Port of Stockton
CALIFORNIA

2000 ANNUAL REPORT

2000 Annual Report

NEW MILLENNIUM AT
THE PORT OF STOCKTON

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Board Message

2000: BENCHMARK YEAR FOR THE PORT OF STOCKTON

2000 Port Commissioners and Port Director

Acquisition of Rough and Ready Island from the U.S. Navy is truly a benchmark in the history of the Port of Stockton. Now renamed the West Complex, the island comes with many assets including more than 1,400 acres of land, five million square feet of warehousing, one full mile of docks, 42 miles of railroad track and nearly one million square feet of dockside transit sheds.

This important acquisition did not happen on its own or overnight, but only after years of hard work by many people. We particularly appreciate the foresight of Senator Dianne Feinstein, who wrote the legislation authorizing the transfer; Senator Barbara Boxer, for her successful efforts to gain support from the U.S. Senate; Congressman Richard Pombo for his hard work in shepherding the legislation through the House of Representatives; the U.S. Navy personnel, who exhibited the professionalism necessary for a smooth transition; and the U.S. Maritime Administration, whose diligence to complete the transfer of the property to the Port of Stockton is greatly appreciated.

We also recognize the outstanding cooperation and support of Mayor Gary Podesto, the Stockton City Council, the San Joaquin County Board of Supervisors and their staffs, all of whom made this transfer possible.

Finally, we would be remiss if we did not also thank our own Port of Stockton staff, the now-retired port director, Alexander Krygsman, and previous Port commissioners who worked for many years to complete this transfer.

With this acquisition, the Port of Stockton has the foundation to become one of the major ports in California. We are now laying the infrastructure that will create hundreds of new jobs. For the West Complex to reach its highest potential, we must provide additional access to the island and improve utilities, road and rail systems.

The future is bright for the Port of Stockton, and we are confident that with the support of the community, we will create a major Port of international trade that will be a vital component of the emerging and diverse economic foundation of the San Joaquin Valley.

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2000 STOCKTON PORT DISTRICT BOARD OF PORT COMMISSIONERS

Edmund "Ed" Coy
Chairman

W. Ronald Coale
Vice Chairman

Sam L. "Butch" Toccoli
Commissioner

Gary Christopherson
Commissioner

Robert V. "Bob" Kavanaugh
Commissioner

Steven A. Herum
Commissioner

Joseph H. Johnson
Commissioner

Richard Aschieris
Port Director

Highlights

GLOBAL OPPORTUNITY:
PORT ACQUIRES ROUGH AND READY ISLAND

On July 1, 2000 the Port of Stockton instantly became one of the largest ports in California.

At that time, the U.S. Navy transferred more than 1,400 acres to the Port to be developed into a vital part of the economic foundation of the San Joaquin Valley. To develop this property into a valuable trading center, the Port is exploring expansion opportunities with its current tenants while seeking new customers.

Just 60 nautical miles east of San Francisco Bay, the Port's new addition is known as the West Complex. It is directly linked to both transcontinental railroads and national highways. The property, located on the Stockton Deep Water Channel, has more than one mile of dock space with 10 berths, 42 miles of railroad tracks, five million square feet of warehousing and another three million square feet of paved open storage and dockside transit sheds. Several warehouses have skylights, specialized high ceiling cranes and extra electrical services.

In July, the Port received a $40,000 grant from the U.S. Economic Development Administration, which, coupled with $10,000 of Port funds, will be used to develop a master plan for Rough and Ready Island.

"The Port of Stockton is placing a high priority on the commercial development of this island. Recognizing the value of proper facility and environmental planning, it is our intention to move ahead rapidly. We must use this important new asset to create hundreds of jobs for the citizens of Stockton and San Joaquin County," says Port Commission Chairman, Edmund "Ed" Coy.

The West Complex also has more than 500 acres of clear land. The goal is to market the area for maritime, industrial, distribution and other revenue producing enterprises.

While potential tenants are eagerly inspecting the facility for their specific uses, the Port has already signed leases with the U.S. General Services Administration, Door Fabrication

Company, Cost Plus World Market and SQM North America.

"This is the beginning of a bright new future for the Port of Stockton. As the original port properties were nearing capacity, we have now acquired this wonderful facility that will ultimately ensure hundreds of new jobs in our community. I believe this is the single most exciting thing to happen to the Port of Stockton in recent history," says Port Director, Richard Aschieris.

