

America's Marine Highway &



Regional
Trade
Corridor
Project

CALIFORNIA'S
GREEN TRADE
CORRIDOR
AT THE PORTS
OF OAKLAND,
STOCKTON
AND WEST
SACRAMENTO,
CALIFORNIA

State Smart Transportation *Initiative*

Thursday February 24th, 2011

California

Green Corridor Waterway

Presentation



NORTH AMERICA

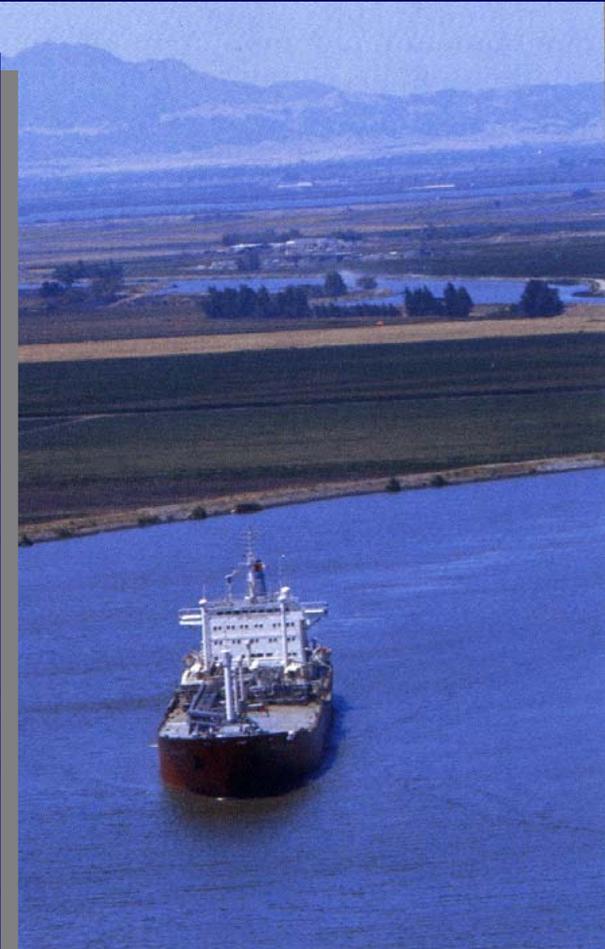


**Port of
Stockton**





8 hour trip from San Francisco to Stockton



The Port of Stockton Today



Interstate 5

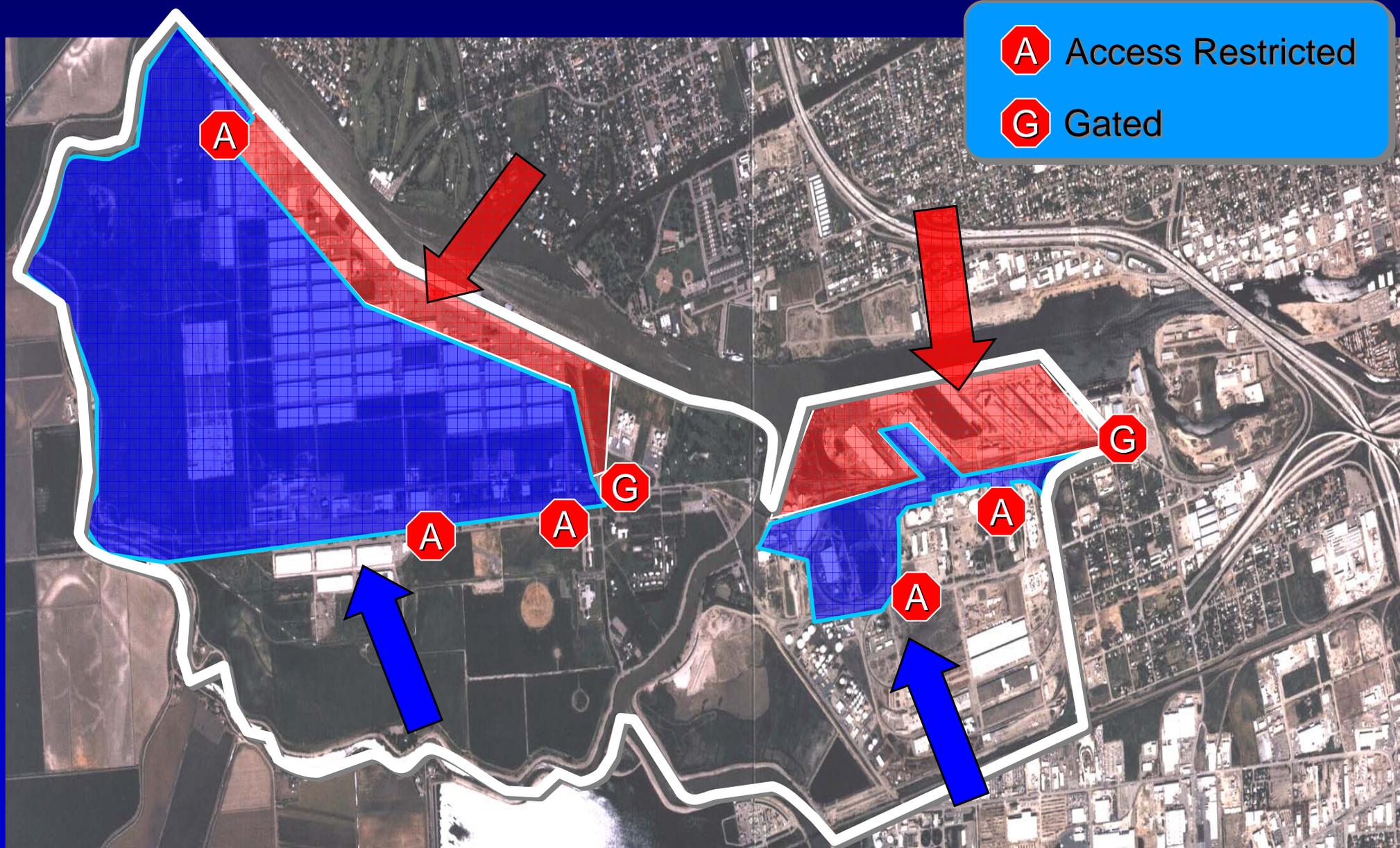
Stockton Deep Water Channel

Port of Stockton Expressway to Hwy 4

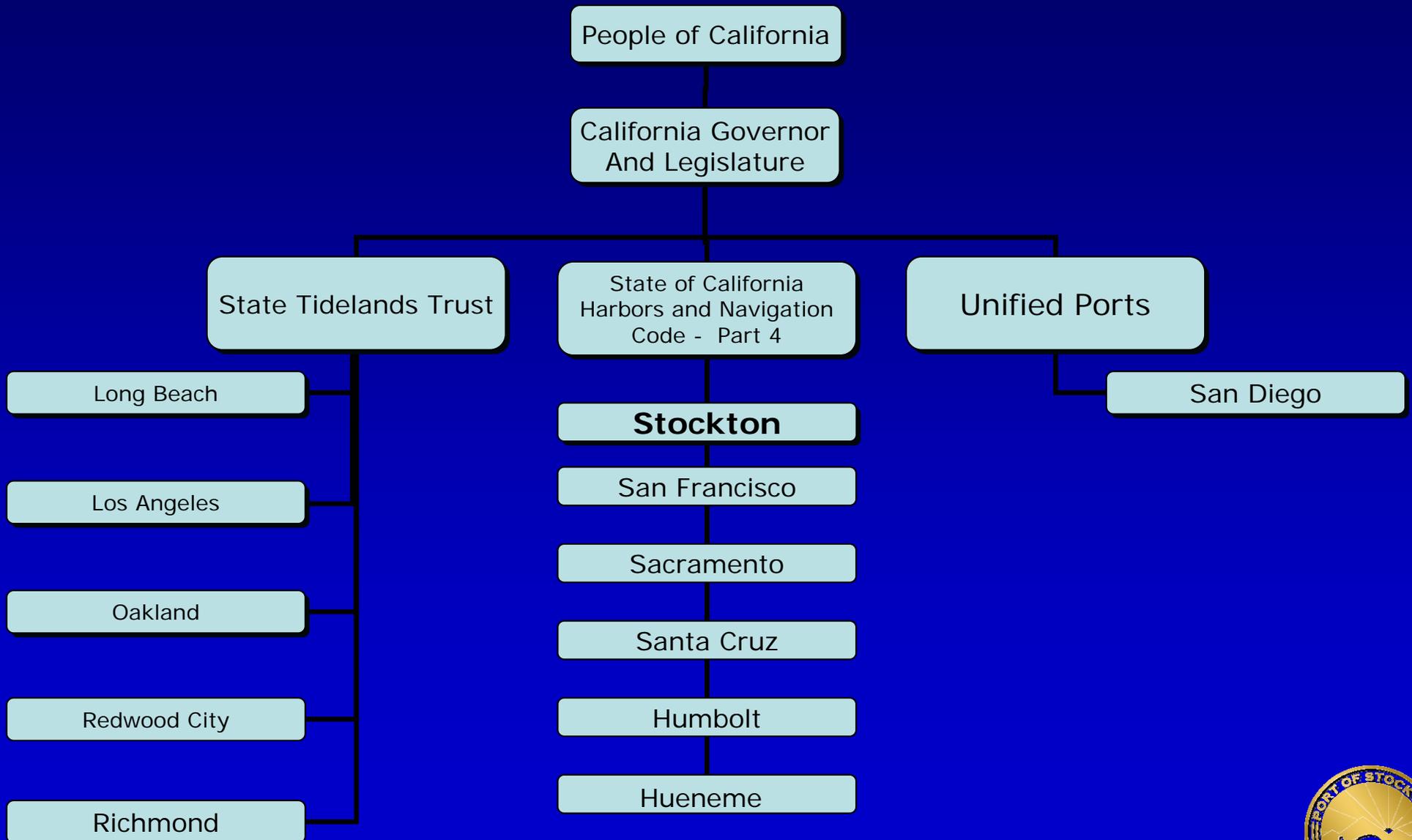
BNSF Railroad

Port of Stockton

Restricted/Secured Area



How is the Port Governed ?



Port of Stockton Governance

- Seven Commissioners (4 City and 3 County appointees)
- Four year terms
- No Term Limits

Stockton Mayor and City Council (2010)

- W. Ronald Coale
- Steve Griffin
- Steven A. Herum
- Sam L. Toccoli

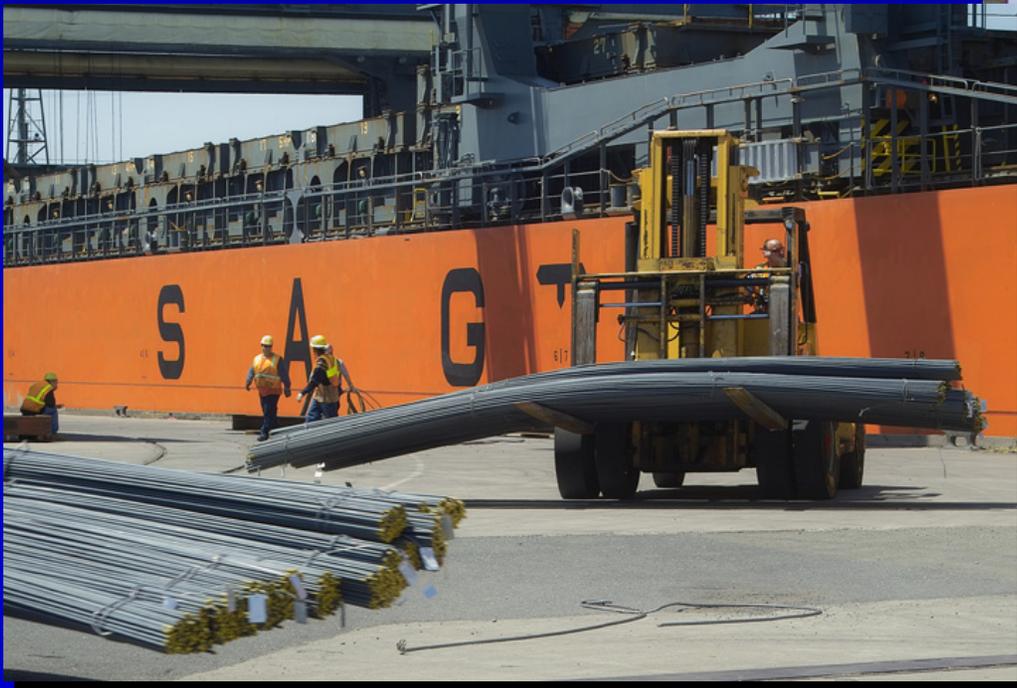
San Joaquin County Board of Supervisors (2010)

- Gary Christopherson
- Dr. Elizabeth Blanchard
- Victor Mow



Only Operating Port in California

- Directly Manages the Port's Daily Operations
 - Stevedoring
 - Vessel Operations/Scheduling
 - Loading/unloading
 - Terminal Services
 - Warehousing/Distribution
 - Account Management



Incentives

- Foreign Trade Zone
 - Defer, reduce, or even eliminate Customs duties on products admitted to the zone
- Enterprise Zone
 - Allows private sector investment to revive the local economy
 - Hiring Tax Credit
 - Sales and Use Tax Credit
 - Reduction in City Plan Check and Building Permit Fees
- Redevelopment Area



Incentives

- CEQA (California Environmental Quality Act) processing
 - Necessary component for all “projects” in California
 - Port of Stockton is the Lead Agency, with final approval of all documents
 - West Complex Programmatic Level EIR already certified – shortens process for those who fall under the EIR umbrella



Primary Income Sources

Tariffs

Dockage/Wharfage

Rental Income

Interest Income



For Profit vs. Non Profit

- Job creation is the Bottom Line
- Still Have to Pay Bills
- Interrelationship between:
 - Shipping (Short term \$'s)
 - Leasing (Long term \$'s)



California's Population is projected to reach almost 60 million people by 2050

- Adding over 25 million since the 2000 decennial census, according to long-range population projections released in July 2007 by the California Department of Finance
- From less than 34 million Californians counted in that census, the new data series shows that the state will pass the 40 million mark in 2012 and exceed 50 million by 2032
- Three counties – Kern, San Joaquin, Fresno – will each grow between 1 and 1.5 million people by 2050



