



PORT OF STOCKTON - ANNUAL REPORT 2016

Annual Reports

The Port of Stockton's 2016 Annual Report looks back on a year of historic success while exploring the various ways the Port invests in its future and the future of the greater Stockton region. Engaging copy, clean design, beautiful photography, and colorful illustrations all come together to help tell the Port's story.

1. WHAT ARE/WERE THE ENTRY'S SPECIFIC COMMUNICATIONS CHALLENGES OR OPPORTUNITIES?

Every year, the development and creation of the Port of Stockton's (Port) Annual Report (Report) provides the opportunity to pull back the curtain and highlight the growth and success experienced the prior year. In fact, the Port had its second busiest year with 3.9 million metric tons. In the midst of all this activity, the Port has been making significant investments in personnel, community, and the environment, planting the seeds for future prosperity.

Internally, the primary challenge was to synthesize information from several departments within the Port and present it in a cohesive way. Externally, the challenge was to distribute the Report widely and to the right people to increase awareness of the Port and how we contribute to the prosperity of the region.

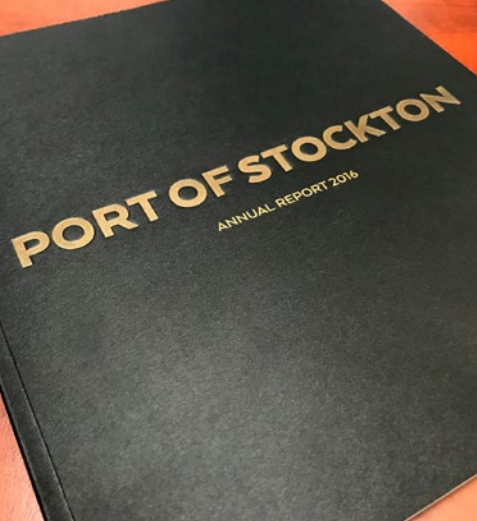
2. HOW DOES THE COMMUNICATION USED IN THIS ENTRY COMPLEMENT THE ORGANIZATION'S OVERALL MISSION?

Our overall mission is to provide excellent service to our current business partners and attract new business, all while being a positive force for the local Stockton community and an exemplary steward of the environment at large. The Report tells the story of a year spent carrying out this mission.

The Report is set up to tell our complete story of who we are, how we operate, our current initiatives, and our continued investment in our community and environment. The Report is divided into five sections including:

- A Port's View
- Operational Efficiency
- Environmentally Focused
- Community Ties
- Port News

To focus on the community, the Report emphasizes a few key areas. "Investing in the Future" highlights the Port's internship program, where students (many from the immediate area) took positions within several departments including Accounting, Human Resources, Marketing, Operations, Property Management, and Environmental and Public Affairs.



THE COMMISSIONERS

BACK ROW
Commissioner Gary Christopherson
Commissioner Sylvester Aguilar
Commissioner Stephen Griffin
Commissioner Michael Duffy

FRONT ROW
Chairman R. Jay Allan
Commissioner Victor Mow
Vice Chair Elizabeth Blanchard
Port Director Richard Ascheris



Top left: Port hosts hundreds at annual "State of the City" Event. Top right: Union Pacific Railroad Chairman, President and CEO Lance Fritz addresses the crowd at the LP Rail Welding Facility ribbon cutting. Bottom center: First Annual "Port Move" held at the Albert Lindsey House.



"Protecting the San Joaquin Valley" highlights several environmental initiatives. "Community Pride" is a colorful illustration that shows the variety of activities the Port organizes to benefit the region. "The Power of Giving Back" goes into more detail on some of these programs, including the 25th Annual Rotary Read-In, the Annual Adopt-A-Family Program, the Annual Lighted Boat Parade, and the Boat Tour Gold Star Program.

3. WHAT WERE THE COMMUNICATIONS PLANNING AND PROGRAMMING COMPONENTS USED FOR THIS ENTRY?

With this 2016 Report, the Port wished to increase awareness of its activities, even the ones that do not translate into immediate financial gain. Community involvement is a down payment on future success. Port staff engaged in the following activities to prepare this Report:

Research and Outreach

Internally, the Port had to reach out to various department heads and staff to gather information on the various sections of the Report.

Article-writing, Photography, and Design

Content for all of the articles was drafted and finalized. Photography was taken in and around the Port and at various off-site events throughout the year. The Report's layout, design, and illustrations were created to bring the articles to life.

Distribution

The Report was widely distributed. 1,500 copies were printed and disseminated throughout the community to local and regional stakeholders, industry professionals at conferences, business partners and representatives at the Federal level.

