

# *tie lines* – March 2005

The Port of Long Beach's monthly newsletter

## AROUND THE PORT . . .

**Continuing a strong winter shipping season, terminal operators at the Port of Long Beach moved the equivalent of 509,597 twenty-foot container units in January, a 35.2 percent increase over January 2004.**

In most years, cargo volumes drop sharply after the last of the Christmas shipments at the end of October. However, November 2004 was Long Beach's busiest month ever and December and January have been nearly as busy.

Signaling perhaps more year-around shipments from Asia, imports jumped 25.4 percent to 252,785 twenty-foot equivalent units (TEUs). Exports climbed 11.8 percent to a modest 81,580 TEUs. As evidence of the big trade deficit, the number of empty containers – nearly all headed overseas – increased 71.2 percent to 175,232 TEUs.

**Standard & Poor's Rating Services has raised the Port of Long Beach's credit rating to "AA" from "AA-minus," citing "impressive historic and forecast cargo growth along with a very strong business and financial position."**

Two other leading bond rating firms -- Fitch Ratings and Moody's – also awarded some of their highest ratings to the Port in connection with the issuance of two revenue bonds: the Port's \$233 million series 2005A and \$25 million series 2005B.

The proceeds will be used to pay off a series of harbor revenue bonds issued in 1995 at a higher interest rate. Fitch assigned its 'AA' rating to the two new revenue bonds; and Moody's assigned an Aa3 rating. Both Standard & Poor's and Fitch affirmed a "stable" outlook for the Port's \$1.1 billion in outstanding debt.

S&P said its stable outlook reflects the "expectation that financial and operational trends will remain very strong at the Port."

**The Moody's rating firm said it assigned its Aa3 rating and upgraded its outlook to "positive" from stable because of the Port's " healthy financial margins, high levels of liquidity, and both a sizeable local market and key intermodal connections for transport across the United States."**

Moody's added that its positive outlook "reflects the port's ability to not only maintain healthy financial margins despite the loss of its largest tenant in 2002."

Maersk Sealand, which accounted for a quarter of the Port's container cargo, left Long Beach in 2002. But with Hanjin moving to Total Terminal International's larger facility at Pier T, and increased business at the Port's other terminals, cargo volume declined slightly in fiscal 2003 and trade jumped 22 percent in fiscal 2004.

The Port of Long Beach is the nation's second busiest seaport. Moody's noted that Long Beach and the neighboring Port of Los Angeles generated more in cargo value than all of the other U.S. ports combined and consequently play a central role in the national transportation system.

Fitch said Long Beach's "additional credit strengths include a solid financial position and

proactive management.”

**The Long Beach Board of Harbor Commissioners has voted unanimously to oppose efforts by the Federal Energy Regulatory Commission to change the Natural Gas Act to pre-empt the board’s land-use authority.**

The Long Beach City Council passed a similar resolution. The Commission and City Council acted after FERC proposed changes that would give it exclusive authority to decide where to build liquefied natural gas facilities, along with the right to use eminent domain to obtain property for LNG projects.

A Mitsubishi subsidiary, Sound Energy Solutions, wants to build an LNG importing facility at the Port of Long Beach, on Pier T at the southeast end of Terminal Island. Under the current regulatory process, the project (now in the environmental study stage) needs the approval of the Harbor Commission and several other regulatory bodies.

**The Board of Harbor Commissioners has approved the donation of more than 160 four-year-old City of Long Beach Harbor Department computers to Long Beach and other harbor area high schools for trade-related programs.**

The Harbor Department, the city agency responsible for management of the Port of Long Beach, is upgrading and replacing its computers. Instead of disposing of the old computers at auction or as a “trade in,” Harbor Commissioners chose to donate them.

Nearly 50 computers will go to Long Beach high school economics classes for use with a Port-sponsored “Trade Is” international trade program to be introduced in April. Eighty computers will be used in Long Beach Polytechnic High School’s Center for International Commerce and Pacific Rim Academy programs. More than 30 computers will go to the International Trade Education Program offered at Banning High in Wilmington, Narbonne in Harbor City, and San Pedro and Carson high schools.

**Shanghai’s Zhenhua Port Machinery Co. (ZPMC) has delivered two new ship-to-shore cranes to SSA Marine’s Pacific Container Terminal at Pier J.**

Arriving aboard ZPMC’s *Zhen Hua 1*, the two cranes give PCT a total of 13 ZPMC cranes – seven for its north berths and six at the south berths (formerly home to Maersk Sealand). The two newest cranes, among the world’s largest, can reach across 21 containers.

Also aboard the *Zhen Hua 1* were two ZPMC gantry cranes headed for the Port of Oakland.

**PierPass, the group organizing a historic shift to night and weekend truck gates at the ports of Long Beach and Los Angeles, has announced that it will begin offering its coordinated off-hour gates in June.**

Originally scheduled to start last fall, then rescheduled for the first quarter, the new start date was announced after the longer-than-expected search for a software developer to build PierPass’ billing and accounting system.

After a second round of requests for proposals, PierPass has selected Dallas-based Affiliated Computer Services Inc., a global provider of information technology solutions.

PierPass, which aims to ease daytime traffic congestion and improve air quality, will charge a \$20 per TEU fee on all loaded containers trucked through the ports during weekdays. The fees

will subsidize the cost of operating off-hour gates. For more information, go to PierPass' web site at pierpass.org.