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Highlights

CALIFORNIA PORTLAND CEMENT COMPANY'S NEW FACILITY

After years of searching for the right plant site, California's largest cement producer, California Portland Cement, has located at the Port of Stockton.

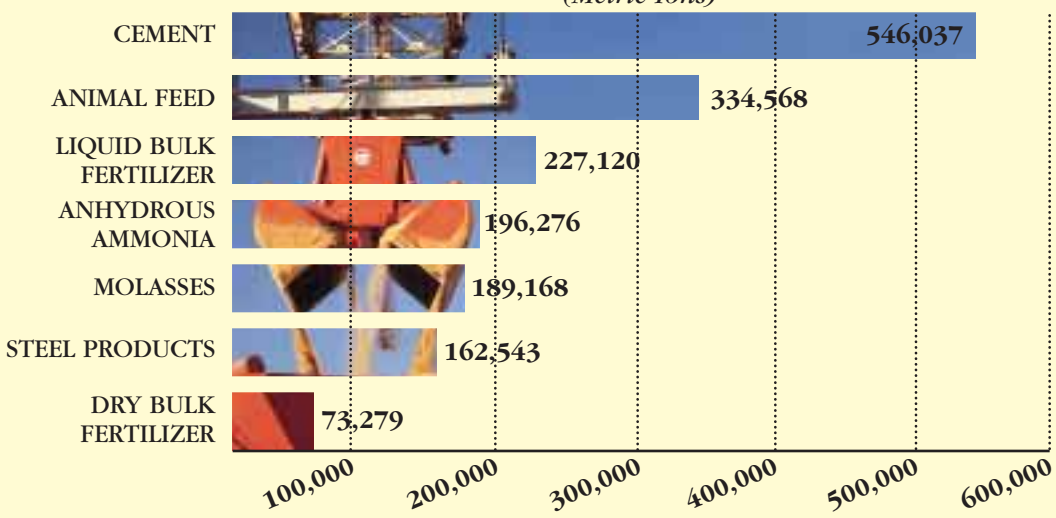
The outstanding highway and rail connections, the proximity of the Stockton ship channel and the Port's approach to customer service gives them the amenities necessary to make such a significant investment.

California Portland Cement will build a five-acre bulk-cement importation and distribution facility, representing an investment of more than $52 million.

"The agreement between the Port of Stockton and California Portland Cement will create numerous employment opportunities for plant workers, truckers, longshore workers and many others involved in the warehousing, transportation and handling of cement," said Stockton Port Commission Vice Chairman, W. Ronald Coale. "We are looking forward to a close relationship with California Portland Cement for many years to come."

Founded in 1891, California Portland Cement Company is a subsidiary of Taiheiyo Cement Corporation of Tokyo, one of the largest cement companies in Japan. Imported from China and Thailand, its cement is sold to markets in California, Nevada and Arizona.

LEADING INBOUND COMMODITIES
(Metric Tons)



California Portland Cement Company's site demolition began in November of 2000, and its new facility is expected to open in 2002.

The outstanding highway and rail connections, the proximity of the Stockton ship channel and the Port's approach to customer service gives them the amenities necessary to make such a significant investment.

Commercial Hub

PORT OF STOCKTON: GATEWAY TO THE WORLD

A gateway for international commerce and trade for more than 150 years, the Port of Stockton traces its origins to the California Gold Rush, when, in 1849, ships brought supplies and miners to the Mother Lode - and sent gold out to the world.

As early as the 1870's, Stockton's citizens saw shipping's future in the form of a deep-water channel and port authority. Begun in the 1920's, both the channel and the Port were ready for business by 1933.

Today, the Port of Stockton is an international deep-water port handling liquid, dry and break-bulk commodities. Located east of San Francisco Bay, the Port of Stockton is a strategic hub for warehousing and distribution in California's heartland.

