

# Diversity fuels recovery

From Washington State to California, ports on the United States West Coast are experiencing steady cargo growth, development of facilities and increased enquiries for coal exports to China

**A**ccording to recently released year-end results, 2010 was the third best tonnage year for marine cargo in the Port of Portland's history, totalling over 13.1m tons. The Port closed a number of key transactions last year and reported positive gains in every cargo category. By the numbers, the 575 ships calling Portland last year represented a 15 percent increase, with total tonnage up by 28 percent compared to 2009.

"Business has improved substantially, and we expect this wave of recovery to continue through the fiscal year," said Sam Ruda, director marine and industrial development. "Considering near term initiatives and strengthening cargo volumes, there are reasons for optimism."

The outlook for imports and exports improved with completion of the Columbia River channel improvement project in November 2010. With a 43ft navigation channel, each ship can accommodate an additional 6,000 to 10,000 tons of the heavier bulk and containerised cargoes.

Photo courtesy of  
The Port of Portland



Exports of mineral bulks, which include potash, used for fertiliser, and soda ash, used in the manufacture of glass, were up 68 percent at 5.3m tons. Bulk grain, including wheat, corn and soybeans, posted an increase of 11 percent with 4.7m tons.

Breakbulk imports, including steel rail, steel slab and oversized project cargo, posted the largest gains, up 146 percent. Imports of raw steel supporting Evraz Oregon Steel were up sharply during the year.

On the landside, a number of infrastructure investments including construction of new rail and road improvements were initiated in order to improve freight mobility in and around the marine terminals.

Established in 1891 by the Oregon legislature, the Port of Portland owns four marine terminals, three airports (Portland International, Hillsboro, and Troutdale) and four industrial parks.

Last year, more than 450 Port of Portland employees relocated from the downtown Portland headquarters and the airport terminal to offices situated on three floors built atop the new seven-story long-term parking garage at Portland International Airport.

A showcase for sustainable practices, the 205,000sq ft office building incorporates many state-of-the-art green technologies; its Leadership in Energy and Environmental Design, or LEED, gold rating is pending.

Visitors to the new building's lobby will see what looks like a large indoor garden but which actually is a functioning indoor wetland. Called a Living Machine system, this ecological wastewater treatment alternative provides wastewater for reuse in the building's toilets and cooling tower. It is the largest commercial office building with the Living Machine system in the western United States.

At the end of last year the Port of Longview seized the opportunity for future development as the successful bidder of 306 acres of undeveloped property near the Port's existing facility on the Columbia River. The acquisition nearly doubles the Port's existing 437 acres of industrial property, which is near capacity and has no remaining riverfront property available for development.

"The current zoning and location of the property adjacent to the Columbia River shipping channel make this property ideal for future marine industrial development," said Port of Longview Executive Director Ken O'Hollaren.

Situated just four miles downriver from the Port, the new site is adjacent to the deep-draft Columbia River, located within Longview city limits and zoned manufacturing, as is the Port's existing industrial property.



Photo courtesy of The Port of Portland

The property was purchased with a winning bid of \$2,451,750 at a trustee sale at the Cowlitz County Administration Building on October 22, 2010. The site was previously owned by Terra Firma, Inc. and is the former site of Longview Motocross.

"The Commission has been well aware that we lack industrial property for expansion and have made this issue a key placeholder in our new master plan," said Commission Chairman Bob Bagaason. "With this purchase we are ensuring that we will have the space to grow and generate benefits for our community for years to come."

The Port does not have immediate plans for the newly acquired industrial property, although is including it in the master plan process currently underway. Non-tax supported general revenue bonds will be issued in late November to finance the acquisition.

The Port of Vancouver, USA is in the midst of a year full of projects and developments that will lead to vital job creation, economic stimulation and environmental preservation.

By diversifying its cargo mix between bulk commodities, breakbulk and project cargos, the port is responsible for job generation and significant contributions to the tax base for not only its own community, but also the state of Washington.

Following January's public hearing on a proposed amendment to the port's official planning document, the Board of Commissioners unanimously approved the surplus and subsequent demolition of three port buildings.