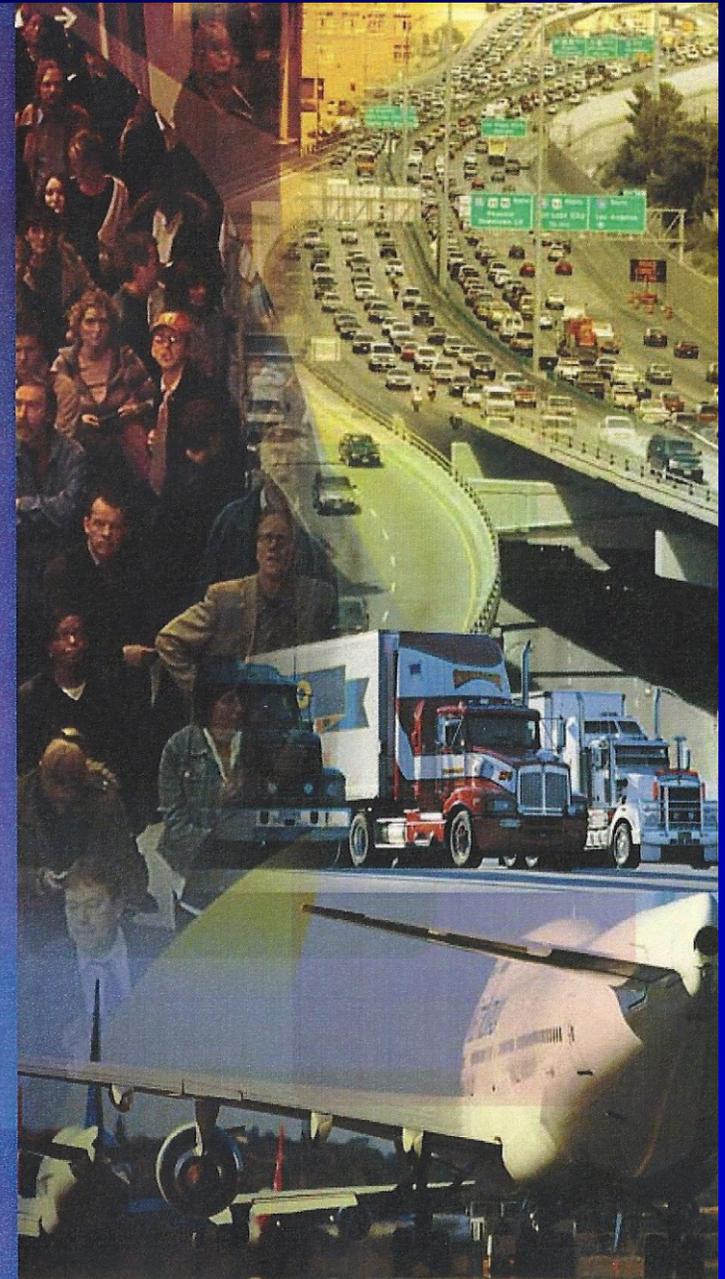


U.S. Department of
Transportation

American Recovery and Reinvestment Act of 2009

TIGER Discretionary Grant Program

June 2009



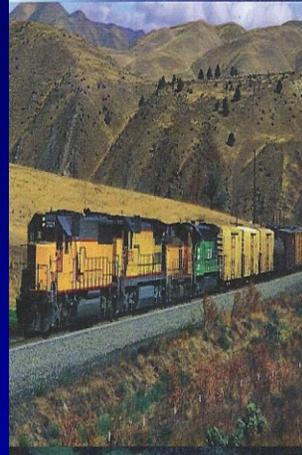
Program Overview



- \$1.5 billion of grant funds for state or local governments to be awarded by the Secretary through a competitive process to projects that have a significant impact on the Nation, a metropolitan area, or a region.
- Grants must generally be \geq \$20 million and \leq \$300 million
- Secretary may waive the \$20 million minimum grant size for significant projects in smaller cities, regions or states
- Eligibility for capital investments in surface transportation
- Secretary must take measures to ensure (i) equitable geographic distribution, (ii) balance in addressing rural and urban needs, and (iii) that no more than 20% of funds go to any single state
- Priority for projects that can be completed by February 17, 2012, and grants that complete a project's overall financing package



Eligibility Requirements



- **Eligible Applicants:** Funds will be awarded to State and local governments, including U.S. territories, tribal governments, transit agencies, port authorities, other political subdivisions of State or local governments, and multi-State or multi-jurisdictional applicants.
- **Eligible Projects:** Capital investments in surface transportation infrastructure that are eligible for TIGER Discretionary Grants include, but are not limited to: (1) highway or bridge projects; (2) public transportation projects; (3) passenger and freight rail transportation projects; and (4) port infrastructure investments, including projects that connect ports to other modes of transportation and improve the efficiency of freight movement.



Primary Selection Criteria

- Long-Term Outcomes: The Department will give priority to projects that have a significant impact on five desirable long-term outcomes:
 1. State of Good Repair: Improving the condition of existing transportation facilities and systems
 2. Economic Competitiveness: Contributing to the medium- to long-term economic competitiveness of the United States
 3. Livability: Improving the quality of living and working environments and the experience for people in communities
 4. Sustainability: Improving energy efficiency, reducing dependence on oil, reducing greenhouse gas emissions
 5. Safety: Improving the safety of U.S. transportation facilities



Primary Selection Criteria

- Job Creation & Economic Stimulus: Consistent with the purposes of the Recovery Act, the Department will give priority to projects that are expected to quickly create and preserve jobs and stimulate rapid increases in economic activity, particularly jobs and activity that benefit economically distressed areas.



Secondary Selection Criteria

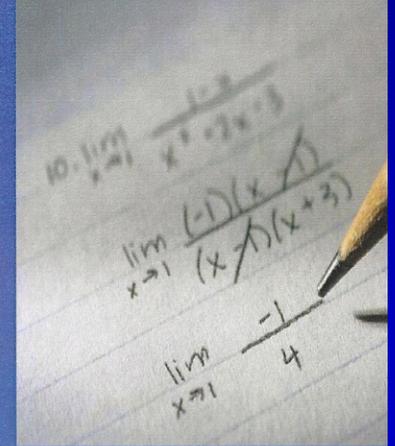
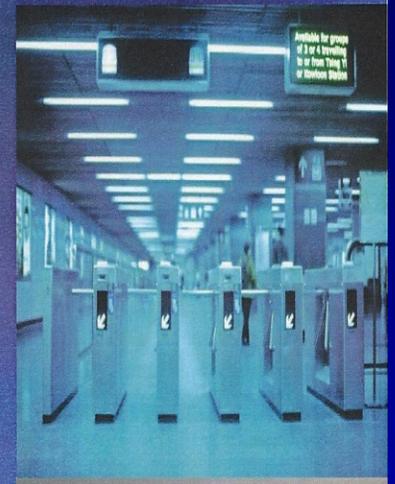


- Innovation: The Department will give priority to projects that use innovative strategies to pursue the long-term outcomes highlighted in the solicitation
- Partnership: The Department will give priority to projects that demonstrate strong collaboration among a broad range of participants and/or integration of transportation with other public service efforts



Benefit – Cost Analysis

- Conversion of benefits and costs to NPV
- **<20 M** grant size – BCA requirement is waived
- **≥20M <100M** grant size – applicants must provide estimate of a project's benefits for the five identified long-term outcomes
- **≥100M** – applicants must provide a well-developed analysis including methodological standards used and values assigned to qualitative measures
- The Department is specifically seeking comments on this requirement.