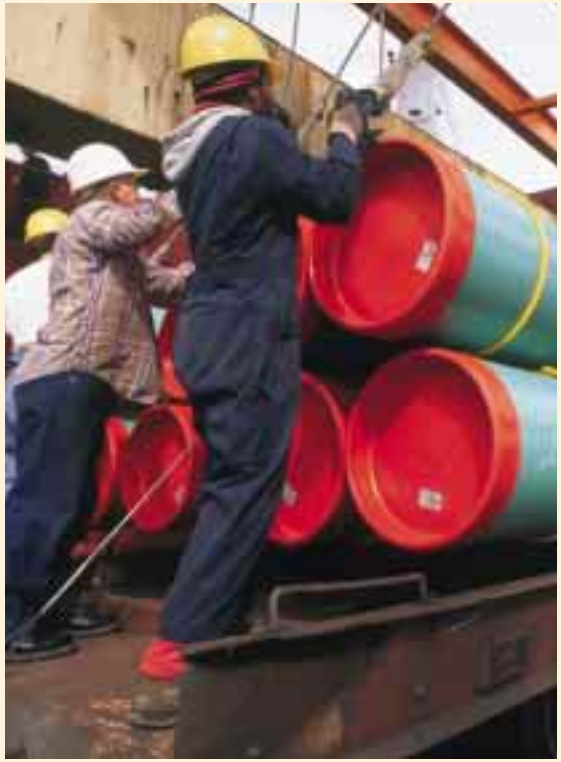
Cargoes from around the world such as cement from China and Turkey, fertilizer from Norway and Chile, and molasses from Guatemala and Hawaii, as well as steel from Indonesia and Thailand, are regularly imported through the Port.

In addition, export cargos such as rice heading to Japan, sulfur bound for West Africa and India and petroleum coke shipped to Belgium and Mexico flow through the Port of Stockton.

An outstanding transportation infrastructure, including railroad, highway and air connections, are within the Port grounds or just minutes away. More than 200 local and national trucking companies, as well as Union Pacific and Burlington Northern Santa Fe Railways, provide easy access to the Port. California's major north/south highways, Interstate 5 and State Highway 99, are just minutes away from any Port facility, and from them, links to all major national east/west roadways. In addition, the nearby Stockton Airport is playing an emerging role in the transportation of goods and people.

The Port of Stockton's West Complex on newly-acquired Rough and Ready Island provides numerous sites for manufacturing and storage of finished or bulk products. Many warehouses are complemented by covered staging areas for easy truck and container loading and unloading or transfer to rail.

Today, the Port of Stockton offers competitive lease rates and an available trained labor force. When combined with affordable housing in the greater San Joaquin region, the Port offers outstanding facilities in the middle of a modern transportation hub.



Cargoes from around the world such as cement from China and Turkey, fertilizer from Norway and Chile, and molasses from Guatemala and Hawaii, as well as steel from Indonesia and Thailand, are regularly imported through the Port.

Exports

CALIFORNIA RICE BOUND FOR JAPAN

In November 2000, the first maritime cargo to move over the docks of the new West Complex on Rough and Ready Island was 12,000 metric tons of bagged California rice destined for Japan. Connell Rice and Sugar Company plans several more shipments for spring 2001, to bring this season's export total to 58,000 metric tons of bagged rice, roughly 15% of California's exportable rice crop.

"This was an important event for the Port of Stockton," said Port Commissioner, Gary Christopherson. "With the opening of the West Complex, we see the Port playing an increasingly important role in the export of California's agricultural products, benefiting the economy, creating significant local employment and helping America's balance of payments."

The rice, classified as premium short and medium grain japonica rice, is grown in the northern Sacramento Valley. It is processed and bagged at nearby mills and delivered to the Port of Stockton's dock sheds to await shipment to Japan. These sheds easily passed the tough cleanliness inspections by both U.S. Department of Agriculture and Japanese inspection services.

"We are very pleased to earn this business," says Port Commissioner, Sam L. "Butch" Toccoli. "As bulk commodities can be easily exported from the West Complex, we expect to attract additional export trade in the future."

"With the opening of the West Complex, we see the Port playing an increasingly important role in the export of California's agricultural products . . ."

Exports

SULFUR, A LEADING EXPORT

Sulfur is a by-product of the creation of gasoline and other fuel by Northern California petroleum refineries. It is valuable to the agricultural industry as it helps create fertile ground for walnuts, almonds and other crops. Bulk sulfur produced in Northern California is recognized around the world for its quality.

