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A Community Newsletter from the Port of Long Beach

WINTER 2004



Why Is Trade Growing?

A Q&A with Port Executive Director Richard Steinke

As Port cargo volumes continue to grow, so do the impacts of that growth on the local quality of life. In the following Q&A, Port of Long Beach Executive Director Richard D. Steinke talks about how the Port operates and what it is doing to minimize the negative impacts of growth.

Q What is causing Port cargo volumes to increase?

A The main reason is simple: Consumer demand — or more precisely, Americans buying things made overseas. According to the 2000 U.S. Census, the population of the United States has grown by nearly 26 million people during the last decade. New homes and shopping malls have been built to accommodate these people. The census also tells us that per capita consumer demand has doubled in the same 10-year period as families and individuals consume more products. Today, it is common for a family to own multiple cars, multiple television sets, and other consumer goods that are generally manufactured overseas.

Q What responsibility does the Port have over cargo?

A The Port of Long Beach is not responsible for ordering cargo or shipping cargo. We operate as a landlord and lease property to shipping lines from around the world. Shippers — such as manufacturers, large department stores and other retailers — book space with these shipping lines to move imports into the United States. This cargo is then unloaded at the Port of Long Beach to meet the demands of local consumers, as well as consumers throughout the United States.

(Continued on page 2)



One-third of the cargo shipped through the Port is delivered to consumers and businesses in Southern California.

IN THIS ISSUE

Local Scholars Benefit from Port Investments in Education	Page 4
Environmental Programs Target Diesel Emissions	Page 6
Portraits: New Commissioners	Page 8



Richard D. Steinke

(Continued from page 1)

Why Is Trade Growing?

QA Is the Port of Long Beach a private entity?
 No, the Port of Long Beach is officially the Harbor Department of the City of Long Beach. Our employees are City of Long Beach employees. We operate our Port on land that was transferred to the city by the State of California for the express purpose of developing and maintaining a municipal harbor.

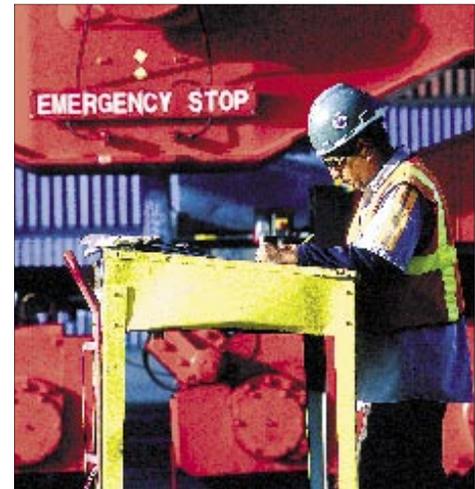
QA Are tax dollars used to support the Port?
 No. The Harbor Department generates its own revenues from customer leases, and we receive no tax revenues for our operations. Our lease revenues pay for employee salaries and benefits, maintenance of our terminals, and repay any debt incurred to finance capital expansion.

QA Do longshore union workers and shipping employees work for the Port?
 No. The Harbor Department has a staff of about 350 people who work at jobs similar to what you might find in any City Department: clerical workers, maintenance workers, security officers, customer service representatives, public relations personnel, etc. The longshore workers are hired by terminal operators who are, in turn, often hired originally by the shipping lines. The lines are hired by the shippers (Target, Wal-Mart, U.S. exporters, etc.) to move cargo. We have no direct connection to these workers.

QA Does all of the cargo imported through the Port stay in Southern California?
 Approximately 35 percent of all imports that move through the Port of Long Beach remains in Southern California for local consumption. Another 15 percent is delivered to areas beyond Southern California, but west of the Rocky Mountains. About half of the imports that move across our docks go east of the Rocky Mountains. Midwest and Eastern shippers (retailers and manufacturers) bring their cargo here because it is more cost-effective for them to ship goods to Long Beach and transport them east via rail than to ship their goods through the Panama Canal.

This "land bridge" also is six to eight days faster than the all-water Panama Canal route.

QA How long will cargo volumes continue to grow?
 Cargo increases as consumers demand more goods. As long as consumer demand increases, cargo levels will follow suit. If consumer demand decreases, cargo levels will fall.



A longshore worker checks paperwork in the shadow of a Pier T gantry crane.

QA What are the implications of Port cargo growth?
 The positive benefits include continued business revenues that translate into job opportunities and wages, and tax revenues that are used to fund public improvements. For instance, one in eight local jobs and \$1.5 billion per year in local salaries are tied to international trade. Regionally, trade through Long Beach generates some 320,000 jobs and \$15 billion in wages. Each year, more than 2,000 construction-related jobs alone are supported by Port capital projects. In addition, Port-related businesses generate more than \$146.5 billion a year in revenues and more than \$5 billion in federal, state and local tax revenues.

