



**PORT OF OAKLAND
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On The Waterfront, Cooperation Is Key

By Chris Lytle

Executive Director, Port of Oakland

Maritime business made it to the top of the news cycle last month with a Korean shipping line's collapse. Hanjin Shipping filed for bankruptcy protection in Seoul and the world took



Executive Director Chris Lytle

notice. Why? The holidays are coming and retailers are preparing to stock shelves. But their merchandise was stuck at sea on Hanjin ships.

How did all of this affect the Port of Oakland? Forgive the old saw, but it was a good news/bad news story. Pretty good for us: Port operations were unharmed by Hanjin's misfortune. Not so good for importers and exporters. Some had containers on Hanjin ships and struggled to get their

cargo. Many others have containers bound for Asia and beyond, and need to find another ride. Hanjin's not going their way.

Fortunately, we were able to offer some relief to these embattled shippers. How? By tapping into an emerging spirit of cooperation on the Oakland waterfront. It may not be Brigadoon out there yet, but it's also not Brando, Lee J. Cobb and ax handles.

The Port's largest marine terminal stepped to the head of the class during the Hanjin crisis. Here's what Oakland International Container Terminal did:

- Loaded and unloaded Hanjin ships;
- Released loaded Hanjin import containers to customers;
- Accepted the return of empty Hanjin containers.

So what's the big deal? That's what marine terminals are supposed to do. But here's the problem: ports and terminals globally weren't doing it for Hanjin. It's because they feared they wouldn't get paid. Oakland International Container Terminal had the same fear. Nevertheless, it worked the carrier's ships and cargo in a spirit of cooperation sorely lacking elsewhere. Said one of its customers: "What your company and the port of Oakland are doing for the Northern California market is very praiseworthy."

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TraPac Terminal Expands

TraPac, LLC has reached agreement to nearly double its marine terminal size at the Port of Oakland. Wilmington, Ca-based TraPac said it plans to lease an additional 57 acres and two vessel berths on the Port's Outer Harbor.

If the deal is approved, it would greatly strengthen TraPac's position as the second-largest terminal operator in Oakland.

TraPac disclosed its plans at a meeting of Oakland's Board of Port Commissioners Oct. 14. The proposed 14-year lease agreement with the Port becomes final if the Board approves it at a meeting Oct. 27.

"This is a significant step forward for TraPac and the Port," said Port Maritime Director John Driscoll. "TraPac gets room to expand its thriving business and the Port gets to revitalize valuable property with a highly respected tenant."

Marine terminals load and unload containerships in Oakland. They release containerized imports to cargo owners. They also accept exports for overseas shipment.

TraPac handles 20 percent of the containerized cargo moving through the Port of Oakland. It manages two vessel berths and 66 acres of land. Under the new agreement, it would have four berths and 123 acres. Much of the land would be used

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But not uncommon. We're seeing cooperation across the Oakland waterfront in ways we haven't experienced before.

Last year, a two-month labor shortage dramatically slowed vessel operations in Oakland. Waterfront employers and the longshore labor union—think cats and dogs—collaborated to increase hiring and solve the problem.

KTVU, Channel 2 Recognizes Port Collaboration see page 5

Earlier this year, cargo handling stalled under the strain of growing container volume. Oakland International Container Terminal intervened again by opening at night to lengthen the workday. This required cooperation across the supply chain. Harbor truck drivers agreed to work the night shift to pick up imports and drop off exports. Cargo owners adjusted schedules to accept their containers after hours. U.S. Customs officials provided staff to process cargo. The result: more than 1,300 transactions a night are now completed on the second shift. This eases the dayside burden and makes cargo move faster.

In late September the Port's bimonthly Efficiency Task Force had its latest meeting in Oakland. It's the genesis of waterfront cooperation. We assembled 30 professionals representing shipping lines, cargo owners, trucking companies, railroads, longshore labor, waterfront employers, maritime regulators and customs brokers—the folks who shepherd cargo through the Customs process. Their interests may compete, but their objective is shared: improving Oakland's performance as a global trade gateway. Among Task Force outputs to date: night gates, an appointment system for harbor truckers and Port performance metrics.

Nowhere is this collaborative approach more in evidence than on the docks. Since signing a new contract in 2015, employers and labor have avoided disruptive confrontations. When disputes arise, management and the union settle

through a prescribed arbitration process. Meanwhile, worker productivity is now the highest on the West Coast. Add to this the latest news: labor and management meet Nov. 1 to discuss the concept of a contract extension.

Here's why this is worth mentioning: Less than two years ago a contract dispute hamstrung U.S. West Coast ports. There was no strike, no lockout, but trade flow came to a crashing halt. The impasse took nearly a year to resolve, costing businesses millions and some employees their jobs. Our

industry is still recovering from the reputational black eye.