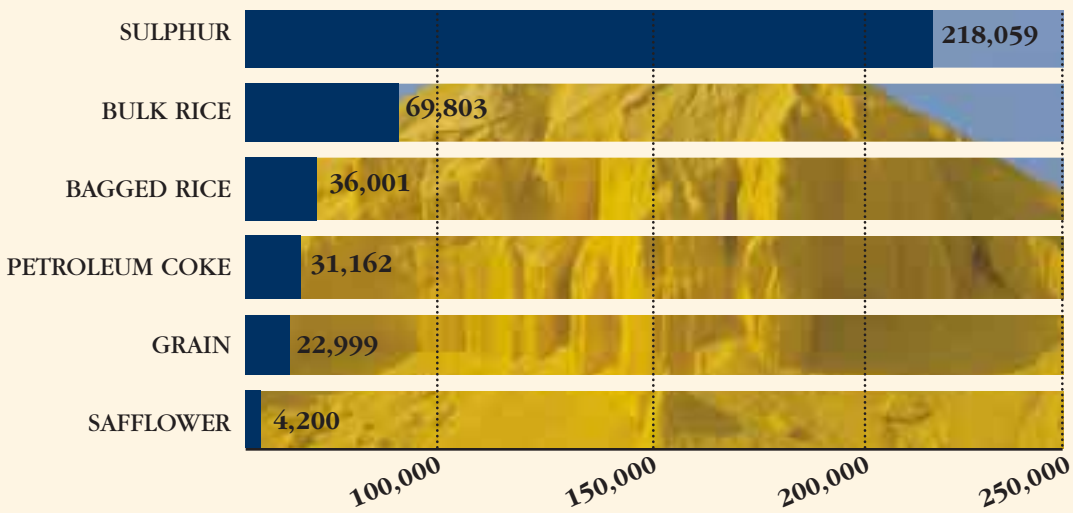
Bay Sulfur and J.H. Baker & Bro. Inc., both operating at the Port of Stockton, ship more than 200,000 metric tons of sulfur to countries in Africa, South America and Asia.

These firms receive sulfur from refineries in hot liquid form, which is then converted, or prilled, into bright yellow, dust-free pellets.

Every step involved in handling sulfur at the Port of Stockton, from receiving to prilling to storage and eventual export, is accomplished within stringent state and federal environmental standards.

"We feel our future is bright! We anticipate more sulfur being produced by refineries as new laws require more of it to be eliminated from gasoline and diesel," said Dave Wilkey, general manager of Bay Sulfur.

LEADING OUTBOUND COMMODITIES
(Metric Tons)



Bulk sulfur produced in Northern California is recognized around the world for its quality.

Imports

CEMENT BRINGS GROWTH TO NORTHERN CALIFORNIA

Cement holds our economy together. Each year, more than 600,000 metric tons of cement, imported from China, Turkey and other Asian countries, pass through the Port of Stockton on their way to construction projects in the western United States. Port tenants, Sunshine Cement Company and Calaveras Cement Company, provide cement for highly visible projects including homes, schools, freeways and earthquake retrofits.

Both Calaveras and Sunshine have installed an environmentally clean, self-enclosed Siwertell mechanical ship unloader. This specialized piece of equipment lifts the cement from the vessel's hold and transports it to a storage facility. The cement is then loaded into trucks and delivered to construction sites throughout the area.

The Calaveras Cement facility includes seven dockside storage domes with a storage capacity of more than 100,000 metric tons. Five of these domes have been acquired and modified this past year. They represent a significant investment by Calaveras Cement at their Port of Stockton facility. "Our company's cement terminal modernization efforts demonstrate its understanding of the long-term needs of a thriving Northern California economy," said Michael Roth, Calaveras Cement Company's vice-president for sales and marketing.

The Sunshine Cement Company of Stockton operates the Golden Arrow. Moored at the Port's docks since 1998, it is a ship that serves as a floating warehouse. Originally an oil tanker, the ship was shortened and reconfigured into a self-unloading cement carrier. Incoming ships tie up alongside the Golden Arrow and unload cement directly into its holds. The cement is then carried by conveyor system to delivery trucks waiting on the docks.

With their imported products, Sunshine and Calaveras Cement companies are an integral part of the activities of the Port of Stockton and make a significant contribution to the economy of Northern California.

"Our company's cement terminal modernization efforts demonstrate its understanding of the long-term needs of a thriving Northern California economy."