Finally, the Port of Long Beach transfers a portion of its net income to the City of Long Beach Tidelands Fund. Since 1995, the Board of Harbor Commissioners has authorized transfers of \$58.7 million – or \$7 to \$10 million annually – to the Tidelands Fund to be used for marina, beach and other waterfront maintenance.

Unfortunately, there also are negative impacts of international trade. The main impacts locally include traffic congestion, air pollution, and water quality impacts.

What is the Port doing to address the traffic congestion that accompanies cargo growth?

QA We are currently working with our terminals, local importers, warehouses, etc., to identify ways to spread the flow of traffic over a greater number of hours. At this time, most terminals are open during the evenings to load and unload ships, but the “gates” which accept truck pick-ups and deliveries are usually open only from 8 a.m. to 5 p.m.

We would like more terminals to open their gates earlier in the morning and remain open later in the evening. But to make these extended gate hours effective, we need warehouses and importers to cooperate by taking deliveries after hours as well. If a critical mass of importers and warehouses would take deliveries before 8 a.m. or after 5 p.m., the terminals could justify paying workers to open the truck gates for extended hours.

QA Can trains be used to move cargo? Emphasis on the use of rail is another way we are working to reduce congestion. Approximately 30 percent of the cargo that leaves the region is loaded onto trains within our terminals and never touches a freeway. We also have a transfer facility (the Intermodal Container Transfer Facility) located within several miles of the Port that allows cargo that is leaving the region to be transferred from truck to Union Pacific trains. Finally, the Alameda Corridor Transportation Authority is exploring shuttle trains that could carry cargo from the ports to an inland transfer facility and then to warehouses in the Inland Empire. If feasible, this shuttle train facility also could take a significant number of trucks off the highways.

What is the Port doing to address diesel pollution from trucks, trains, and other types of Port equipment?

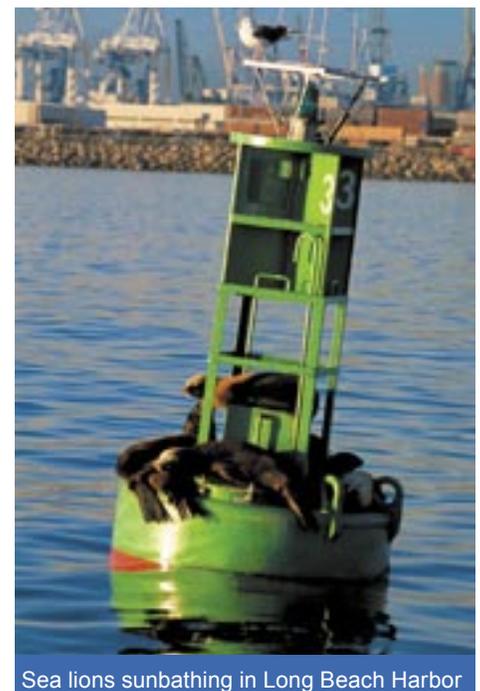
QA We are finishing a \$2 million program to retrofit about 600 off-road diesel trucks with catalytic converters and switch them to a cleaner diesel fuel. (See details on page 6.) The Port also is requiring its tenants to reduce emissions from all terminal equipment within the next five years. The Port itself is switching to low- and zero-emission vehicles for the Harbor Department. We also have been a contributor to the Gateway Cities program to replace older on-road diesel trucks with newer, cleaner models.

What is the Port doing to reduce emissions from ships?

QA Ships are engaged in international trade, and cannot be regulated by the Port alone. Nonetheless, the Port has launched a voluntary ship speed reduction program to curb emissions. The program urges vessels to travel at or below 12 knots within 20 miles of the coast. During the last three years, the program has reduced ship emissions by about one ton a day. The Port also is investigating the feasibility of providing shore-side electrical power to ships at berth, so that vessels could turn off their engines while docked.

How is the Port helping to clean the harbor waters?

QA Dredging of the harbor floor has removed much of the contaminated sediments over the years. In the last decade, the Port has developed and administered an award-winning storm water pollution prevention program to minimize runoff of contaminants into harbor waters. This has led to a revitalization of the harbor’s wildlife. A recent survey showed that more than 44 million organisms make San Pedro Bay home. This is a dramatic reversal from the conditions found in the bay just 20 years ago. These are the kind of results that diligence and planning can achieve.



Sea lions sunbathing in Long Beach Harbor