**U.S. Senator Dianne Feinstein, D-Calif., at a news conference at the Port of Long Beach, urged passage of federal legislation to strengthen counter-terrorism laws and to allocate security funding to the most at-risk facilities such as the San Pedro Bay ports.**

Feinstein and Senators Arlen Specter (R-Pa.), Joe Biden (D-Del.), and Jon Kyl (R-Ariz.) have reintroduced their Port Security Crime Bill to strengthen existing law and create new crimes applying to threats to ports and sea vessels.

Feinstein and Senator John Cornyn (R-Texas) also are sponsoring the High Risk Initiative to ensure that homeland security funding is allocated based on risk rather than on political and geographical factors.

**State Sen. Alan Lowenthal, D-Long Beach, has introduced a package of bills aimed at reducing air pollution at the ports of Long Beach and Los Angeles.**

Lowenthal's "no-net increase" proposal, Senate Bill 764, would cap port pollution levels. As a state assemblyman, Lowenthal introduced a similar bill, Assembly Bill 2042, but it was eventually vetoed by Gov. Arnold Schwarzenegger.

His newly introduced SB 760 would impose a \$20 fee on each container arriving at the ports of Long Beach and Los Angeles, with half of the money going to pay for transportation infrastructure improvements and half going for environmental mitigation.

His SB 761 would amend a previous Lowenthal bill that sought to eliminate lines of idling trucks in the ports by encouraging the use of appointments.

His SB 762 would create a port congestion and environmental quality district (similar to the South Coast Air Quality District, which watches over pollution from stationary sources in Southern California).

His SB 763 would require ports to give priority to ships using cleaner fuel while in port and California waters.

**The railroads took many more trucks off the roadways last year, increasing the number of containers shipped by trains through the Port of Long Beach by nearly 70 percent.**

Burlington Northern Santa Fe reported that it moved more than 270,000 containers in 2004, up 71 percent, in part because of the addition of CMA CGM at Pier A. In Long Beach, BNSF serves SSAT's Pier A facility, Long Beach Container Terminal at Pier F, International Transportation Service at Pier G and J, Pacific Container Terminal at Pier J and Total Terminals International at Pier T.

Union Pacific, which serves several of the same terminals, reported its on-dock volume rose 63 percent to 204,000 containers.

**The Marine Exchange of Southern California has revised its numbers for the vessels calling at the San Pedro Bay ports in 2004.**

After a review, the Marine Exchange reported that 3,085 ships called in Long Beach, up 1.6 percent – not the 11 percent it had previously reported. The new numbers are in line with the 1 percent increase for both ports.

The error was attributed to incorrect methods used during the backlog last year.

**The saga of the abandoned *Katerina* seafarers ended in February after the top officers of their vessel pleading guilty to charges stemming from the dumping of oil-tainted water into the Pacific.**

With the resolution of the case, 13 Filipino seamen designated as material witnesses were allowed to fly home. They had been stranded since the bulk carrier *Katerina* was seized in September in a health and safety investigation while calling at the California United Terminals facility in Long Beach.

The International Seafarers Center organized a campaign among the local maritime community to gather donations – more than \$38,000 including \$5,000 from the Port of Long Beach -- to house, clothe and feed the seamen during their forced stay.

**Matson Navigation Co. is buying two 2,600-TEU container ships from the Kvaerner Philadelphia Shipyard to launch a new Long Beach-to-Hawaii-to-Guam-to-China service beginning next year.**

Matson will launch the new weekly service with three existing ships and the two new ones. The new ships, similar to the company's other two Kvaerner-built ships, the *Manukai* and *Maunawili*, are under construction and expected to be delivered and put into service in July 2005 and June 2006.

**The Harbor Transportation Club will hold its 66<sup>th</sup> annual Officer Installation Gala and Casino Night Scholarship Fund-raiser at 6:30 p.m. March 5 aboard the Queen Mary. For more information, call (562) 434-7393.**

**George Cummings, the Port of Los Angeles' homeland security director, will be the speaker at the Los Angeles Transportation Club luncheon March 8 at the Marriott Norwalk Hotel. For more information, call (562) 856-9197 or e-mail mail@latc.la.**

**The lessons of last year's peak season backlog crisis is the subject for the annual Town Hall Meeting on March 10, sponsored by the Center for International Trade and Transportation at Cal State Long Beach.**

The meeting will be from 6 to 8:30 p.m. at the Carpenter Performing Arts Center on campus. Speakers will include economist **John Husing**, CITT director **Marianne Venieris**, ILWU President **Jim Spinosa**, **Michael Burke** of the BNSF, **Bob Agresti** of P&O Nedlloyd, **Stephanie Williams** of the California Trucking Association, **John Isbell** of Nike, **Domenick Miretti** of the ILWU, and **Genevieve Giuliano** of USC. **Richard Hollingsworth**, CEO of Gateway Cities, will emcee.

**Module Four of Cal State Long Beach's global logistics specialist course -- World Trade and Government Regulatory Bodies – will be offered during four evenings beginning 6:30 p.m. March 30.**

The classes are held at the Cal State campus. For more information, call (562) 296-1170 or send an e-mail to khipps@uces.csulb.edu.

PORT PEOPLE. . .

**Edward Yau, the Port of Long Beach's overseas representative for greater China, has been re-elected to another term as vice president and secretary of the U.S. States and Ports Association in Hong Kong.**

**Dalia Sabaliauskas has been named the program administrator for the Port's Small Business Enterprise and Very Small Business Enterprise program.**

The goal of the small business programs is to increase the number of businesses working on the millions of dollars in Port contracts. For businesses that want to pre-qualify or for more information, contact Sabaliauskas at (562) 590-4146 or by e-mail at sbadmin@polb.com.

**SSA Terminals has promoted Becky Mannino to Vice President of Southern California Container Operations.**