full 20-foot import containers in June**. That broke the previous all-time record for the month of 78,326 containers set in June 2006.

The Port said last month's import volume increased 5.1 percent over the same period a year ago. The increase could be a good sign as West Coast ports including Oakland prepare for peak shipping season.

"As we near autumn, retailers begin stocking up for the holidays," said Port of Oakland Maritime Director John Driscoll. "Healthy volumes now might be a preview of what we can expect for peak season."

According to Port data, total cargo volume moving through Oakland increased 5.1 percent last month compared to June 2016. Total volume includes imports, exports and empty containers. Export volume rose 2.4 percent.

## Port awards scholarships

Two Port of Oakland employee scholarship organizations gave out a total of nearly \$50,000 this year to 28 students preparing for college or vocational training. Port employees have helped fund post-secondary education of more than 600 students since the early 1990's.

The Port's Asian Employees Association (AEA) Scholarship and Employees Scholarship Programs raise money to help fund higher education for Oakland high school students and qualified children of Port employees. Together, these groups have awarded a combined total of close to \$1.2 million in scholarships since 1993. The scholarships range from \$200 to \$5,000. Port employees and volunteers lead and run both organizations.

"The scholarships from small to large can make a real difference in these students' lives," said Port of Oakland AEA Scholarship Committee Chair Thanh Vuong. "They help reduce the financial gap and give these young people a chance for a career path and a brighter future."

## Port of Oakland consolidates position as leading ocean gateway

*Reprinted from Logistics Management Magazine*

By Patrick Burnson, Executive Editor • June 27, 2017

More news surfaced recently confirming that the Port of Oakland is consolidating its position as a leading ocean cargo gateway in the U.S.

As reported here earlier this month, [Moody's Investor Services](#) gave the port a positive review and upgraded its bond ratings. More recently, [Fitch Ratings](#) told LM that Oakland was proving to be "remarkably resilient" when other ports were struggling to expand.

"Given the regional dependence on the Port of Oakland, this should not come as such a surprise," says Fitch Director, Emma Griffith. "Shippers in Silicon Valley, the Central Valley, and in the wine country really need a strong and diversified port."

