

2010: STATE OF THE PORT  
Presented by:  
Richard D. Steinke  
Executive Director, Port of Long Beach  
January 29, 2010

---

Good afternoon everyone

Thank you, Larry, for that very kind introduction and thanks to Moffatt & Nichol for your sponsorship and support of this event.

As I said last year, and it bears repeating again this year, your company is a great example of a world recognized company, based right here in Long Beach.

It truly is a vast team effort that makes the Port of Long Beach such a vital economic engine, and such a great place to work and do business.

Leading this effort is our extremely dedicated Board of Harbor Commissioners, appointed to guide Port policy on behalf of the citizens of Long Beach.

Please join me in saluting:

Commission President - Nick Sramek,

Vice President - Mario Cordero,

Commissioners - Dr. Mike Walter and Susan Wise

Also, I'd like to recognize our newest Commissioner, Thomas Fields, who is unable to be here today.

Thank you, Commissioners for your leadership.

At the Port, I have the privilege of working with a great team of nearly 400 very talented and hard-working professionals, led by the best management staff of any port in the world.

Would our port staff please stand, so you can see who is helping to meet challenge after challenge with our creative, industry-leading initiatives.

Thank you.

In addition, I would like to recognize our Port partners – all of you who have chosen the Port of Long Beach to do business.

A very, very special thank you to:

All of you in the maritime and goods movement industry,

Our very important contractors and suppliers,

Our colleagues at other governmental agencies, and, of course,

Our federal, state and local elected officials who have been so supportive.

It is these critically important partnerships that make our Port of Long Beach the best seaport in the world.

A big round of applause to all of you!

This has been a difficult and challenging year, as we've all wrestled with the effects of a major global recession.

But I think it's important to keep things in perspective:

The Port REMAINS a Key Economic Engine not only for Long Beach, but the entire region.

The Port economic engine continues to support 30,000 jobs right here in Long Beach - that's one in every eight jobs.

We support 316,000 jobs in Southern California and 1.4 million jobs nationally.

We moved more than 120 billion dollars worth of cargo last year – vital goods for retailers, consumers, manufacturers, farmers and businesses in nearly every sector of the economy.

And, although there is more competition every day for that cargo, the Port of Long Beach is STILL the second busiest container port in the United States and a leading gateway for trade between the U.S. and Asia.

With what we are doing, I am as confident as ever that we will remain a leader -- and continue to grow and prosper.

I believe that through our forward-looking policies we are creating The Port of the Future – one that is vital to a vibrant City of Long Beach and a prosperous goods movement industry throughout this region and across the country.

Today, I'll outline some of the ways that the Port of the Future is taking shape here in Long Beach.

But first, a brief look at the deep impacts of the recession in 2009.

Here are the key numbers:

A 22 percent drop for 2009 in total cargo containers at the Port of Long Beach.

5.1 million TEUs for the year compared to a peak of 7.3 million in 2007. That's a 33 percent drop from the peak.

We also saw a 50 percent fall in vehicles.

A 35 percent decline in steel shipments.

And a 30 percent decrease in lumber shipments.

And the biggest number of all – the thousands of jobs that we didn't have for longshore workers, warehouse workers, truckers – and so many others in the goods movement industry.

These were steep, unprecedented declines in cargo, and it will take time to climb back up.

Overcapacity and low freight rates plagued the shipping industry like never before.

But I believe that the rebound has started, and that the worst is behind us.

In the last couple of months, we have seen definite reasons to be cautiously optimistic.

In December, imports were up more than 13 percent and exports were up more than 30 percent.

December, which is usually one of our weakest months, was our second best import and second best export month in 2009.

Of course, it will be months before we see if the rebound can be sustained.  
But our economy is extremely resilient.

By working together with our tenants, our customers and our community, I am confident we will see better days, we will prosper together and we can do that soon.

Over the past several years we have worked diligently to nurture and strengthen our many partnerships.