Shippers remain wary of a repeat performance. They seek alternative paths for their cargo through Canada, Mexico or the Panama Canal. It won't be easy to overcome their skepticism or ease fear of another supply chain Armageddon.

What's Oakland's response to this challenge? Just what we've been talking about—cooperation. By bringing cargo interests together with supply chain operators we begin to overcome mistrust. More importantly, we find out what our customers need and react accordingly.



Port of Oakland Update

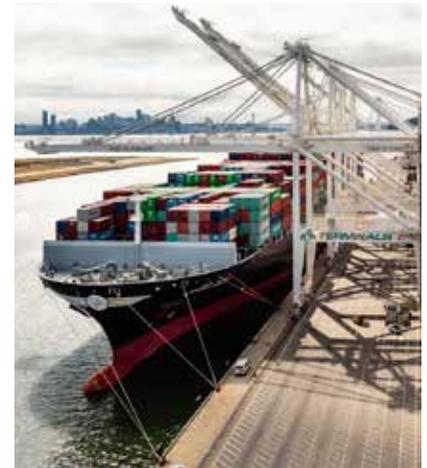
Performance improvements have taken hold at the Port of Oakland, but there's still more to do. That was the message members of the Port's Efficiency Task Force took away after meeting late last month. More than 30 shippers, terminal operators, motor carriers and other stakeholders assembled for an update on Port operations. Here's what they heard:

- Dramatic changes in operating procedures have reduced transaction times at Oakland International Container Terminal, the Port's largest terminal.
- The Hanjin Shipping bankruptcy hasn't affected Port operations.
- Import volumes have softened in the past month but there are signs of a pick-up by November.

Port Updates:

Oakland International Container Terminal (OICT): Reports more than 6,000 gate transactions daily, one of the highest totals in the U.S. Night gates attracting more than 1,300 transactions a night Monday-through-Thursday, 6 p.m. to 3 a.m. Most of that traffic is condensed into the 6-to-10 p.m. hours.

After that, turn times are negligible. The terminal is urging customers to pick up or drop off cargo after 10 p.m. for fastest service. The terminal is draying about 300 loaded imports nightly to a nearby off-dock location. The loads are staged on chassis and available for 24/7 pickup. According to Port of Oakland data, turn times average 80-to-90 minutes at OICT.



TraPac: Terminal often reports turn times of more than two hours due to increased volume. Here's what TraPac is doing to mitigate crowding: operating two gates for truckers, opening night gates twice a week, importing four additional rubber tired gantry cranes from Southern California to accelerate yard operations, planning long-term expansion with additional berths and more yard acreage.

Metrics: An Efficiency Task Force committee is working to develop additional performance metrics at the Port. The online data will include the number of available chassis, number of Customs holds, average length of vessel stays, import dwell time and rail transit time.

Cranes: The Port of Oakland is preparing to raise eight ship-to-shore cranes 26-feet higher to accommodate larger vessels. Six of the cranes are at OICT. Two are at TraPac.

Parking: The Port of Oakland has opened more than 80 acres of new parking spaces for truck drivers. The Port said there should now be sufficient parking to meet demand.

Developments: Construction on a 373,000-square-foot Cool Port Logistics facility for handling chilled and frozen meat products could begin by February. The buildout should take 9-to-12 months. Negotiations on development of a 27-acre Seaport Logistics Complex are near completion. The Port is in exclusive discussions with CenterPoint Properties to build the transloading complex.



TraPac, continued from page 1

for cargo handling. That's expected to be increasingly important as volume grows at the Port. With more acreage, the terminal can implement new procedures to improve efficiency and get containers in-and-out of Oakland faster.

"Our business is growing and placing new demands on our operations," said TraPac Oakland General Manager Mike Porte. "With this new agreement we can meet the demands and the service expectations of our customers."

TraPac is one of the nation's best-known terminal operators. In addition to Oakland, it operates terminals in Los Angeles and Jacksonville, Florida. According to the Port, TraPac will invest to upgrade and modernize the new terminal acreage under its control in Oakland. Among other things, TraPac plans to construct a new gate to give harbor truckers better access to the terminal.

"With this expansion, we're demonstrating our long-term commitment to Oakland," said Mr. Porte. "TraPac and the Port share a common value—good customer service—so we see this partnership growing even stronger over time."



Export Rally Rolls On

A year-long export rally is barreling ahead at the Port of Oakland. The Port said that September containerized export volume soared 10 percent compared to 2015. It was the eighth increase in nine months and the first double-digit jump since February. The trend is significant because Oakland is considered the U.S. West Coast's leading export gateway to Asia.

"Exports make up more than 50 percent of our overall cargo volume," said Port of Oakland Maritime Director John Driscoll. "So the continued growth in September shows we're playing pretty well to our strength."

