

tie lines – June 2006

The monthly newsletter from the Port of Long Beach

AROUND THE PORT . . .

The Port of Long Beach has approved an historic accord, the first complete lease negotiated with “Green Port” environmental covenants that will dramatically improve air quality.

The lease with terminal operator International Transportation Service Inc. will reduce air pollutants at least 90 percent at the Port’s third-largest cargo terminal by requiring ships to use shore-side electricity and by replacing cargo-handling equipment.

Under the agreement approved by the Long Beach Board of Harbor Commissioners, ITS will phase in the use of shore-side electricity (“cold-ironing”) and other environmentally friendly technologies to reduce emissions of nitrogen oxide (NOx) and diesel-related particulate matter from ships at berth and from cargo-handling equipment inside the 246-acre Pier G/J terminal.

Under ITS’ new 20-year lease, the company plans to improve efficiency and accommodate more cold ironing by reconfiguring its Pier G/J facility and adding 50 to 70 acres with a combination of landfill and existing land.

The reconfiguration will help the terminal operate in a more environmentally friendly manner by maximizing the use of on-dock rail to reduce truck traffic, among other improvements. The additional acreage would give the ITS terminal as much as 316 acres, making it the second-largest in Long Beach. The largest is the 351-acre Total Terminals International complex on Pier T that is home to Hanjin and other lines.

ITS is one of the Port’s oldest customers, opening its original 48-acre Long Beach container terminal in 1972. ITS’ existing lease will expire this summer. The company is a subsidiary of Japan-based “K” Line, one of the world’s leading shipping lines.

The Board of Harbor Commissioners voted its final approval for another “Green Port” agreement in May, an amendment to a lease with SSA Terminals, a joint venture of Matson Navigation Inc. and SSA Marine.

The SSAT accord will cut pollution by 90 percent at the 68-acre Pier C container terminal by phasing in the use of shore-side electricity and other environmentally friendly technologies. With SSAT’s Pier C and ITS’ Pier G/J cold-ironing facilities, Long Beach will have shore-side electricity at two of its seven container cargo terminals.

The Port is also planning to break ground soon for the construction of a third shore-side electrical facility, at BP’s Berth T121 oil terminal. BP is voluntarily retrofitting two oil tankers to ship petroleum from Alaska to Long Beach. The “cold-ironing” project, developed outside of a lease agreement, is scheduled to begin operation in mid-2007.

The Harbor Commission is not an environmental regulator with authority to impose rules to clean up the ships, trucks, trains and yard equipment. The board governs the Port with its land-use authority and its power to approve terminal leases.

The ITS lease agreement is the first new lease agreement at a North American seaport in which a cargo terminal operator voluntarily agreed to cold-ironing provisions and other environment improvements without the mandates of litigation, regulation or a

government-required environmental review. The Matson/SSA Marine accord was an amendment to a lease.

The Port of Long Beach's Green Port Policy, approved in January 2005 by the Harbor Commission, includes guidelines that direct the Port to develop terminal lease requirements promoting environmental sustainability.

A promising breakthrough in clean-air technology is coming to Long Beach. The Port is reviewing plans to conduct the first full-blown test of a dockside system that treats air emissions from ships at berth, reducing a major source of pollutants by more than 90 percent.

Metropolitan Stevedoring Co., which operates the Pier G bulk cargo terminal in Long Beach, has partnered with Advanced Cleanup Technologies Inc. to develop a pilot project to test ACTI's dockside emissions treatment system.

They are seeking Port development permits to begin construction as early as this fall. The Port is currently preparing an environmental analysis of the project and the South Coast Air Quality Management District is evaluating the air quality benefits.

The ACTI dockside system consists of a "bonnet" that fits over the exhaust stacks of ships at berth. Through a network of ducts, emissions captured by the "bonnet" flow to a dockside treatment unit like those found at industrial plants.

The treatment unit includes a multi-stage emission cleaning system, with a "scrubber" and selective catalytic reduction. ACTI of Rancho Dominguez estimates the system will reduce harmful air pollutants such as particulate matter and sulfur dioxide and smog-forming nitrogen oxide by more than 90 percent.

The dockside "scrubber" system could be an alternative to cold-ironing, which requires a retrofit of vessels and is not cost-effective for ships that visit the Port infrequently.

Reductions in air emissions, improvements in water quality, increased treatment of contaminated soil and other sustainability projects are among the highlights of the Port's first Green Port Annual Report released in May.

The Green Port Annual Report is a 16-page document detailing the Port's achievements in the first year of the Green Port Policy, a landmark environmental initiative approved by the Board of Harbor Commissioners in January 2005.

Among other findings, the report shows a dramatic decline in NOx and particulate matter emissions from Port cargo-handling equipment (a decrease of 24 percent and 50 percent, respectively, from 2002 to 2005) and an 80 percent drop in airborne petroleum coke dust between 2000 and 2005.

The 2005 Green Port Annual Report is available at the Port's Web site, www.polb.com. Printed copies can be obtained by calling the Port at (562) 590-4121.

The Port's best monthly inbound container cargo total and the second-best outbound container cargo total combined in April for the highest monthly total ever in Long Beach.

The Port's container cargo total jumped 15 percent to the equivalent of 619,512 twenty-foot container units in April. With U.S. retailers confident of strong summer sales, imports climbed 18.5 percent to 321,044 twenty-foot equivalent units (TEUs).