America's Marine Highway & Regional Trade Corridor

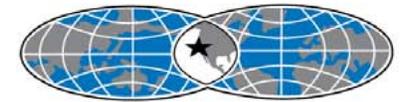
Port of Stockton CALIFORNIA

A Public/Private Partnership
Public sector partners include:

US Maritime Administration



Port of Oakland



PORT OF OAKLAND

**San Joaquin Valley Air
Pollution Control District**



Port of Stockton



**Bay Area Air Quality
Management District**



Port of Sacramento



Proposed Marine Highway 580 Corridor



Project Drivers

California's port system faces serious constraints to properly service international trades

- Congestion
- Lack of available inexpensive land for expansion
- Traffic problems and air pollution tied both to road transport, terminal, and ship operations
- Labor issues
- Cold-chain services inhibited

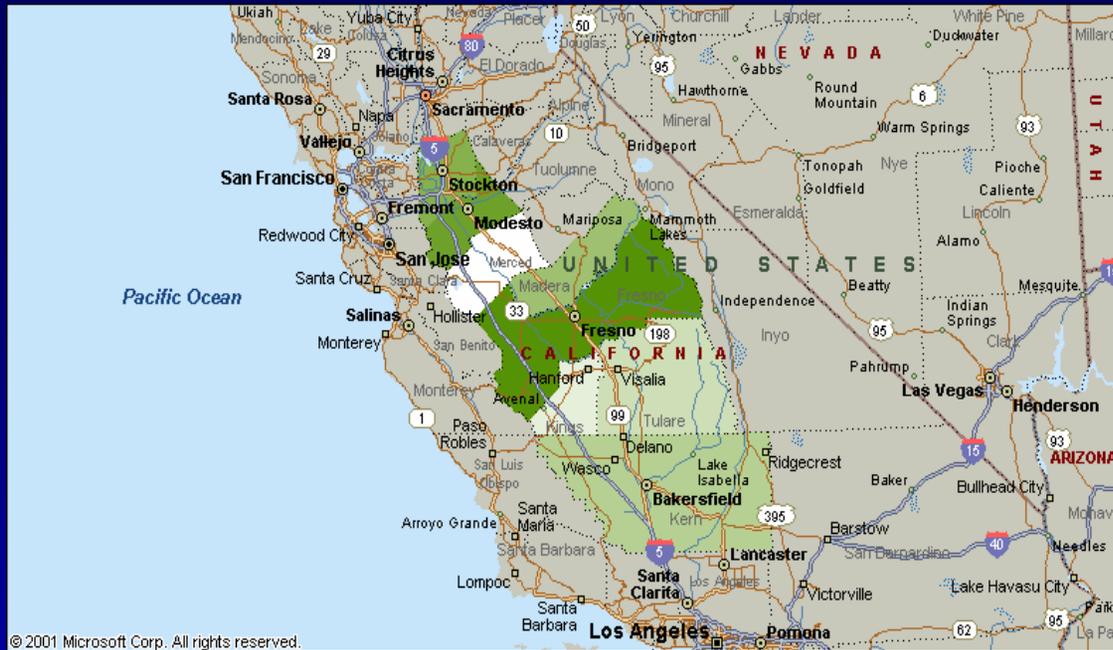
California San Joaquin Valley agricultural products in exports are particularly affected

Port of Stocktonas the alternative:

Strategic location in the heartland of agricultural production, proximity to rail & road

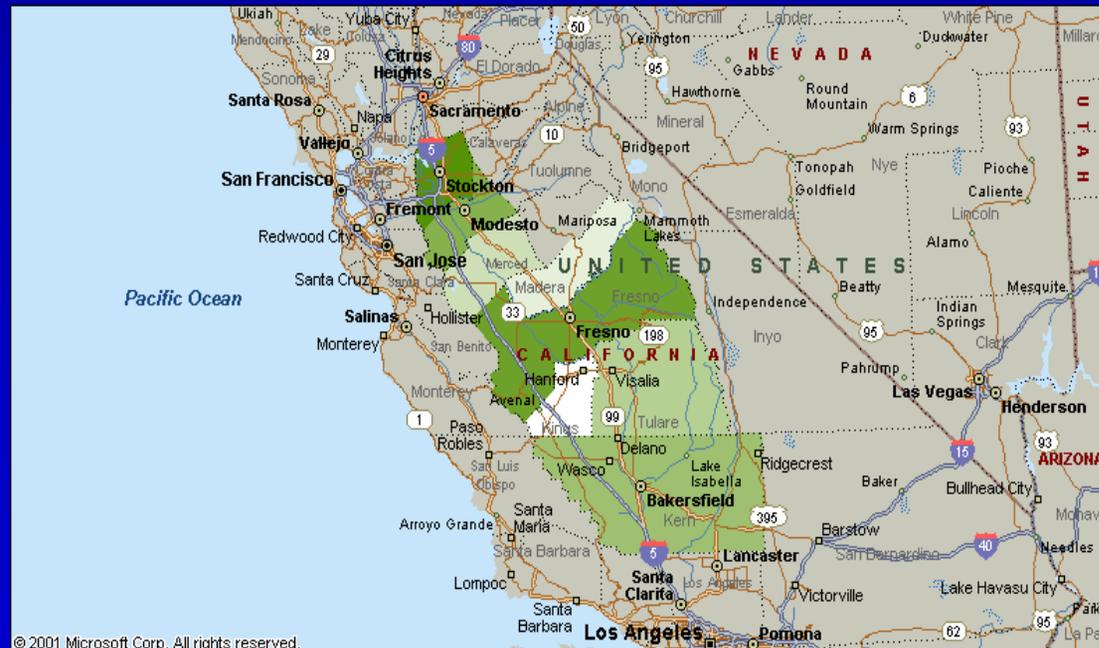
- **Port infrastructure is under-utilized**, particularly with respect to agricultural product movements
 - Opportunity to give San Joaquin Valley export products more exposure in World markets
- **Refrigerated Warehouse facility**, first of its kind using alternative energy source and proprietary fumigation technology in California
 - Large Competitive advantage with Importers, to maintain Cold-chain, reduce ambient exposure
- **Significant Import & Export Opportunities**
 - Enhance Efficiency through better utilization of all facilities and transport equipment
- **Economic Stimulation/Development**
 - Job Growth, Tax Revenue, Industry growth & Revitalization to the San Joaquin Valley





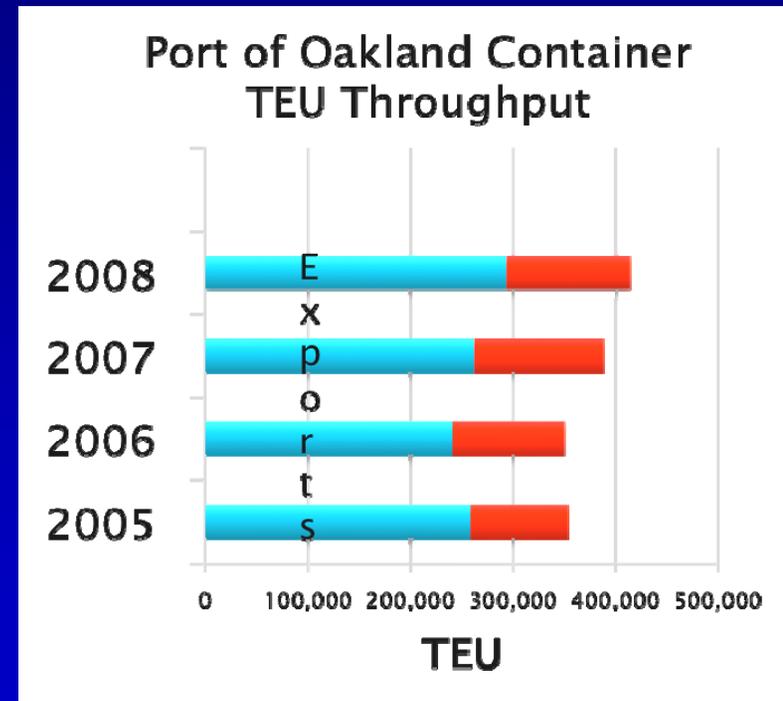
**Export Market
Concentration
From Stockton & Sacramento
Hinterland
On average. 378,000 TEU's**