Imports
FERTILIZER FROM SCANDINAVIA

Norway is the home of Norsk Hydro ASA, the parent company of one of the Port of Stockton's leading clients, Hydro-Agri North America, Inc.

Hydro-Agri is the largest manufacturer of petroleum derived and nitrogen based plant nutrients and mineral fertilizers in the world. For more than 20 years, Hydro-Agri has been located at the Port of Stockton, leasing several acres, on which it has installed five holding tanks, storing over 75,000 metric tons.

Dry bulk ammonium nitrate is one of Hydro-Agri imports. Originating in the North Sea region of the Atlantic Ocean, it is refined in Norway. Yearly more than 100,000 metric tons of ammonium nitrate, sulfate and urea arrive at the Port of Stockton where they are unloaded by longshore workers and conveyed into Hydro-Agri's 240,000 square feet of warehousing before it is sold to San Joaquin Valley farmers. Row crops, stone fruits and grains are among the many farm commodities Hydro-Agri products fertilize that eventually find their way into homes across America.

Malaysian urea, another commodity imported by Hydro-Agri, is used as farm fertilizer as well as an ingredient in glues, shampoos and cattle feed.

Hydro-Agri imports, blends and distributes liquid agricultural fertilizers such as ammonium nitrate and calcium ammonium nitrate, both widely used by San Joaquin Valley farmers.

The Port of Stockton's outstanding location allows Hydro-Agri to handle, transport and distribute these agricultural products efficiently and provide better service and cost savings to its customers.

Row crops, stone fruits and grains are among the many farm commodities Hydro-Agri products fertilize that eventually find their way into homes across America.

Warehousing

COST PLUS, PORT'S LARGEST TENANT

It all goes through warehouses at the Port of Stockton. Whether you buy your goods from a Cost Plus World Market in Modesto, Reno or any of their other 144 retail stores in the United States, every item is warehoused and distributed from their 875,000 square foot facility at the Port of Stockton.

Cost Plus goods arrive at the Port from more than 50 foreign countries. "If you see an African tribal mask in one of our stores, you can bet one of our buyers flew to Africa, rented a four-wheel vehicle and drove 100 miles or more down a dirt road to make a deal with a village chieftain to carve masks for Cost Plus World Market," explains President, CEO and Chairman of the Board, Murray Dashe.

A long-time tenant of the Port of Stockton, Cost Plus started with modest warehouses and fewer than 50 employees. As its stores grew in number and size so did its warehousing needs. In recent months, Cost Plus added an additional 280,000 square feet in the Port's new West Complex. Cost Plus also converted one of the Port's original 1930's brick warehouses to use as a coffee roasting facility, and the aroma of freshly roasted coffee permeates the air around the Port.

Today, Cost Plus' warehousing operation employs more than 260 Stockton residents in full time positions, while temporary employment increases by about 100 during the holiday season.

"We enjoy an excellent relationship with the Port of Stockton and look forward to continuing it well into the future," said Dick Grice, Cost Plus' senior vice-president of logistics.

Today, Cost Plus' warehousing operation employs more than 260 Stockton residents in full time positions, while temporary employment increases by about 100 during the holiday season.

Community

THE PORT IS YOUR GOOD NEIGHBOR

While the Port of Stockton's docks link the Valley to global marketplaces, its influence also has an impact in the local community. Every member of the Port's family is working to be a good neighbor, engaging in activities that enhance the environment of the neighboring communities and Delta region.

In recent years, the Port has established programs to conserve and enhance the environment. Its storm water run off control program prevents any pollution from Port facilities reaching the river and local waters, thus avoiding problems before they occur.

As part of its environmental effort, the Port has established an award winning environmental awareness training program for tenant businesses, public entities, private businesses, schools and other interested parties. "Through this program of environmental education, we attempt to make the Port and community a better place to live and work," says Port of Stockton's Director of Environmental and Regulatory Affairs, Jay R. Jahangiri.

This past year the Port of Stockton joined with other public, private and volunteer groups for several days of Delta and community cleanup. Armed with trash bags and gloves, the groups tackled many projects in Stockton including trash pick up in Smith Canal and the Boggs Tract community. During the holidays the Port and its Tenant Association distributed turkeys to families in the nearby Boggs Tract neighborhood. When the Sea Scout dock on the San Joaquin River was severely damaged, the Port provided temporary berthing for its 180-foot vessel, Reliance.

