

tie lines – August 2006

The monthly newsletter from the Port of Long Beach

AROUND THE PORT . . .

The Ports of Long Beach and Los Angeles have extended the public comment period for their San Pedro Bay Ports Clean Air Action Plan by 30 days, to August 26.

“This extension is being provided to ensure adequate time is allowed for the public to thoroughly review, evaluate and develop constructive comments to increase the effectiveness of the strategies outlined in the Plan,” said Port of Long Beach Executive Director Richard D. Steinke.

The Plan is aimed at significantly reducing the health risks posed by air pollution from ships, trains, trucks, terminal equipment and harbor craft. With the extension, the final Plan will not be completed until October, pushing back a vote on the Plan by the Long Beach and Los Angeles harbor commissions until late October or November.

The extension of the comment period will not delay the ports from moving forward with a broad array of strategies to improve air quality prior to adoption of the Clean Air Action Plan.

The ports are expanding a coordinated air monitoring network. They will request proposals for a liquefied natural gas (LNG) heavy-duty vehicle fleet, an LNG fueling infrastructure and LNG vehicle maintenance facility. They will continue with their Vessel Speed Reduction program.

Long Beach plans to test an Alternative Maritime Emission Control System (AMECS), a “sock” and shore-side “scrubber” technology designed to reduce emissions from vessels at berth. The ports will continue with their shore-side electricity projects. They are working with Pacific Harbor Line to acquire new, cleaner, switcher locomotives.

The ports also are supporting research on LNG-fueled yard hostlers, diesel-electric hybrid yard hostlers and vessel emission-reducing slide valves and on-board fuel emulsification. They are continuing to negotiate environmental terms into terminal leases.

The Clean Air Action Plan proposes hundreds of millions of dollars in investments by the ports, the local air district, the state and port-related industry to cut particulate matter (PM) pollution from port-related sources by more than 50 percent within five years.

The measures will reduce smog-forming nitrogen oxide (NOx) emissions by more than 45 percent, and result in reductions of other harmful air emissions such as sulfur oxides.

The comprehensive 230-page San Pedro Bay Ports Clean Air Action Plan Technical Report and a more concise 36-page Overview are available for review at the web sites of the two ports, www.polb.com and www.portofla.org, as well as at the port headquarters and at local libraries. Comments about the Plan may be submitted via e-mail at either caap@polb.com or caap@portla.org.

With trade near record levels, container cargo terminals at the Port of Long Beach reported a 7 percent increase in total volume in June, compared to the same month a year ago.

The total number of containers shipped through Long Beach rose to the equivalent of 617,002 twenty-foot-long container units – the Port’s third highest monthly total after only the totals in May and April 2006.

Imports in June, including back-to-school products, rose 8.7 percent to 319,737 twenty-foot equivalent units (TEUs) – the third best import total in Long Beach’s history.

The strong export growth of the last year-and-a-half slowed in June, however, increasing only a slight 0.4 percent. The number of empty containers (almost all headed overseas) rose 8 percent to 195,437 TEUs.

The Long Beach Board of Harbor Commissioners has approved a \$474 million spending plan that reflects the Port’s increased commitment to environmental stewardship and security.

The proposed budget for the 2007 fiscal year (which begins October 1, 2006) increases spending by \$63 million, or 15 percent, from the current budget.

The plan includes nearly \$90 million for environmental programs for shore-side electricity (“cold-ironing”) projects, soil cleanup efforts, increased use of alternative fuel vehicles, installation of real-time air monitoring stations, storm water management upgrades, truck trip reduction programs, vessel speed reduction incentive financing and various sustainability initiatives.

The spending initiatives include \$20 million for clean-truck replacement programs under the Clean Air Action Plan, first part of a \$181 million, five-year commitment by the Port toward new or retrofitted trucks.

The 2007 fiscal year budget includes more than \$35 million to support safety and security measures including a new multi-agency Command and Control Center, an enhanced surveillance camera system and a new fire station on Pier S.

The Port, which is managed by the City of Long Beach’s Harbor Department, does not receive taxes to operate. Port operations are fully supported by revenue from terminal leases and fees charged to private terminal operators and shipping lines. Port-related trade generates nearly \$5 billion a year in local, state and general federal taxes.

The budget goes next to the Long Beach City Council for final approval.

Moody’s Investors Service has raised the Port of Long Beach’s credit rating to “Aa2” from “Aa3,” citing the Port’s dominant West Coast market position, deep water, state-of-the-art facilities, diverse revenue stream and stable finances.

In addition to Moody’s rating, the Port also enjoys strong ratings from Standard & Poor’s Rating Services (AA) and Fitch Ratings (AA).

Moody’s also established the Port’s outlook as stable because of the Port’s “ability to maintain healthy financial margins and continue to capture a large share of the increase in import flows in the near-term.”

Moody’s said the Port’s strength was demonstrated by its growing business since the 2002 departure of Maersk Sealand, which accounted for a quarter of Long Beach’s container cargo volume. Long Beach has averaged container cargo growth of 7.8 percent in the period from 2000 to 2005 – even with Maersk’s departure.

Representatives of the Port of Long Beach, shipping line Kawasaki Kisen Kaisha, Ltd. (“K” Line) and terminal operator International Transportation Service Inc. gathered in Tokyo on July 31 to celebrate their commitment to work together to further international trade and environmental stewardship.