**Import Market
Concentration
From Stockton & Sacramento
Hinterland
on average. 270,600+ TEU's**



Large Volumes of Agricultural Commodities Flow Through the Port of Oakland

- Agriculture Container Volume Indicator of Agriculture Potential for Container on Barge Traffic
- Agriculture Exports 2008: 293,706 TEU
- Agricultural Imports 2008: 120,898 TEU
- 414,604 TEU or 207,302 Forty Foot Containers



Source: PIERS





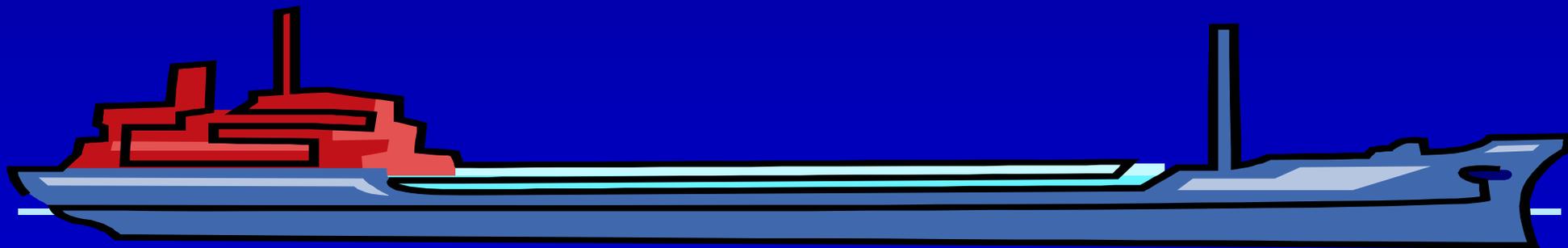
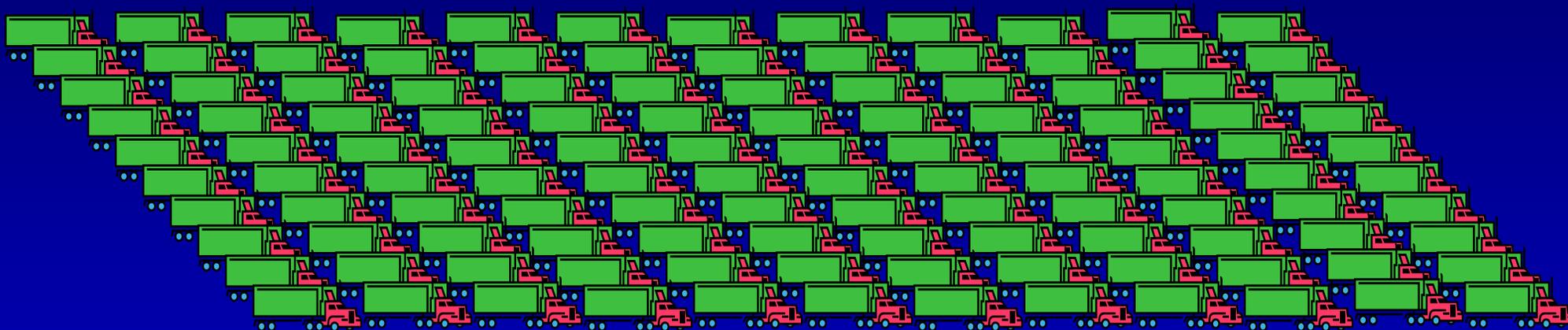
M&L Commodities , Inc. Cold Storage Stockton
Public Refrigerated Warehouse,
Green Fumigation & Hydrogen Fuel Cell Powered Facility
Port of Stockton, California



Ship vs. Truck Pollution Study

Marine Transport reduces congestion and pollution

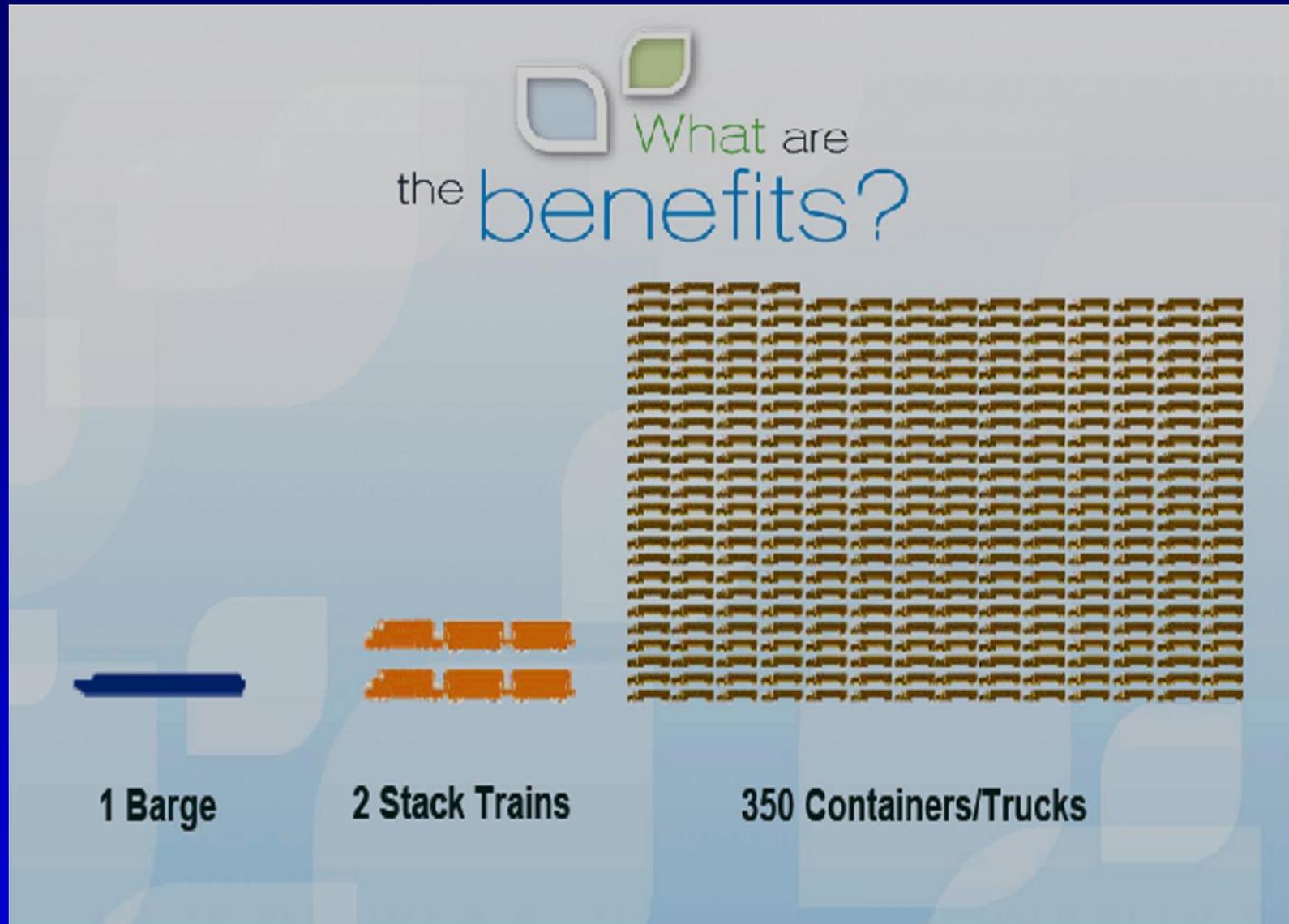
- 1 ship = approx. 1200 truck trips
- Reduces Nox emissions by 2,000 lbs