Evaluation

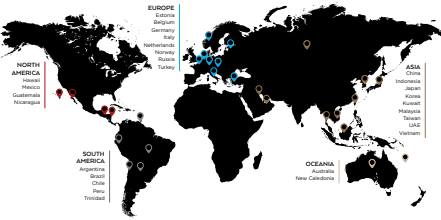
To measure the success of the Report, the Port sought direct, honest, anonymous feedback through the use of a survey administered online and in-person. To maximize participation and responses, a QR code was included on the inside cover of the Report. A reader can scan the code with a smartphone QR code reader and be taken directly to the survey. The in-person surveys were administered over the summer during the Annual Free Public Boat Tours of the Port.

The Report's primary target audience for these ads is the maritime industry and the Stockton and Central Valley business community and local government. Secondary target audiences are the general public of Stockton or the Central Valley region who might be interested in what the Port is up to.

4. WHAT ACTIONS WERE TAKEN AND WHAT COMMUNICATION OUTPUTS WERE EMPLOYED IN THIS ENTRY?

To create a Report that successfully communicates the Port's proactive vision for a prosperous future, the following strategies were implemented:

2016 TRADE PARTNERS



The Port continues to maintain strong trade relationships with more than 55 countries around the world, 28 of which were active in 2016. Steel, cement, gypsum, non-gmo corn, fertilizer and more, all made up our growing list of commodities that resulted in another successful year. Commodities topping the export chart were bulk sulfur and coal with liquid fertilizer and bulk cement leading the year's imports. With 212 ship calls, goods movement remained at an all-time high for the third consecutive year. Our leading trade partners for 2016 were Japan and China. Japan benefited more than any other country,

receiving almost half of the Port's exports for bagged rice, bulk beef pellets, coal and tire chips. Out of 28 countries, China dominated imports for animal feed, bulk cement, bulk fertilizer, liquid fertilizer and steel, equating almost 700,000 metric tons delivered to the Port. In total, the Port exported over 1.3 million metric tons of American products and imported more than 2.5 million metric tons for an estimated cargo value of \$1.5 billion. 2016 marked the Port's second busiest year on record for cargo tonnage and secured opportunity for additional waterfront jobs due to the mix of labor-intensive cargo such as steel products.

OPERATIONAL EFFICIENCY 13



The gangway welcomes you aboard

2016 ANNUAL REPORT

INNOVATIVE OPERATIONS

The recovery of the U.S. economy paired with American consumer's growing hunger for organic foods helped define this year's top commodities. Cargo volume remained strong at 5.9 million metric tons, slightly more than 2015 and second only to the 4.1 million metric tons tallied in 2014. Needs for commodities like cement and steel products are on the rise for today's revitalized construction industry. Agricultural commodities such as bulk corn used in organic animal feeds increased 180 percent, while imports of gypsum used as a soil conditioner nearly doubled from 2015.

Attracting shippers that handle different commodities continues to be a primary goal for the Port. "There's a conscious effort to diversify our cargo mix and enable us to weather economic storms," said Marketing Manager Pete Grossgart. This strategy, combined with attracting companies that need space for facilities as well as access to ocean transport and the global market, contributes to the Port's annual cargo volume -- roughly four million metric tons each of the last three years. "Our maritime team works very closely with Port Property Management to increase these targeted long-term property leases that currently make up 30 percent of the Port's maritime tonnage," said Jason Katindoy, Director of Maritime Operations.

The latest example of a premiere Port tenant is Union Pacific Railroad (UP). In early 2016 UP opened their new rail welding facility at the Port. This facility receives 480-foot steel rails from Japan via a custom-built ship to dockside at the Port's West Complex. "Unique opportunities are available at the Port with our facility capabilities, rail connections, flexibility and innovative operations," added Grossgart.



OPERATIONAL EFFICIENCY 07



2016 PORT STARTS
 One tenant alone added 50 new jobs at the Port with their new facility

Erin Jenkins, from Best Logistics, had a similar experience in locating at the Port. "The decision to locate at the Port was driven by ease of logistics, access to a skilled labor force and proximity to either our customers or suppliers," said Jenkins.

Key elements that continue to make the Port attractive to business partners are the hundreds of acres available for development, the Port's electric utility, a streamlined environmental review process as well as a staff fully versed in commercial and industrial development. The latter include projected four percent growth in property management revenues in their current fiscal year as business partners expand operations at the West Complex which holds five million square feet of warehouse space.

Steve Escobar, Deputy Port Director for Real Estate and Development, sees strength among the Port's building materials businesses that include steel and cement, fertilizer and agricultural product processors and distributors, as well as a growing contingent of green, sustainable businesses. The latter include biofuel producers and recyclers handling tires, paper, green wastes, construction materials and railroad ties. "Looking ahead," says Escobar, "the Port will continue to thrive with a number of new development projects on the horizon."