The Port is working hand-in-hand with San Joaquin County, the City of Stockton, the San Joaquin Council of Governments and Caltrans to improve access and reduce the impact of traffic on the neighboring community. These organizations are also funding a plan to look at the future of nearby Boggs Tract neighborhood and surrounding residential area.

The Port's community is larger than just its immediate neighbors. By refurbishing and developing Rough and Ready Island, within the South Stockton Redevelopment Area, the Port is helping revitalize Stockton's business community. Replacing and removing dilapidated buildings on the island and bringing in over $30 million in new investments is just the beginning.

As a landlord, business partner and good neighbor, the Port plays a variety of positive roles in building its community and creating a better a future for San Joaquin Valley.

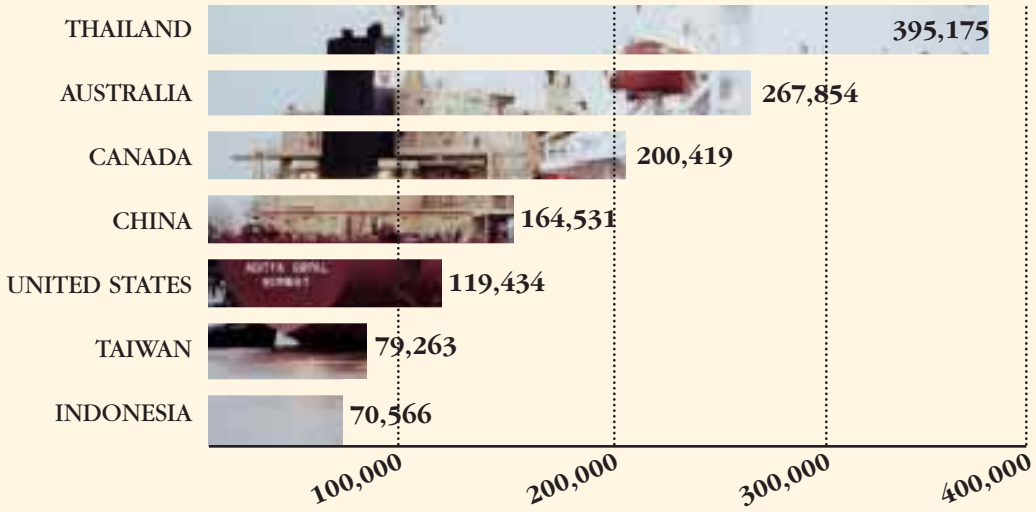
2000 Boggs Tract Cleanup

The Port is working hand-in-hand with San Joaquin County, the City of Stockton, the San Joaquin Council of Governments and Caltrans to improve access and reduce the impact of traffic on the neighboring community.

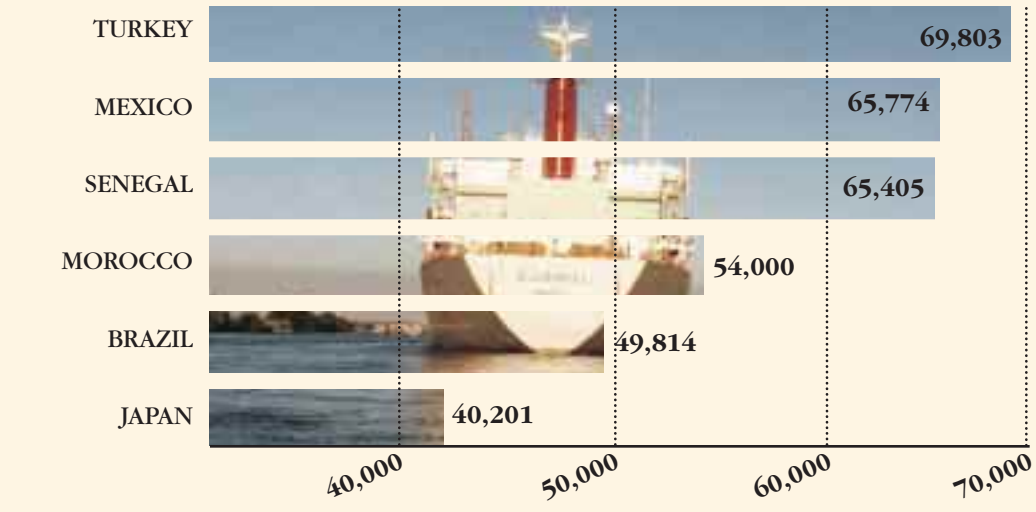
Statistics

THE PORT AT A GLANCE

LEADING INBOUND TRADING PARTNERS
(Metric Tons)