= 10 truck trips



Compare Equivalent Units





What are

the **benefits?**

Short Sea Shipping

Reduce Fuel Consumption

One Gallon of Fuel Moving One Ton of Cargo



60 miles



426 miles



500 miles

Source: Port of Oakland 2005 Seaport Air Emissions Inventory

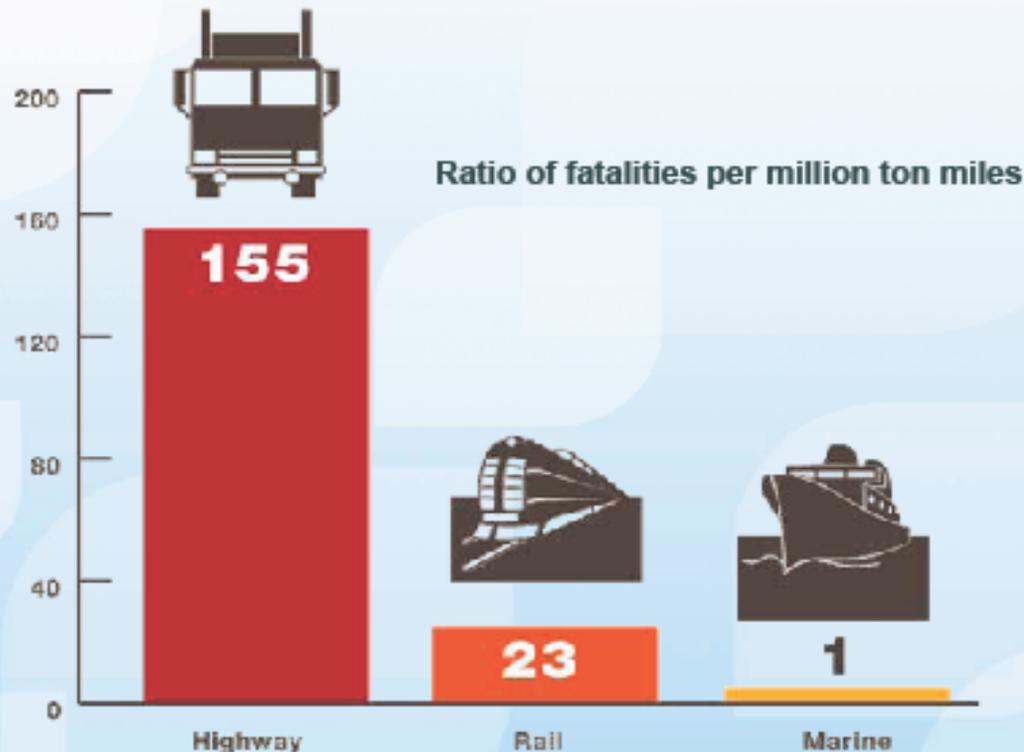


Short Sea Shipping

What are
the **benefits?**

Improve Safety

Barging is significantly safer than other transportation modes



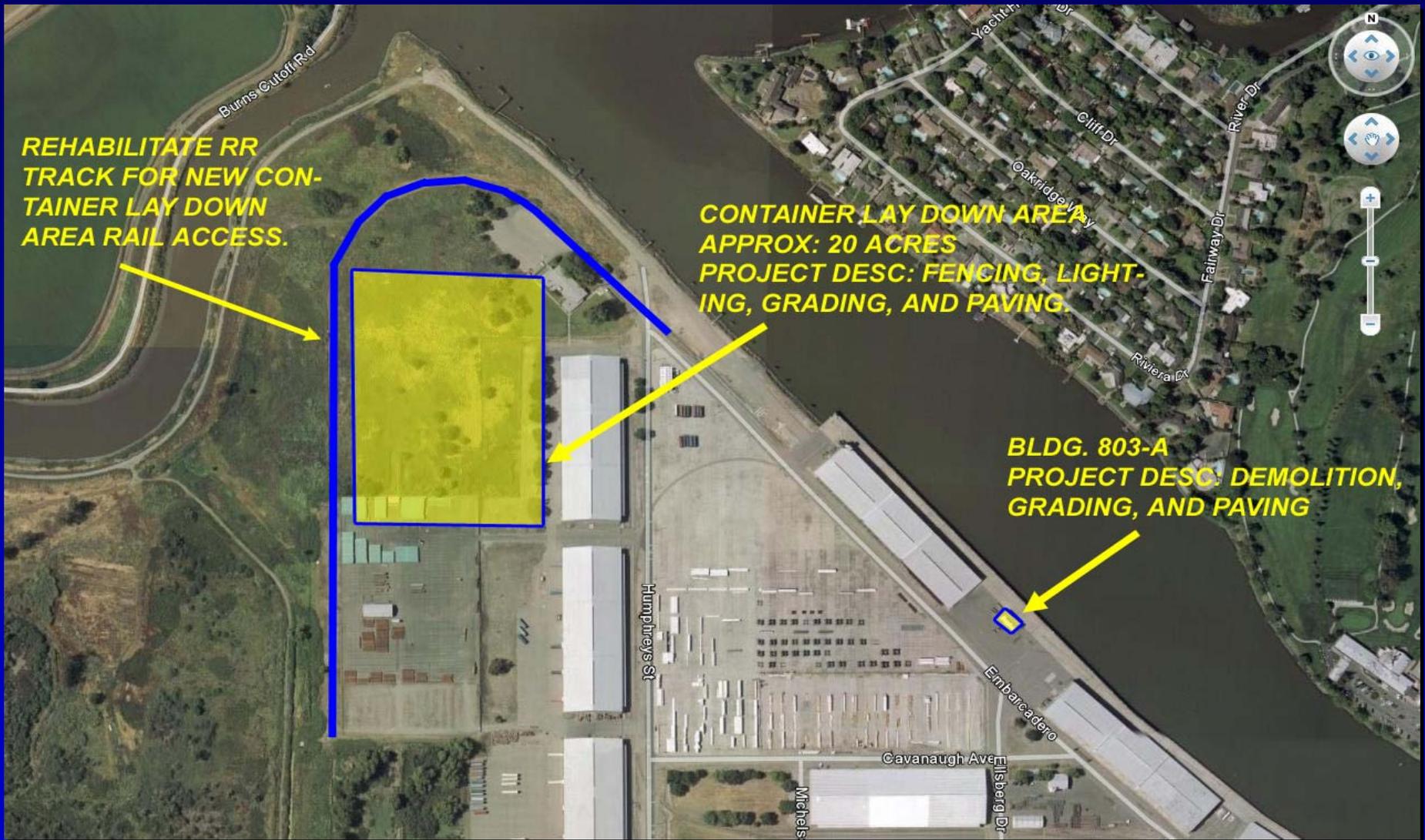
Americas Marine Highway Project ARRA/TIGER GRANT