The steady gain in exports continued, rising 3.9 percent to 111,755 TEUs – only the third time in the last 18 months that exports didn't jump by double digits. The number of empty containers, nearly all headed overseas, increased 16.7 percent to 186,713 TEUs.

One of the export commodities likely to continue to grow is cotton. Representatives of CALCOT, the marketing group for California and Arizona cotton growers and the largest cotton cooperative in the western United States, said they expect strong cotton exports this year.

During a visit to the Port, they said the elimination of textile quotas has fueled increased cotton demand by Asian garment manufacturers.

What nation is the leading source of the Port's imports, and what nation is the leading destination for its exports?

The Port's new 2005 Annual Report and Facilities Guide is hot off the presses with cargo statistics including a list of the Port's top trading partners. No. 1 for imports and exports was China once again, this year with a 37 percent share of total trade.

The new annual report focuses on the "Triple Bottom Line: Economic Vitality, Environmental Health and Community Integrity." The report also features stories, photos and a guide to port facilities and more.

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The Port's Green Flag vessel-speed-reduction program to improve air quality is off to a good start in 2006, with the compliance rate jumping to 78.4 percent through the first four months of the year.

In 2005, about 65 percent of all vessels complied with the limits of the voluntary speed reduction program. The higher the compliance rate the greater the air quality improvements.

The higher compliance rate follows the adoption by the Long Beach Board of Harbor Commissioners of a Green Flag Incentive Program, which offers special recognition and as much as \$2.2 million a year in discounted dockage rates to vessel operators that observe a 12-knot speed limit within 20 miles of the Port. The discounted dockage rates will be awarded in 2007, based on compliance rates in 2006.

To see how well the fleet operators are doing, visit the Port web site at http://polb.com/environment/air_quality/vessels/default.asp.

Reduced ship speeds decrease emissions of nitrogen oxide (NOx), which contributes to smog. Port officials estimate that if all vessels comply with the program, the amount of NOx produced by cargo ships would be reduced by nearly 550 tons a year.

In 2005, 907 individual ships called at the Port of Long Beach, completing 5,406 sea voyages in and out of San Pedro Bay. About 65 percent of all vessels complied with the limits of the voluntary speed reduction program, which has been in place since 2001.

The Board awarded Green Flags to 333 individual ships and 100 ocean carriers (operating more than one vessel) that met Green Flag requirements of 100 percent compliance in 2005.

Ocean carrier Hanjin Shipping is joining the Yang Ming and China Shipping truck chassis pool.

The ports of Long Beach and Los Angeles have urged ocean carriers to "pool" their truck chassis – the wheeled trailers upon which cargo containers sit – in a unified pool to improve marine terminal efficiency.

Most carriers maintain and repair their own truck chassis. This often slows truckers who must match containers and chassis when moving cargo.

PierPASS Inc. reported in May that its OffPeak truck gate program has diverted more than 2 million truck trips from peak daytime traffic since the start of the program on July 23, 2005.

The program, organized by terminal operators, has eliminated costly bottlenecks at the ports of Long Beach and Los Angeles and reduced gridlock on area freeways. Taking trucks out of stop-and-go daytime traffic and letting them move at night in faster-flowing traffic is also expected to have a positive impact on air quality around the ports.

OffPeak achieved its 1 million truck trips milestone in December. With the PierPass program, between 30 percent and 35 percent of container cargo at the ports moves during the new OffPeak shifts at night and on Saturdays.

Following up on an initiative announced last year, Pacific Harbor Line has awarded a \$21 million contract to MotivePower Inc. to supply 16 “clean diesel” locomotives in 2007 for use at the ports of Long Beach and Los Angeles.

The remanufactured locomotives will be equipped with 2,000 horsepower diesel engines that exceed the tough U.S. Environmental Protection Agency Tier 2 standards to reduce air pollutants.

PHL is paying for half the cost of the locomotives, and will use them to switch trains within the ports. The two ports and the South Coast Air Quality Management District will pay for the other half of the costs.

The U.S. Senate gave its advice and consent to the ratification of the MARPOL Annex VI maritime vessel pollution treaty, which will reduce harmful ship emissions and allow for the establishment of a national low-sulfur fuel control area for ships in U.S. waters.

While the Senate gave its advice and consent to ratification, it has not yet ratified the treaty, as mistakenly reported in last month's issue of Tie Lines. Senators plan to wait on ratification until implementing legislation is enacted.

The Administration sent draft implementing legislation for MARPOL Annex VI to Congress last fall, but the legislation has not yet been introduced.

Bring on the octopus salad! The Propeller Club and the International Longshore and Warehouse Union will hold their 19th annual Seafood Feast at 5:30 p.m. June 14 at Berth 54 at the Port of Los Angeles.

Proceeds benefit the ILWU/Propeller Club Memorial Scholarship Fund established in memory of longshore workers who have lost their lives working on the waterfront. Scholarships go to local high school seniors entering college.

For tickets, call (818) 951-2842.

What do you think? Help us improve our monthly Tie Lines newsletter by taking a survey at the Port web site at http://polb.com/about/publications/tie_lines_newsletter.asp.

Let us know what you find interesting in Tie Lines, what kinds of stories you'd like to see, or anything else you'd like to suggest. Would you like us to add photos? Graphics? Or what?