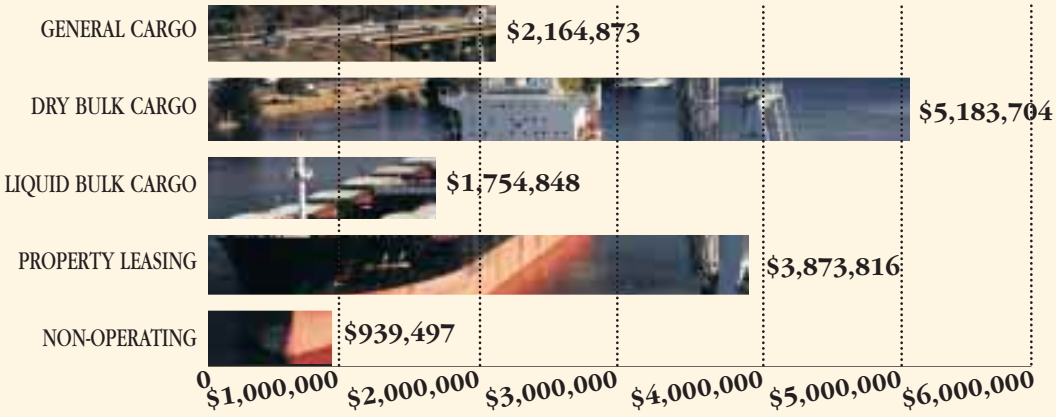


LEADING OUTBOUND TRADING PARTNERS
(Metric Tons)