We are working very closely with our colleagues at City Hall, the city officials and other city staff – I believe that relationship is the best it's ever been.

And, it's always important to inform and engage our community partners, the residents of Long Beach. We've greatly increased our outreach programs, with events such as Green Port Fest, Let's Talk Port and a whole host of educational and community engagement activities.

Our Facebook and Twitter followers know only too well that we are active participants in community events.

For our customers, providing great service is a given.

Still, in these troubled times, we've stepped up our efforts to ensure that the Port of Long Beach continues to be your "Port of Choice."

We recognize your tremendous challenges, and every day we seek new ways to help you prosper.

Throughout the year we've increased incentives to do business in Long Beach, and this coming Monday, we are introducing YET another round of incentives to support our customers.

On the development front, it's a great time to jump ahead of our competitors.

Because of our very careful financial planning over the years, we have been able to invest in major improvement projects.

These projects are already supporting construction jobs, boosting local economic activity and positioning the Port to increase our business.

In all, we are planning up to \$3 billion in improvement projects in the coming decade.

Together these projects would generate nearly 50,000 new, permanent jobs in the Southern California region, as well as thousands of temporary construction jobs.

In 2009 our Port development projects generated about 1,900 construction jobs! And there are more to come.

In the areas of development, environmental improvements and tighter security – key elements of our foundation for future prosperity – we had much to celebrate in 2009.

Topping the list was the go-ahead in April for our Middle Harbor Project – a model for our Port of the Future.

Middle Harbor will build efficient, green facilities to support thousands of jobs, while minimizing negative environmental impacts on the community.

The project will do that by combining two obsolete terminals into one, while doubling productivity and cutting air pollution by 50 percent.

Let me show you a brief video clip so you can see what I'm talking about.

There were many other examples of our investment in sustainable operations.

We moved ahead with more shore power -- switching from dirty diesel to clean electrical power while ships are docked.

In June the BP facility became the first plugged-in oil tanker terminal in the world, and recently received an Air Quality Management District award for the air quality improvements.

Construction began in August on a new shore-power dock at Matson's Pier C terminal.

By 2014, every one of our container terminals will be equipped with at least one shore-power berth.

Within a decade, 80 percent of the container ships will plug in to electricity.

The reduction in pollution from ships that utilize shore power is significant.

In terms of regional air quality benefits, providing shoreside power to a cargo vessel for one day provides an air quality improvement that is equivalent to removing 33,000 cars from the road for that day.

Truly amazing!

We are making way for more on-dock rail shipments – both to increase productivity and to minimize air quality and traffic impacts.

In September 2009, we kicked off a Pier B on-dock rail support facility.

For me, the sound of pile-driving equipment is the sound of progress!

Our projects meet our business needs, while also staying true to our trailblazing Green Port Policy.

In 2009, there was no better example than our extremely ambitious Clean Trucks Program. Our aim was to replace an old, polluting fleet of harbor drayage trucks.

And in slightly more than a year, with major investments from our public and private partners, we met our air quality goals for the Clean Trucks Program nearly two years early.

Today, we have right-sized the fleet and made it much more reliable, while reducing truck pollution by 80 percent -- and reducing the risk to public health.

I'd like to thank and recognize the many partners who made our Clean Trucks Program possible. Particularly, Mayor Bob Foster, who was an early and passionate champion of the program. Mayor Foster is travelling and couldn't be here today, but I wanted to thank him publicly for his continued support of the program.

I'd also like to personally thank the supporters who stepped up to be part of our Clean Trucks ad campaign. This campaign acknowledges and celebrates the whole reason for the program – CLEAN AIR.

These supporters are ILWU local 13 president George Lujan, Long Beach firefighter Mike Duree, Westside resident and parent Nora Sanchez, Westside clinic executive director Alan Terway, and truck driver Victor Aquino. Thank you for standing up on behalf of clean air.

There are many, many other stakeholders and supporters involved in Clean Trucks. Too many to thank each one of you individually today -- but you know who you are. We couldn't have done it without you.