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Removal of the structures is necessary for the continued delivery of the port's West Vancouver Freight Access (WVFA) rail project that, when complete in 2017, is expected to reduce congestion on the regional rail system by as much as 40 percent.

Accelerating removal of the buildings also paves the way for possible expansion of grain export operations at the port. Demolition of the buildings took place during the first quarter of this year.

Operated by United Grain Corporation (UGC), the grain terminal has historically exported an average of 3m tons of US wheat annually from the Port of Vancouver. Tentative expansion plans by UGC include the addition of approximately 60,000 tons of additional storage space for corn and soybeans, which could result in an additional 2m tons of grain moving through the port, nearly doubling current grain exports.

"The surplus and demolition of these buildings is the first step in a \$72m project that we hope to complete over the next several years," said Tony Flagg, president of United Grain Corporation. Flagg cited the recent completion of the Columbia River channel deepening project as one of the reasons behind the proposed expansion.

Because the shipping channel depth was increased from 40 to 43ft, approximately 7,200 tons of additional grain can be loaded onto each vessel calling at the Port of Vancouver. The ability to accommodate larger ships carrying heavier cargo loads makes the port and the US farmers who ship their grain through the port more competitive in the global marketplace.

Last year, the port announced that discussions were underway with BHP Billiton, the world's largest diversified natural resources company, regarding the potential location of a potash export facility at the port's Terminal 5. The port and BHP Billiton have reached preliminary agreement to proceed and are working to finalise terms and a lease agreement. The project would include handling, storage, dock and rail facilities for potash export from BHP Billiton's first mine to be developed in Canada's Saskatchewan Basin. Potash is a natural mineral fertiliser that improves crop yields.

BHP Billiton has selected Terminal 5, together with rail proposals from Canadian Pacific Railway and BNSF



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This Central California international 35-foot deep-water port is located in Foreign Trade Zone #231, close to Interstates 5 and 80. The UP and BNSF railroads have equal access to the Port through their regional railroad, the Central California Traction Company. Both major railroads have their main lines within 8 miles of the Port and have direct access for unit-train type service. The Port has more than 4,700 acres, 7 million s.f. of covered warehousing and open dock areas for staging and assembly.



**The Port of Stockton's Ship-to-Rail Facility from the West Complex has:**

- More than 2.5 miles of on-dock rail service on double-reinforced concrete pier
- Two 1.25-mile sections of on-dock rail with capacity to hold more than 80 100-foot railcars
- More than 12,000 linear feet of rail makes this the largest single terminal on-dock rail facility on the USWC
- A facility that contains a third additional 1.25-mile section of near-dock rail within 80 yards of the water
- 5.5 million s.f. covered storage located within 1/4 mile of the terminal's rail



Railway as the preferred option to export potash from its Jansen Project in Saskatchewan when that project goes into production.

"Designing and developing an efficient, world-class port and logistics system is an important part of achieving our goal of building a successful low-cost potash business," said Mark Young, BHP Billiton port and logistics manager. "The Port of Vancouver's Terminal 5 location is an attractive site, which would be capable of handling the anticipated production from the Jansen development."

"To say we are pleased our port has been selected as the preferred option is an understatement," said Larry Paulson, Port of Vancouver executive director.

"The opportunity to work with BHP Billiton, recognized around the world as a company that respects the environment and the communities in which they operate, on a project that will add significantly to the port's customer and revenue base is very exciting."

Once a final agreement has been reached, approval is required from BHP Billiton and the port's board of commissioners.

### STOCKTON'S COAL ENQUIRIES

The Port of Stockton, California, located on the Stockton Deepwater Ship Channel, 75 nautical miles (120 km) due east of the Golden Gate Bridge, owns and operates a diversified and major transportation centre. Bill Lewicki, Director of Marketing explained to IJB that 2011 had started well for the port and that 2010 was much improved on the previous year. As well as increased turnover on commodities as diverse as iron ore, rice and fertilisers, Lewicki also disclosed that, in common with other west coast ports, Stockton is receiving regular enquiries on the possibilities of handling coal exports bound to China.

The Port has berthing space for 17 vessels, 1.1m sq ft (102,000 sq m) of dockside transit sheds and shipside rail trackage, 7.7m sq ft (715,000 sq) of warehousing for both dry bulk and general cargoes, including steel. Each warehouse is also served by rail.