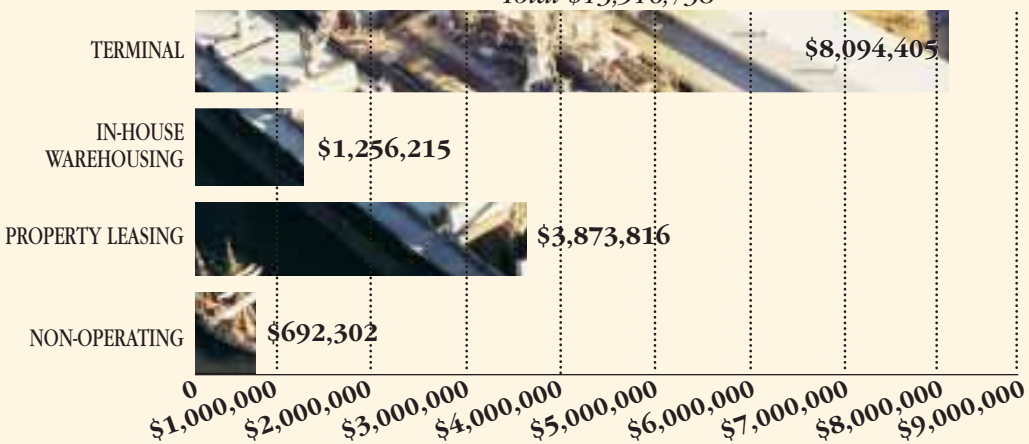
2000 CARGO TYPES & PROPERTY LEASING

Total $13,916,738



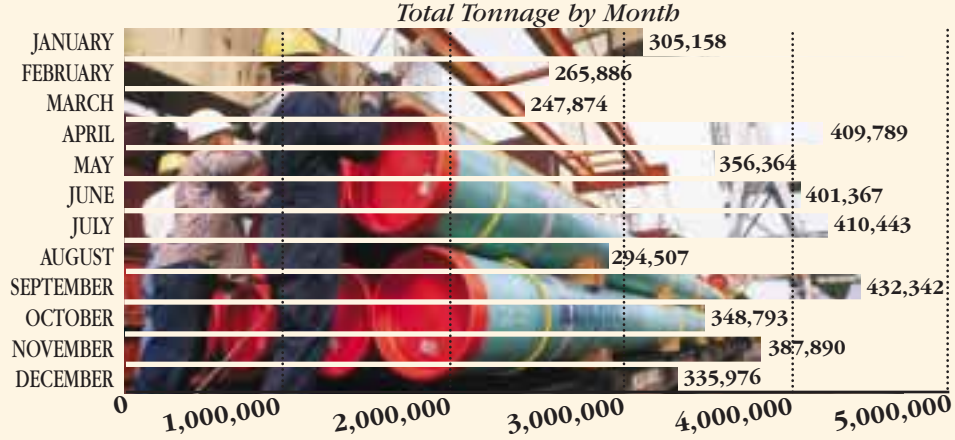
2000 REVENUE CENTERS

Total $13,916,738



2000 IMPORTS & EXPORTS

Total Tonnage by Month



Team 2000

PEOPLE MAKE IT HAPPEN

EXECUTIVE
Richard Aschieris, Port Director
LeRoy Hieber, Deputy Port Director of Finance and Administration
J. Gordon Palmer, Deputy Port Director of Environmental, Planning and Facilities
Mark Tollini, Deputy Port Director of Trade and Operations
Yvonne Ishimoto, Assistant to the Director / Secretary to the Board
Barbara Snyder, Senior Secretary

ACCOUNTING
Dianna Baker, Accounting Manager
Michelle Bowling
Karen Chandler
Rita Hernandez
Sandy Lucas
Jan Perryman
Melanie Rodriguez

COMMERCIAL EXCHANGE CLUB
Beverly McConnell, Commercial Exchange Club Manager

ENVIRONMENTAL AND REGULATORY AFFAIRS
Jay Jahangiri, Director of Environment and Regulatory Affairs
Rita Koehnen
Mike Luksic

FACILITIES MAINTENANCE AND CONSTRUCTION
Gary Gentry, Director of Facilities Maintenance and Construction
Tim Loveland, Facilities Maintenance and Construction Manager / Safety Officer
***Fred Klumpp, Maintenance Coordinator**
Juan Villanueva, Facilities Maintenance Technician
Bob Belmont
Gary Capehart
Steve Cookerly
Larry Crain

***2000 Employee of the Year**

Bodie Gonsales
Kazuo Higashi
Mike Holmes
Gary Johnston
Bob Lang
Joe Luke
Robert Meyers
Norman Murray
Scott Niceler
Jay Penberthy
Charles Piggee
Vern Ragsdale
Pete Ramirez
Joe Rhodd
David Zendejas

INFORMATION SYSTEMS
Jim Cooper, Information Systems Manager
Myra Lang
Dennis LeClert

HUMAN RESOURCES
Christeen Ferree, Human Resources Manager
Nan Chavez
Paulette Smith

MARKETING AND PUBLIC RELATIONS
Harold J. (Hal) Hilliard, Director of Marketing and Public Relations
George Lester, Traffic Manager
Erin Hall, Information and Public Relations Manager
Larry Lockmiller
Kyle Moutray
Al Reft

OPERATIONS
Mike Tyler, Operations Manager
George Cervantes
Guadalupe Cisneros
David Del Barba, Sr.
David Del Barba, Jr.
Leonard Fabor
Cecilio Gomez
Nick Jones
Michael Lopez
Mike Miller
Raul Montanez
Chris Mountjoy
David Rodriguez

PORT POLICE
Robert Wingo, Chief of Police
Neil Weiman, Lieutenant
Steve Nichols, Sergeant
Warren Spurgeon, Sergeant
Lynne Zimmerman, Sergeant
Mike Archibeque
Billy Hutton
Richard LeChuga
James May
James Mitchell
Tyler Moua
Kerry Nicholas
Tony Novaresi
Allen Standley

PROPERTY
Charlene Wall, Property Manager
Debbie Calli
Misty Escobar
Nicole Mamorno

PURCHASING AND GENERAL SERVICES
Roy Page, Purchasing and General Services Manager
Judy Baumann
Melissa Honey

SPECIAL PROJECTS
Henry McKay, Special Projects Manager

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Remembering Hal Hilliard

Harold J. "Hal" Hilliard came to the Port of Stockton as director of marketing in July 2000. With more than 30 years experience in the maritime and transportation industries, Mr. Hilliard was widely respected by local and national business and industry colleagues. He died January 23, 2001 and is greatly missed. He is pictured here with his wife Rosemary.

Port of Stockton
CALIFORNIA

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