Meanwhile, many of our established environmental programs continue to work behind the scenes to clean the air.

These include the very successful Green Flag program, the low-sulfur fuel program, the use of low-emission locomotives and more.

In 2006, when the Clean Air Action Plan was adopted, we set out to reduce pollution by 45 percent in five years, by 2011. With 2011 now just a year away, I have no doubt that we will meet or exceed our ambitious CAAP goals.

And we're not content just to use the best of today's technology.

We're aggressively pursuing and developing the technologies of tomorrow and beyond.

In July 2009 we welcomed our first vessel partially powered by solar energy, a car carrier bringing us Priuses and other Toyota automobiles.

In January, the world's first hybrid tug began operating at Foss Maritime.

And in the fall, we launched a search for a zero-emissions cargo mover system.

I know our commission president, Nick Sramek, is anxious to start a demonstration project to test such a system.

And, these are just a few examples of some of our out-of-the-box thinking.

To benefit the community, the Harbor Commission approved a Community Grant Program in March of last year. And, as part of the Middle Harbor project approval in April, the Commission approved the first 15 million dollars in grants to help offset the impacts of air pollution and cut greenhouse gases. The grants will be disbursed to the groups most vulnerable to air pollution - children at schools and the elderly at health-care facilities and senior centers.

I'd like to point out that these grants go further than ever before to reduce environmental impacts in the community. They are over and above what's required by state or local environmental laws. I think they really show the depth of the Harbor Commission's commitment to the community.

Safety and security at the Port of Long Beach is never far from our thoughts.

And it was an honor to dedicate our new Port of Long Beach Command and Control Center last February.

The new center serves as the Port's Security Division headquarters and as a coordination and communications hub for security agencies that protect the 3,000 acre harbor complex.

Another point of pride for us -- The Command and Control Center has become the first building in the harbor district - and just the third in the City of Long Beach - to earn a Leadership in Energy and Environmental Design or LEED certification from the U.S. Green Building Council. The Command and Control Center generated about 100 jobs a year during the two years of construction.

So that's a brief recap of 2009. And now, I'd like to focus on what we have planned in 2010 and beyond.

At the Port, our continuing challenge will be to:

Promote international trade,

Support port-related jobs,  
Help keep the Port safe and secure,  
And maintain our commitment to being a leading environmental steward.

Strong relationships with our industry partners, community neighbors and our regulatory agencies will remain critical to our success.

Because as we emerge from this recession, I believe we have a key adversary that poses a major threat.

And that's competition.

Port cities throughout North America are looking for business and jobs, like what we have here at the Port of Long Beach.

We are certainly not afraid of competition.

But we need to take it very seriously.

There is a real urgency here.

Canada, Mexico and other West Coast ports, not to mention Gulf and East Coast ports, are all aggressively courting international trade.

And of course there's the Panama Canal.

A major expansion is planned to open in 2014, clearing the way for the world's largest ships to travel between the Far East, directly to ports in the Gulf and East Coast.

That project is right around the corner.

Today's reality is that our customers are shopping around, and other seaports are vying aggressively for their business.

We need to be the best, most cost-effective port for meeting the needs of our customers.

We need to develop our infrastructure to move cargo more efficiently and reliably if we are to continue to support the economy and create new jobs.

And I'm glad to say that this has already begun.

Because of our aggressive environmental leadership we've laid a strong foundation for port development.

Other ports are scrambling to launch similar programs to maintain or gather public support for their projects.

We have a head start over our competitors.

And we've demonstrated that can have environmental leadership and a competitive edge!

As I said, we have the go-ahead from the Harbor Commission to begin our Middle Harbor Redevelopment Project.

We expect to start construction later this year.

In 2010, we'll be rolling out our next two milestone projects: The Gerald Desmond Bridge replacement project and the Pier S development project.

First, the bridge.