OPERATIONAL EFFICIENCY 09

Highlight the Port's Success

Provide financial information, tonnage breakdowns, a list of trade partners and tenants, and other hard data to show the scope and scale of the Port's business.

Feature Environmental Programs

Share projects the Port is spearheading that will improve the overall environmental health of the Port and surrounding region, including habitat restoration and energy efficiency initiatives.

Show Community Investment

Highlight ways the Port actively engages with and improves the city of Stockton and Central Valley region, including its internship program, adopt-a-family program, and more.

The Port engaged its Communications and Public Involvement sub-contractor, HDR, to guide the process and manage the creative design. HDR developed and implemented the following project timeline:

TASK	RESPONSIBLE	DUE DATE
*Strategy/information gathering meeting with POS	HDR	
Draft possible themes and content outline for POS review	HDR	
*Select theme and approve draft content outline	POS	Fri, 12/23
Contact print vendors for quotes; select based on pricing and customer service (need desired quantity from POS)	HDR	Fri, 12/30
Provide information for articles	POS	Tues, 1/3
Provide draft revised content & draft design templates (per selected theme) for POS review/approval	HDR	Fri, 1/26
*Review/edit/approve draft content & design template	POS	Fri, 2/2
Send first draft design for POS review/approval	HDR	Fri, 2/15
*Provide comments/approval on draft design	POS	Fri, 2/22
Send final design for POS approval	HDR	Fri, 2/28
*Approve final design for print	POS	Fri, 3/3
Format report for printing & send to printer	HDR	Mon, 3/7
POS receives reports (quantity TBD by POS)	TBD	Mon, 3/21
Assist with electronic promotion/distribution (i.e. website, e-blast, social media posts, etc.)	HDR	Fri, 3/8-3/24
Design electronic report for website complete	HDR	Fri, 3/21

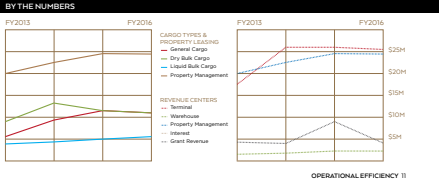
5. WHAT WERE THE COMMUNICATIONS OUTCOMES FROM THIS ENTRY AND WHAT EVALUATION METHODS WERE USED TO ASSESS THEM?

Surveys were conducted both in-person and electronically to gather feedback. Reports were passed out during the Port's free summer boat tours and 250 completed surveys were collected over the course of the tours. The Report was viewed online on the Port's website by 631 unique visitors, and 7 of those visitors completed the online version of the survey.

FINANCIALS

CARGO TYPES & PROPERTY LEASING				
	FY2016	FY2015	FY2014	FY2013
General Cargo	11,055,420	11,694,092	9,366,030	5,664,740
Dry Bulk Cargo	11,037,896	11,554,935	13,288,974	8,980,419
Liquid Bulk Cargo	5,572,290	5,013,307	4,345,233	3,916,601
Property Management	24,466,009	24,614,849	22,597,226	20,025,942
Other	4,507,569	9,120,064	4,339,058	5,826,254
TOTAL	56,637,184	62,027,147	53,988,521	44,515,956

REVENUE CENTERS				
	FY2016	FY2015	FY2014	FY2013
Terminal	25,459,343	26,026,517	25,184,767	17,430,126
Warehouse	2,204,263	2,235,617	1,815,471	1,632,309
Property Management	24,466,009	24,614,849	22,597,226	20,025,942
Other	268,929	94,068	411,459	974,705
Interest	132,673	48,384	29,098	50,854
Grant Revenue	4,305,967	8,977,613	3,950,502	4,299,943
TOTAL	56,637,184	62,027,148	53,988,523	44,515,879



Feedback demonstrated that 89% of those who read the Report felt that it was easy to understand. 73% rated the design as "Good or "Excellent." These results indicate that the Report was a success in terms of sharing lots of different types of information in an easy to digest format, and they confirm that this document could be shared far and wide to tell the story of the Port in 2017, whether to those in the maritime industry, the business world, or the community.

The boat tour Report survey and online Report survey are shown below:

COMMUNITY PRIDE

THE PORT TAKES GREAT PRIDE IN THE STOCKTON COMMUNITY. HERE IS WHAT COMMUNITY PRIDE MEANS TO US.

- PARTNERING**
Teaming with Women Transportation Seminars (WTS) a nonprofit organization to introduce young women to the maritime industry.
- DONATING**
Meeting needs from a sculling hull for the disabled to winter jackets for kids.
- TOURS**
Hosting more than 1,500 community members on Port guided boat tours.
- LEARNING**
Supporting science programs in area elementary schools.
- EVENTS**
Engaging local community by participating and sponsoring events.
- YOUTH**
Volunteering as coaches of youth children in need.