The Port of Stockton received \$13 million as part of a shared grant of \$30 million with the Ports of Oakland and West Sacramento. This is to facilitate the acquisition and construction of port infrastructure to develop a container on barge service between the three respective ports. Stockton will acquire the following;

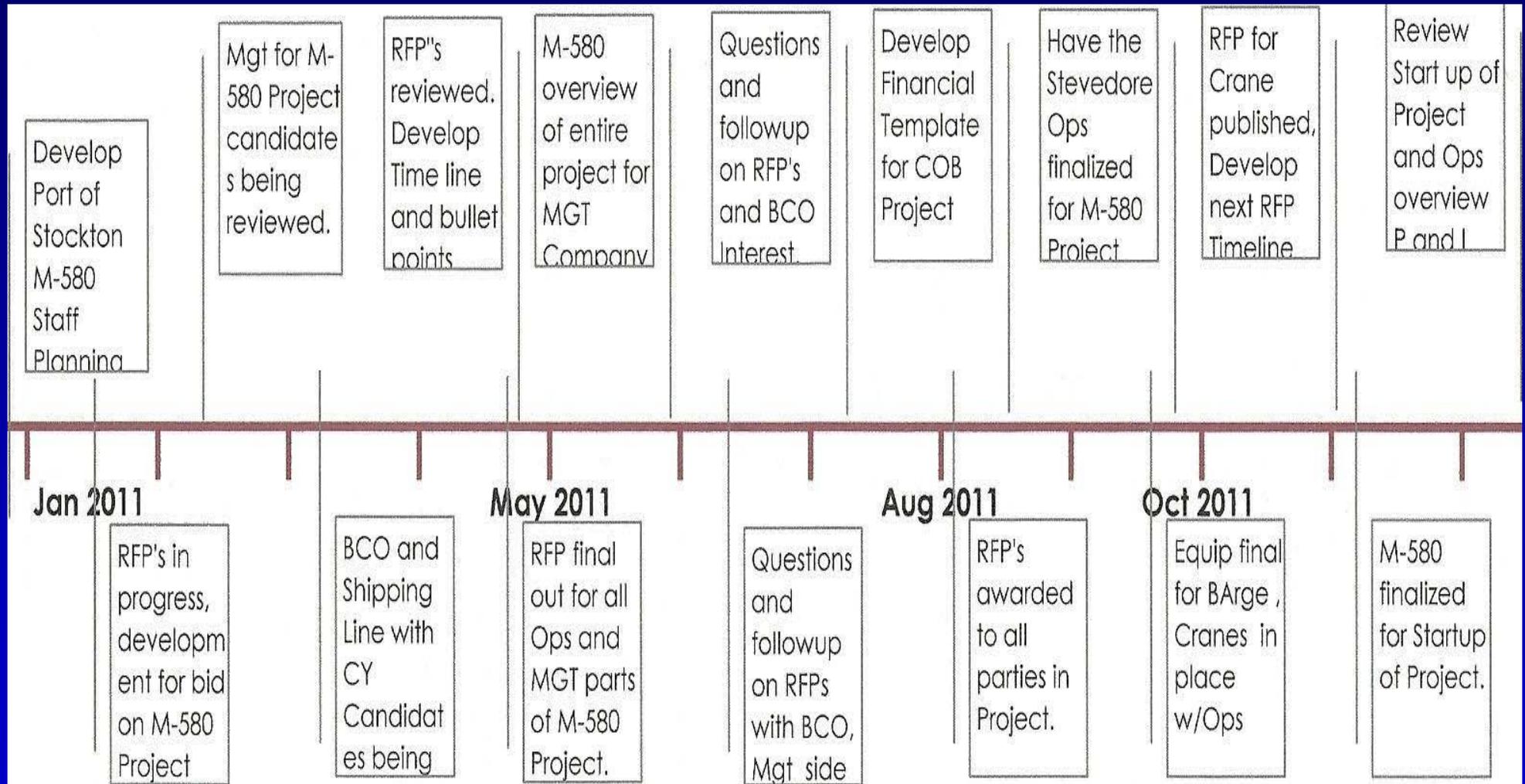
- Purchase two (2) 140 ton + mobile harbor cranes
- Construction of a rail served 5-15 acre secure near dock container yard
- Demolition of a boiler room and old rail mounted crane
- Shared purchase of a barge with Oakland and West Sacramento
- Completion of a loop railroad system on the West Complex allowing for unit train delivery by adding 3,200 feet of rail from the container yard to dock 19
- Targeted service start up is scheduled for February 2012



Port of Stockton TIGER Grant



Port of Stockton ARRA/TIGER Grant Project Time Line 2011



Stockton Container on Barge Potential Cost Sept. 2010

Container on Barge Cost Per Leg Oakland to Stockton based on 400 total moves per week / imports & exports

Leg	Cost	Source of Cost	Date	Notes
Vessel to Dock	\$200.00	Estimate	8/30/2010	Vessel off load & equip rentals
Dock to Barge	\$127.50	SSA	8/30/2010	Dock Move & load to barge, inc. equip
Barge to Stockton	\$ 48.00	Brusco Tug	8/30/2010	Water route cost by barge & tug
Unload at Stockton	\$105.00	SSA	8/30/2010	Off load, labor only IWLA, no equip
Wharfage at Stockton	\$ 10.00	Estimate	8/30/2010	Estimated, to be reviewed by port
Truck to regional DC	\$ 85.00	Estimated	8/30/2010	Under Vendor Control
CY Stockton	\$ 15.00	Estimated	8/30/2010	Off Dock site, revenue offset 0 or positive

TOTAL OPERATING COST \$590.50

- a. Note total cost now to Benefiting Cargo Owner is \$327 TT + \$410 Truck = \$737.00 to door
- b. Note Revenue estimate would be – control from vessel to delivery (potential charge of “x” amount)
- c. Potential \$737.00 less 15% is \$627.00 – Total now less Container Yard is \$575.00
- d. Change amount for percent needed in operation including Earnings Before Interest & Taxes

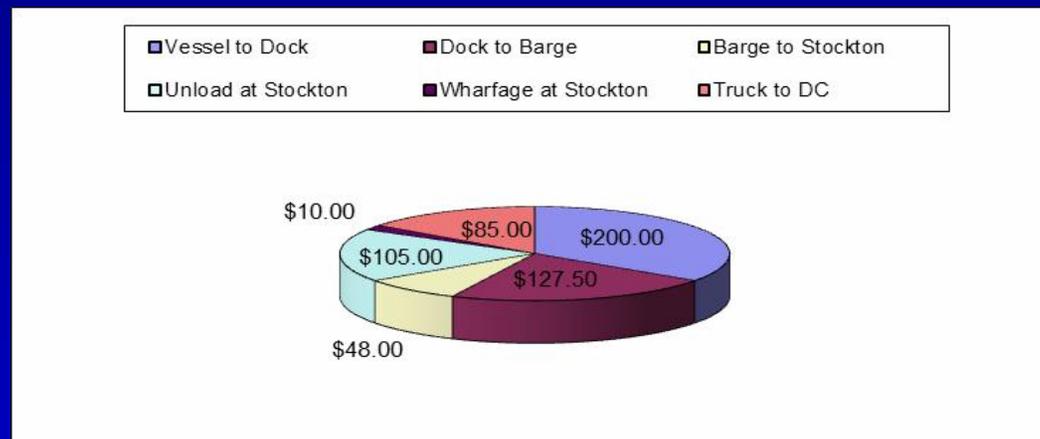


Stockton Container on Barge Potential Cost Sept. 2010

Current Truck Model Cost

Leg	Cost	Source of Cost	Date	Notes
Oak/Port Term Throughput	\$350.00	POA, SSA, APL	10/30/2008	Avg. from APL, SSA, Ports America
Oakland to Stockton / truck	\$405.00	Source local truck lines	10/30/2008	Rate \$320 + 27% Fuel Service Charge

TOTAL MOVEMENT COST \$755.00



Container on Barge Costs \$590.50

COB vs Truck Savings \$164.50

Potential \$105.00 (minus O/H) per container Earnings Before Interest & Taxes on move (not included operating profit) x 400 per week = \$42,000.