Stockton's deepwater channel has an average depth of 37ft at average low tide (35ft MLLW), and an average depth at high tide of 40ft. Panamax vessels in the 45,000 to 55,000 ton class, and maximum 60,000 ton class (for certain wide-beam vessels) can use the channel fully loaded. Up to 80,000 ton class vessels can transit the channel partially loaded. There is no width restriction of vessels, and ships up to 900ft in length can navigate the Stockton Ship Channel.

The Port is one-mile from Interstate 5, and all interconnecting major highway systems. Rail service is provided by two transcontinental railroads, Union Pacific and the Burlington Northern Santa Fe.

The Port of Stockton maintains flexibility in planning, construction and modification of its facilities and equipment, continuously seeking better and more productive ways to handle a diversified aggregation of cargoes.

The Port is well-suited and situated to handle heavy steel and project cargoes with its excellent overland transportation connections.

### THE PORT OF REDWOOD CITY

The Port of Redwood City, the only deepwater port in South San Francisco Bay, provides berths for dry bulk, liquid bulk, and project cargoes, along with unparalleled recreational opportunities and access to San Francisco Bay.

The combination of strategic location, available deepwater facilities and efficient service, has enabled the Port of Redwood City to become the fastest growing "small" bulk port in California.

"By focusing our port development efforts on dry bulk, neo-bulk and specialised cargo, we look forward to the Port's continued growth. Cargo tonnage for the first half of the fiscal year at the Port of Redwood City was 411,453 tonnes, down 2 percent from the same period a year earlier," Port Manager of Operations Don Snaman stated.

The market for shredded scrap metal has remained strong, as Sims Metals exported nearly 258,000 tonnes from July 1 to December 31, 2010, mostly to the Far East. There were no imports of cement or gypsum during the first half of the fiscal year, which ends June 30, 2011, as the construction industry remains flat in the Bay Area.

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Snaman said 19 ships and seven barges made calls at the Port of Redwood City during the first six months of FY 2010-2011. PST is a privately held, professional cargo-handling company that provides expert vessel loading and unloading services for the global maritime transportation industry in the ports of Los Angeles and Long Beach, California. A wholly owned subsidiary of The Pasha Group, PST is the third largest independent West Coast terminal operator, holding several long-term leases with the port.

PST handles multiple cargoes together--containers, breakbulk and project cargo. Pasha believes that it is the preferred stevedore for general, project and heavy lift cargo of all shapes and sizes: yachts, transformers, heat exchangers, excavators, agricultural equipment, and windmills.

As breakbulk specialists, the company combines expertise and decades of hands-on experience in the field of general and heavy-lift cargo with container capabilities to operate the only true omni-terminal in the Port of Los Angeles.

At the recent Pacific Maritime Association's 62nd Annual Safety Awards Banquets held at various locations on the U.S. West Coast, Ports America was honored with numerous awards for its achievements in workplace safety in 2010, including the 1st Place Coast Award and 1st Place Local Area Award Group A Stevedore for its Los Angeles/Long Beach operations and Coast Zero Incident Rate Award for its San Diego operation.

Ports America set a record in its Group A Stevedore category with 11 first-place Coast Awards in the past 13 years and an unprecedented 13 of the past 16 years.



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Ports America Vice President Labor Relations and Safety Sean Lindsay commented on the company's overall accomplishments. "Safety has always been a top priority in all Ports America operations," said Lindsay.

"We are especially proud of our long and successful partnership in safety with the ILWU. Without the leadership of the ILWU international officers and the commitment of the rank and file to safety in the workplace, these accomplishments would not be possible."

#### OMC IMPROVES SAFETY

OMC International (OMC) continues to strengthen its global presence and recently won its first North American contract, a DUKC desktop study, for the Columbia River Bar, a treacherous waterway known as the 'Graveyard of the Pacific', the company has announced.

Executive Director Dr Terry O'Brien OAM said this study was a very exciting step for his Australian family-owned maritime engineering company and again confirmed OMC's reputation as the world leader in under keel clearance (UKC) management systems. The Columbia River Bar Pilots DUKC Desktop Study, commissioned by the Columbia River Bar Pilots with funding from the Oregon Department of Transportation, is expected to be completed by the end of August.