COMMUNITY PICNIC

WATERFRONT JOBS ON THE RISE

The Port generates thousands of jobs from truck drivers and warehouse workers who move goods, to chemists and welders working onsite at renewable fuel plants on the steel-mill facility. However, the heart of employment at the Port along the waterfront is on the rise.

Steve Griffen, Secretary/Treasurer of the International Longshore and Warehouse Union (ILWU) Local 54, also a Port Commissioner, directly knows the opportunities occurring at the Port. As a dispatcher for the Union, he has experienced the increase in activity first hand. "The last two years have been the busiest I've ever seen," stated Griffen.

Along with steel, other key commodities for the Port are on the rise as well including fertilizer, rice and cement. As cargo movement expands, so does demand for hands on the waterfront. Over the past three years, the ILWU Local has expanded its core membership by nearly 40 percent and more than doubled the number of casual, part-time dock workers. With the steady flow of cargo, the ILWU Local continues to assess the need for increased members.

Among those capitalizing on a job along the waterfront at the Port is Jeremy Terhune, a former Peace Corps volunteer and founder and Executive Director of Puentes, a nonprofit organization that operates the Boggs Tract Community Farm, located on Port property. Port Director Richard Archers loves to see the increase in cargo, but even more so the benefit it provides to the greater community. "Creating job opportunities for members of our community is a core mission of the Port and as a by-product of increased goods movement, jobs bring a lasting value to our community," stated Director Archers.

Local Union expands by 40% and doubled part-time dock workers to support diverse cargo

SSA lift going to work on West Complex

One particular commodity keeping the Port busy is steel. Increased imports of steel - in the form of beams for construction, pipe, rolls of sheet steel, angle iron, wire rod and reinforcing bar - are among the most

OPERATIONAL EFFICIENCY 17

Port of Stockton ANNUAL REPORT SURVEY

The Annual Report was easy to understand and displayed information effectively:

- Strongly Agree
- Agree
- Disagree
- Strongly Disagree

Please check the true statements are accurate

- 245 Ships called on the Port of Stockton in 2015, a record breaking number.
- The Port imports more then 90% of fertilizers used in the Central Valley.
- Unlike many other ports, the Port of Stockton is not supported by public tax dollars.
- Both A and C are true
- All of the above are true

Please check the correct answer

- The Port of Stockton is the 2nd busiest inland port on the western coast.
- True
 - False

Please check the correct answer

- The Port uses barn owls to control rodents in an environmentally friendly way.
- True
 - False

True or False

- The Port supports more then 5500 jobs for the San Joaquin region annually.
- True
 - False

Please rate the overall design of the Annual Report.

- Excellent
- Good
- Average
- Fair
- Poor

Did you enjoy this year's Annual Report?

- Yes
- No

If no, why not? _____

PORT OF STOCKTON
CALIFORNIA

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Port of Stockton - Annual Report Survey

*** 1. Which version of the Annual Report did you read?**

- Online
 Print
 Both

*** 2. The Annual Report was easy to understand.**

- Strongly Agree
 Agree
 Disagree
 Strongly Disagree

*** 3. The Annual Report displayed Port information effectively.**

- Strongly Agree
 Agree
 Disagree
 Strongly Disagree

*** 4. Did you read?**

- | | | |
|---|---|---|
| <input type="checkbox"/> Stockton's Port | <input type="checkbox"/> New Rail Facility at the Port | <input type="checkbox"/> Restoring Antioch Dunes |
| <input type="checkbox"/> The Commissioners | <input type="checkbox"/> Improving Connections - SR4 | <input type="checkbox"/> Environmental Sustainability |
| <input type="checkbox"/> Navigating Success | <input type="checkbox"/> Trade Partners | <input type="checkbox"/> Community Commitment |
| <input type="checkbox"/> A Dedicated Team | <input type="checkbox"/> Inside our Commodities | <input type="checkbox"/> In the News |
| <input type="checkbox"/> Shipping Advances in 2014 | <input type="checkbox"/> Business Partners | <input type="checkbox"/> Port Recognition |
| <input type="checkbox"/> Ship Calls at an All-time High | <input type="checkbox"/> Port of Statistics and Revenue | |

*** 5. Please rate the overall design of the Annual Report.**

- Excellent
 Good
 Average
 Fair
 Poor

6. Please provide specific feedback about the design of the annual report.

7. Did you enjoy this year's Annual Report

- Yes
 No

8. How can we improve our Annual Report in future years?

9. Which of the following best describes you?

- Industry representative
 Member of the public
 Business partner
 Other (please specify)

Done