The Port said that through the first nine months of 2016, export volume has increased 9 percent. It added that California growers drove much of the improvement, shipping fruit, nuts and wine to Asian consumers.

Overall Oakland cargo volume—full import and export containers—increased 2.7 percent last month, the Port reported. Import volume was down 4.2 percent.

[Click here](#) for full cargo statistics.

Hanjin Update

Hanjin Shipping's bankruptcy has caused supply chain problems worldwide, but the Port of Oakland has managed to avoid trouble. The Port said this month that its primary concern has been customers with cargo still stranded on Hanjin ships. One more ship is due in Oakland later this month. That should be the carrier's final vessel call. Here's the latest on Hanjin's presence in Oakland:

Vessel calls: Four Hanjin ships have called in Oakland since Hanjin filed for bankruptcy protection Aug. 28. The ships berthed at Oakland International Container Terminal (OICT). All were unloaded promptly. The Hanjin Seattle is scheduled to arrive in Oakland Oct. 22 after calling in Seattle. About 200 containers are expected to be discharged from the ship. That should be Hanjin's final call at the Port of Oakland.

Cargo delivery: OICT is releasing Hanjin containers for delivery. It requires payment in advance for cargo-handling charges. An emergency fund compiled by Hanjin has been used to pay the charges.

Hanjin empties: The Port of Oakland is accepting the return of Hanjin-owned empty containers. They're being stacked on three acres at the Port's Roundhouse property on Middle Harbor Road. More than 900 containers have been returned so far. Another 300-to-400 empties are likely. Oakland is one of the only ports worldwide accepting Hanjin empties. This has two positive effects: 1) shippers and motor carriers don't have to use scarce space to store containers; 2) chassis can be uncoupled from empties and returned to service. Hanjin-leased containers are being returned to equipment leasing companies. The Port has leased three acres of land to an equipment firm that's accepting Hanjin-leased containers.





Location, Location, Location

Location, location, location. That may be the Port of Oakland's biggest advantage, says Executive Director Chris Lytle. And it's key to the Port's future, he told more than 140 customers here in Oakland. Speaking to the Council of Supply Chain Management Professionals, Mr. Lytle said geography will be a differentiator as the Port competes with other ports for business over the next decade.

"The Port of Oakland's proximity to the Central Valley makes us a vital link in the global agricultural supply chain," said Mr. Lytle. "For our customers—that means greater reliability and reduced travel times through Oakland."

The Port's Executive Director said importers will find Oakland's location increasingly attractive as the economies of the greater Bay Area, Northern California and even Nevada continue to blossom. More than 80 percent of the Port's inbound cargo volume goes to those areas.

As one of the nation's leading export gateways, Oakland's proximity to major California growing centers will continue to benefit agricultural exporters, Mr. Lytle said. Already, he pointed out, the Port is the preferred outlet to Asia for Central Valley fruits and nuts, Salinas Valley greens, and wines from the entire northern half of the state.

Soon, Mr. Lytle, said, more of the food chain will find its way through Oakland. The Port is working on a 373,000 sq. ft. "Cool Port" cold storage facility for refrigerated export commodities. This facility will strengthen Oakland's role as America's gateway for meat products.

The Port's planned Seaport Logistics Center will provide customers with an entirely self-contained "one stop" facility

for warehousing and distribution. The main advantage of the Logistics Center's location is that it will be built adjacent to marine terminals and railyards. This will speed up overall goods movement in Oakland.

The Port's latest supply chain efficiency measure includes permanent night gates Monday-Thursday implemented by Oakland's largest terminal operator, Oakland International Container Terminal. This option gives truckers greater flexibility while reducing terminal congestion. The terminal also implemented a truck appointment system to improve efficiency. These ideas arose from the Port's Efficiency Task Force which is comprised of maritime stakeholders. Both measures are designed to create greater supply chain reliability.

Revenue Holds Steady For FY 2016

Port of Oakland operating revenue held steady in FY 2016 despite the departure of a bankrupt tenant. The Port said its operating revenue for the year ending June 31 was \$338 million. That was a record for the Port, up 0.4 percent from the old record of \$336.6 million set in FY 2015.

Operating revenue in the Aviation Division increased 6.7 percent in FY 2016, the Port said. That offset a 6.2 percent decline in Maritime revenue resulting from the departure of a marine terminal operator. The operator, Outer Harbor Terminal, LLC, severed a lease agreement with the Port after filing for bankruptcy last February.

The Port said Aviation revenue increased due to an 8 percent jump in passenger traffic at Oakland International Airport. It said the Aviation Division also benefited from higher terminal rental rates.

The Port reported operating income for FY 2016 of \$53 million, down 13.7 percent from FY 2015. It attributed the result to unchanged revenues and higher operating expenses.