We are proposing a 1.1 billion dollar project to replace the aging Gerald Desmond Bridge to improve traffic flow and increase safety.

This is important both for commuters on top of the bridge and the ships and people working underneath.

More than 40 years old, this obsolete bridge was designed at a time when no one could have imagined the growth in world trade, much less the major role that the Port of Long Beach plays in that international exchange of goods.

It must be replaced.

This structure is a bridge of national significance.

Roughly 15 percent of the goods coming into this country move across the Gerald Desmond Bridge.

Replacing this bridge is a national priority. Because goods that cross this bridge go to every Congressional district in the nation!

It is truly a bridge to everywhere.

For those of you who work or live in downtown Long Beach, you know that the Gerald Desmond is a bridge of local and regional significance, too – a critical link for commuters.

Not many people know that 75 percent of all the traffic on the bridge is commuter traffic.

Construction of a replacement bridge will provide a significant economic boost to our region – as much as \$2.8 billion, according to the L.A. Economic Development Corporation.

And it will support, on average, 4,000 jobs a year for five years of construction.

We are planning to release the draft Environmental Impact Report for the project as soon as next week, with hearings later in the month that will allow the public to comment on the report.

Let me show you a brief video clip so you can take a look at this very important project.

Your comments will be crucial during the approval process, so let us know what you think.

Later this year, we intend to present another major project with the draft Environmental Impact Report for the proposed 650 million dollar development of a shipping terminal on Pier S. The new Pier S terminal will allow us to move more cargo and support about 35,000 permanent, new jobs in the five-county Southern California region. And during construction, the Pier S project will mean 1,500 jobs each year.

Those are just some of our biggest projects.

We're also beginning a major dredging project in partnership with the U.S. Army Corps of Engineers to assure that the biggest ships can move in and out of the Port safely.

The 40 million dollar project was supported with stimulus funding from the American Recovery and Reinvestment Act.

The dredging will complete improvements to the Main Channel and create a safe turning basin for tankers at one of the busiest oil terminals on the West Coast.

It will also clear materials from the Catalina Basin at the mouth of the L.A. River to allow Catalina Express boats to travel safely between Long Beach and Catalina Island.

We will continue the Pier G renovation for ITS with construction of a maintenance and repair facility and on-dock rail yard.

Construction crews have already completed the new Pier G shore power berth. We recently broke ground on a green, energy and water-conserving terminal administration and operations complex.

Like our Command and Control Center, the new Pier G buildings will be LEED certified by the Green Building Council.

The ITS administration complex alone is generating more than 200 temporary construction jobs during the next three years.

There are many more Green Port projects.

In just a few short years, we have integrated a sustainability ethic into our day-to-day Port culture – making green operations a central part of who we are and how we operate.

It seems appropriate that we are soaring toward this new era of sustainable international trade as we approach our 100th anniversary in 2011.

We will certainly have a lot to celebrate.

As I said -- we plan to be The Port of the Future.

We'll achieve this though:

Designing and building the most cost-effective and efficient green shipping terminals.

Upgrading our transportation infrastructure – from better rail connections and street overpasses all the way to new bridges.

Testing and implementing new green technologies

Developing innovative programs like the Clean Trucks Program to safeguard public health.

Creating a vision for the future, of a time when cargo movement is truly LOW impact, with projects like the zero-emission container movement system.

We'll continue to challenge the status quo on how we move cargo from the ship, through the terminals and over the goods movement infrastructure to consumers across America.

But we can't do this by ourselves.

We will only move ahead, succeed and prosper with the support of:

the public

our elected officials

other government agencies

union leadership

trucking and shipping companies

importers and exporters

the warehousing and distribution industry

and all the valued customers who have chosen to do business here at the Port of Long Beach.

In other words, you here in this room.

It will take a tremendous team effort to keep goods movement in this region competitive, and our Port of Long Beach as a major economic engine that helps us all to prosper.

I know we can do it.

By working TOGETHER, we can become The Port of the Future.

Thank you.

###