A Port delegation led by Long Beach Harbor Commission President James C. Hankla and Port Executive Director Richard Steinke met with “K” Line President and CEO Hiroyuki Maekawa and ITS President Sho Ishitobi to commemorate a new lease.

The Harbor Commission voted in May to approve an historic “green” lease agreement with ITS that will transform one of Long Beach’s largest container terminals into the most environmentally friendly facility at the Port.

Compliance with the Port’s Green Flag vessel speed reduction program continues to improve, edging up in May to 79.6 percent, compared with 79.2 percent in April. The higher the compliance rate the greater the air quality improvements.

Car carriers led the way in May with a 90.6 percent compliance rate, followed by cruise ships at 85.7 percent, container ships at 82.7 percent, tankers at 76.9 percent and bulk vessels at 67.8 percent.

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

The Port presented Green Flag Environmental Achievement Awards to two of Zim Integrated Shipping’s container ships, Zim Cordelia and Zim Piraeus.

By achieving 100 percent compliance with the voluntary vessel speed reduction program in 2005, the Zim vessels are entitled to fly the Port’s Green Flag heralding their environmental efforts.

The latest edition of the Port of Long Beach’s Pulse of the Port cable TV program is now airing on Long Beach Television Channel 8 (and other stations) and available online at www.polb.com.

The segments look at the Port’s “Harbor Arbor” Urban Reforestation Program at local schools and parks, a look at the first Green Port Annual Report, a behind-the-scenes trip to the Cascade Paper import facility and a profile of Port leasing officer Eamonn Killeen.

The program airs in Long Beach at 7:30 p.m. Mondays, 7:30 and 11 p.m. Wednesdays, 7 p.m. Fridays, 7:30 p.m. Saturdays and noon Sundays.

The Board of Harbor Commissioners has voted conditional approval for a \$6.6 million contract with ARB Inc. of Lake Forest to relocate an underwater natural gas pipeline and a water pipeline as part of a Back Channel Navigation Safety Improvements Program.

Because the City of Long Beach pipelines could potentially be damaged by deep draft ships, the project will move the exposed pipelines 70 feet below the bottom of the channel, to a total depth of 125 feet below sea level.

Port officials welcomed Weyerhaeuser’s lumber carrying ship, Westwood Pomona, on July 20 on its first call at Berth T122 on Terminal Island.

The Westwood Pomona, a side-loading ship also known as a “Sto/Ro” vessel, represents Weyerhaeuser’s new venture into coastal “short-sea” shipping.

Westwood Shipping, Weyerhaeuser’s wholly-owned commercial marine shipping subsidiary, is operating the vessel between British Columbia and Long Beach to improve service and to reduce the costs of moving lumber to Southern California. Previously this cargo was moved by truck.

PierPASS Inc.'s OffPeak truck gate program celebrated its one-year anniversary in July, having successfully reduced truck traffic during peak daytime traffic hours and lessened the industry's environmental impact at the Ports of Los Angeles and Long Beach.

PierPASS, formed by marine terminal operators, has diverted 2.5 million truck trips from peak daytime traffic since the OffPeak program was launched on July 23, 2005, establishing night and Saturday gates at all 12 San Pedro Bay container terminals.

Since the start of the program, an average of nearly 35 percent of container cargo at the ports has moved during the new OffPeak shifts, far exceeding initial expectations.

The Alameda Corridor Transportation Authority is eliminating more truck trips from local roadways with its 14 percent increase in train traffic on the Corridor through the first five months of the year.

An average of 52 trains a day use the Corridor between the San Pedro Bay ports and rail yards near East Los Angeles. The number of cargo containers shipped through the Corridor jumped 27.1 percent, outpacing the growth in trains and indicating that the trains are getting longer.

This year's Maritime Industry Salute, the annual fund-raiser for the International Seafarers' Center, will honor Monika Wegener, who has worked behind the scenes managing many of the industry's associations and other organizations including the Seafarers' Center.

The event, which includes the popular harbor-craft boat races, will be held 5 p.m. September 21 aboard the Queen Mary. For more information, call (818) 951-2842.

Save the date! This year's Green Port Open House, featuring environmental exhibits, harbor cruises, entertainment and food, will be held 10 a.m. to 2 p.m. Saturday, October 7 at the Port Administration Building, 925 Harbor Plaza.

PORT PEOPLE . . .

Richard S. Baratta, the former risk manager for Mazda North America, has been appointed to a newly created position at the Port of Long Beach as Director of Risk Management.

Baratta will oversee a four-person staff that covers the Port's liability, auto, property and travel accident insurance premiums. Prior to working at Mazda, Baratta was the vice president of liability risk management at Pacific Capital Bancorp in Santa Barbara and the risk management director for Exel Logistics in Oxnard.

The Marine Exchange of Southern California has announced that its board officers for the next year are Chairman John Hanlin of Marsh Risk and Insurance Services, President Capt. Ghalib Tikari of Marian Shipping Corp., Vice President Phillip Wright of Zim Container Line, Treasurer Lonnie Tang of the Port of Los Angeles and Secretary Jill Morgan of the Port of Long Beach.

Help us improve the 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.