More Benefits?

New Business Opportunities

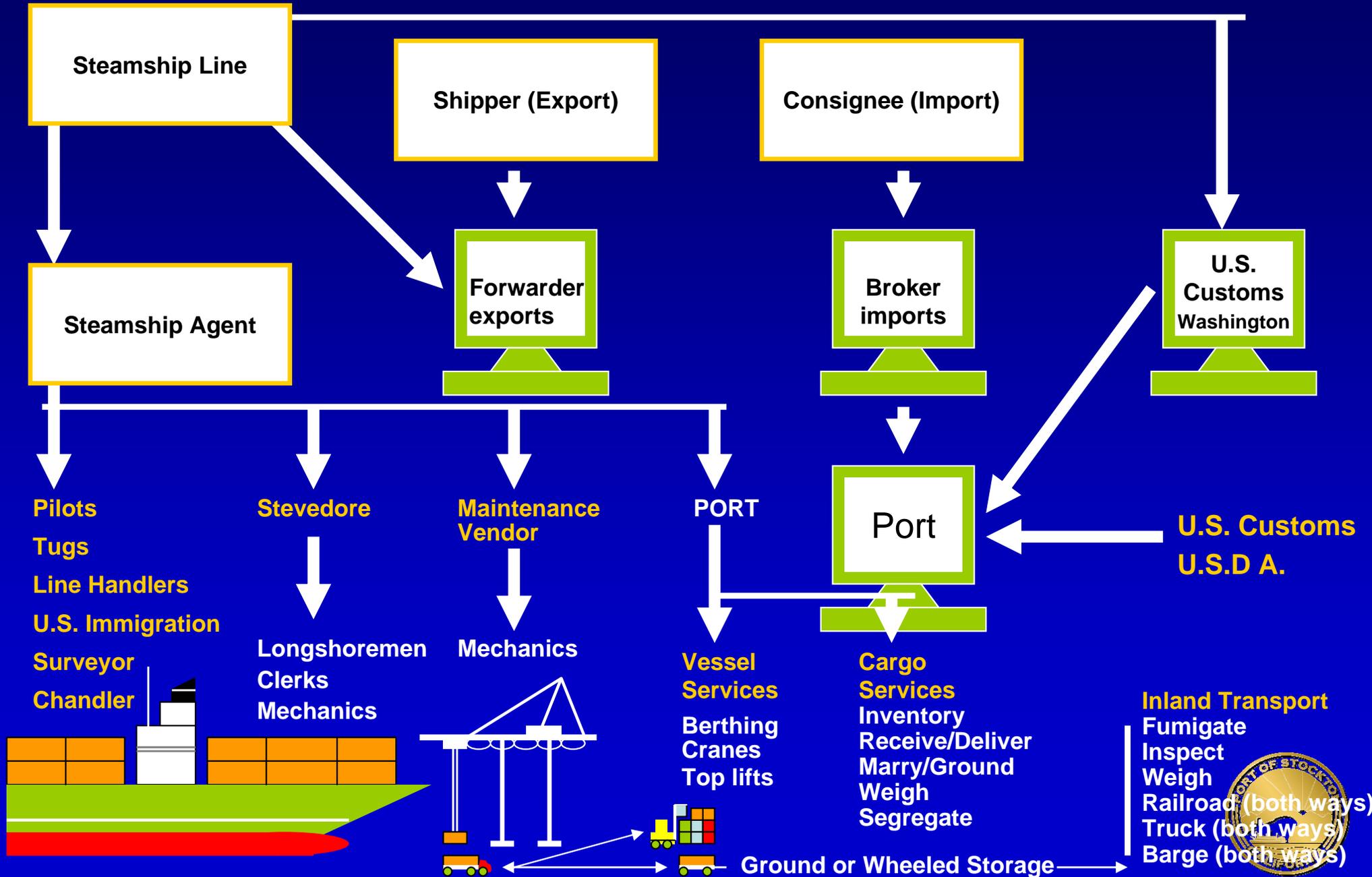
Create Local Family Wage Jobs

- **During Construction –**
- **276 Direct Jobs, Secondary Jobs 690**
- **Direct Employment: 50-100 new jobs**
- **Indirect Employment: 300-600 new jobs**



General Sequence for Cargo Movement

And the employed who all make it happen



Federal, State and Local Grants

The Port of Stockton has been very fortunate in receiving a multitude of grants during the past few years.

ARRA/TIGER, Department of Homeland Security, California Prop 1B and the San Joaquin Valley Unified Air Pollution Control District and others have helped in providing the necessary infrastructure that will carry the Port of Stockton well into the future.

They will also provide employment in our community reeling from a double digit unemployment rate. Over the next 18 months, the port will be administering to nearly \$30 million in grant funding.



PORT OF STOCKTON DOT GRANT PROJECTS

TIGER Grant DOT / MARAD FED \$13,000,000
*276 JOBS CREATED

Navy Drive Bridge DOT / FHWA FED \$12,247,222
*195 JOBS CREATED

West Complex Rail Yard DOT / ARRA FED \$1,000,000
*16 JOBS CREATED

Fresno Avenue SR4 DOT / FHWA FED \$852,616
*13 JOBS CREATED

BNSF Grade Separation DOT / FHWA
FED \$ 7,200,000 ST \$4,400,000
*185 JOBS CREATED

TOTAL FEDERAL FUNDING: \$34,299,838
TOTAL STATE FUNDING: \$4,400,000
TOTAL JOBS CREATED: 685



1. Secure Systems PSG 2010
FED \$455,775
*7 JOBS CREATED

2. GIS Mapping PSG 2008 / Prop I B
FED \$1,125,000 ST \$375,000
*24 JOBS CREATED

3. TWIC Readers PSG 2009 ARRA
FED \$1,724,000
*27 JOBS CREATED

4. Down River Surveillance PSG
2010 FED \$1,999,500
*32 JOBS CREATED

5. Entrance & Gates PSG 2007
FED \$791,814 ST \$263,967
*16 JOBS CREATED

6. Marine Terminal PSG 2007 FED \$1,066,250
*17 JOBS CREATED

7. Wireless Comm PSG 2007
FED \$787,000 ST \$241,467
*16 JOBS CREATED

8. Hydro Lift PSG 2007
FED \$86,900 ST \$23,000
*1 JOB CREATED

9. Cent Util Hub PSG 2007B / Prop I B
FED \$562,500 ST \$87,500
*12 JOBS CREATED

10. *Training PSG 2007 FED \$225,000 NON-CONST.
*4 JOBS CREATED

PORT OF STOCKTON PORT SECURITY GRANT PROJECTS

TOTAL FEDERAL FUNDING: \$7,598,739
TOTAL STATE FUNDING: \$528,434
TOTAL JOBS CREATED: 156