"Massive sea swells can make conditions at the mouth of the Columbia River similar to the challenging waters of Melbourne's Port Phillip Bay entrance where ships have been transiting safely under DUKC advice since mid-2009," Dr O'Brien said. "This aptly nicknamed Bar, at the mouth of the Columbia River which flows into the Pacific Ocean, has claimed about 2,000 ships and 700 lives since 1792. It is still known as a dangerous crossing for ships of all sizes, particularly when very strong river currents collide with massive ocean waves, because the wind direction and ocean swell can sometimes change from calm to life-threatening in as little as five minutes. This can force ships to sometimes turn sideways.

"In Melbourne, huge long swells of up to 5m significant wave height, combined with currents up to 6 knots on the ebb (which occurs at low water), cause, in

#### METRO PROMOTES JOHNSON

Metro Ports, a holding of Nautilus International Holding Corp., recently announced the promotion of Brian Johnson to vice president of business development from director of strategic analysis and contracts.

In his new position, Johnson will focus mainly on the US West Coast, playing a key leadership role in identifying new business development opportunities, ranging from individual accounts to mergers and acquisitions; marketing various Nautilus companies to facilitate effective operating solutions for customers' needs; executing new business transactions; and maintaining client relationships.

In his new position, Johnson will report to Metro Ports President James Dillman. "Brian's promotion is well deserved of an individual that is dedicated and hard working," said Dillman. "His promotion will allow Metro Ports to provide a concentrated service level to our customers, as well as the opportunity for further expansion.

extreme conditions, ships longer than 250m to plunge several metres downward. The history of shipwrecks since settlement began at Melbourne in 1835 attests to the reality of Port Phillip Heads as one of the world's most challenging waters for ship navigation.

"Having our technology already proven in Melbourne's extreme waters, I am very confident that this desktop study will be followed by the commissioning of a customised DUKC system for the Columbia River because our technology will ensure maximum safety for large vessels moving in and out of its waterways.

"This technology mathematically predicts how much UKC ships have as they come down shallow channels. In most cases, it allows large vessels to load more cargo and/or sail with wider tidal windows. It is so accurate that, under extreme weather conditions, a 250,000 tonne carrier could negotiate a channel within a metre's clearance to the seabed."

DUKC is the only proven system worldwide that has the capacity to accurately determine the critical vertical component of navigation (what you can't see under the water).

This technology is already on its way to becoming a standard safety implementation at Australian ports and is also in a number of ports in Europe and NZ. Almost all of the iron ore and most of the coal exported from Australia are shipped out under DUKC advice. ■

#### PIER 80 WELCOMES AMERICA'S CUP WINNER

The Port of San Francisco's Pier 80 Omni Terminal welcomed the Star Isfjord, carrying the winner of the 2010 America's Cup in early March.

The sailboat USA-17 arrived from Spain where it won the iconic America's Cup trophy on February 14, 2010 in Valencia. In addition to the trimaran, the Star Isfjord also carried 35 ocean containers, the 223-foot wingsail mast, and five other service craft.

Pier 80, operated by Metro Ports, will serve as the logistical headquarters for Oracle Racing.

The Port of San Francisco's Pier 80 is the only marine terminal in Northern California able to handle containers, breakbulk and heavy lift cargoes simultaneously.

In addition to the Oracle cargoes, the Star Isfjord carried steel coils and three other private yachts. "The Port is thrilled to assist in the logistical needs of the America's Cup teams" stated Port Executive Director Monique Moyer. "We're now starting to see tangible economic benefits that hosting this race will provide."

The Port and City of San Francisco will play host to the 34th America's Cup races that are scheduled to be held in 2013. Preliminary races will be held in 2012.

Metro Ports has been involved with America's Cup logistics for several years, providing stevedoring to the USA-17 at the ports of Anacortes, Washington and San Diego. Metro Ports is the terminal operator and provides stevedoring services at the Port of San Francisco's Pier 80.

Grieg Star Shipping, owner of the Star Isfjord, is engaged in breakbulk shipping trades serving North America, the Far East, Europe and South America. It is headquartered in Bergen, Norway.