The Port's FY 2016 revenue by business line:

- Aviation: \$173.1 million, up 6.7 percent from FY 2015;
- Commercial Real Estate: \$16.2 million, up 2.7 percent from FY 2015;
- Maritime: \$148.8 million, down 6.2 percent from FY 2015.

The Port said the outlook for its three business lines is positive. It added that FY 2017 will be a transition year in Maritime.



So Far, No Impact From Panama Canal

Bigger ships may be using the newly widened Panama Canal, but they're not bypassing Oakland to get there. The Port of Oakland said this month that wider canal locks have not dented its business.

According to Port data, Oakland vessel traffic has gone up since the Canal got bigger June 28. The trend refutes warnings that larger ships would detour around the U.S. West Coast given Panama access.

The Port said it received 449 vessel calls from July-through-September. Those were the first three months of operation for Panama's enlarged waterway. During those same months in 2015, only 402 ships visited Oakland. That means the Port's vessel traffic has increased 14 percent, year-over-year, since the canal expanded.

The Port said July and August were two of its three busiest months this year for container-handling. It said there's been no sign of cargo attrition due to the Panama Canal.

"Our customers need an Oakland gateway—not one thousands of miles

away," said Port of Oakland Maritime Director John Driscoll. "Our job now is to keep them here with good service."

The Port said it's not insulated from Panama's competitive threat. It added, however, that Oakland has advantages making cargo migration to the canal unlikely. They include:

- Local market concentration: More than 80 percent of containerized imports discharged in Oakland remain in Northern California or Nevada. That cargo wouldn't benefit from a Panama Canal option.
- Export orientation: Half of Oakland's cargo is containerized exports. There's no shorter route to markets in Asia than through Oakland.

Much of the nation's import cargo is discharged at Southern California ports, then transported east by rail. The Panama Canal provides an alternative to those gateways: direct access to U.S. East Coast ports.

Pulling Together To Ease Hanjin Burden

Reprinted from KTVU, Channel 2, Oakland, Oct. 10, 2016

The Port of Oakland has a big blue steel mountain rising as it deals with the fallout of the bankruptcy of Hanjin, one of the world's largest ocean cargo carriers. It turns out that those boxes are creating new cooperation with the powerful interest that often fight over them.

The Port of Oakland is now allowing port truckers to drop off cargo containers made homeless by the bankruptcy of South Korea's Hanjin Shipping Lines. Already, 900 containers have been stacked 5 high on available but always needed space and up to 400 more will ultimately end up here. "We may be the only port I'm aware of that's accepting the return of the empty containers," says Mike Zampa, Port of Oakland spokesman.

The Port of Oakland, the longshoremen and the terminal companies all worked together to keep the streets from being clogged with unwanted containers. "We have to help each other out and somebody needs to step up and do something and it's always been the truckers. And here the port took the first step and resolved the issue which is great for us," says Bill Aboudi, owner of AB Trucking.

Truckers and cargo owners, believe it or not, were facing endless and stiff fines of up to \$300 a day from Hanjin, for failure to return the containers that Hanjin could not and would not accept. And, believe it or not, truckers and cargo owners also facing up to another \$50 a day for not returning the trailers that carry the containers. With the containers now off their trailers, those trailers can then be used to pick up and deliver other cargoes to and from other ships. "The acceptance of these boxes from the bankrupt shipping line is just the latest example of how everyone wants to come together," says Mr. Zampa.

These containers, may sit here for years while the Korean bankruptcy court decides what to do. "The good news is those are empty boxes. Cargo owners got their cargo and that's what this is really about. We want to keep cargo moving. We want our customers to be happy," says Zampa.

Hundreds of other ports that have yet to act, are also caught up in this tsunami of containers.



Cleanest Ports Are Here

Oakland and other California seaports are the cleanest on earth. That's the view of Port of Oakland Executive Director Chris Lytle. Mr. Lytle addressed a California Energy Commission audience of 40 at the Port this month. He told commissioners and representatives from the state's major ports that California leads the way in maritime sustainability.

"I've traveled the world in my career," Mr. Lytle said. "And there are no cleaner, more innovative ports in the world than right here in California."

Mr. Lytle singled out Oakland's progress since adopting a Maritime Air Quality Improvement Program a decade ago. A key element of the program has been curbing diesel exhaust from ships and trucks. "Ten years ago there was no shore power at berth, no clean truck program," he said. "Now look how far we've come."

Environmental Programs and Planning Director Richard Sinkoff told the audience how far the Port has come. The Port reduced diesel particulate emissions 75 percent between 2005 and 2012, he said. Mr. Sinkoff added that the Port will soon release updated figures for the past three years. He told the audience to expect significant further improvement in the latest results.