

OAKLAND CONSOLIDATION: A WEST COAST MODEL



■ Peter Tirschwell

LOOKING OUT FROM atop a crane over the SSA terminal at the Port of Oakland recently, the facility was a vision of tranquility. Trucks ambled here and there, Maersk Line and APL ships were worked methodically, and the crisp Bay Area sunshine completed the picture. Yet the terminal that day handled more than 4,000 truck gate moves during the day shift and often exceeds 6,000 moves over a 24-hour period, making it the highest-volume terminal for truck moves in North America outside of Garden City at Savannah.

The SSA-run Oakland International Container Terminal, which now handles 75 percent of the cargo at the port, showcases how Oakland has emerged after four years of painful transition. From 12 midsize terminals suited to smaller ships and multiple carriers serving the trans-Pacific, each desiring their own terminal, the port today has effectively three terminals serving a much-consolidated industry of carriers bringing in much larger ships.

Oakland effectively crossed the chasm between the old and new industries, putting it at the vanguard of a transition on the West Coast that will likely see terminal consolidation at Los Angeles-Long Beach, which has 13 terminals across the two ports, and perhaps further consolidation in the Pacific Northwest.

The transition wasn't easy for Oakland, and it won't be easy elsewhere. The formation of what would become OICT occurred in 2013-2014 when APL and Hanjin Shipping ended their terminal operations at the port, and those terminals were combined with the adjacent facility operated by SSA Marine to form a single, rectangular-shaped terminal of about 300 acres. The transition was difficult, especially at first, particularly for port truckers.

As the terminals consolidated

into the new OICT, "it was a melt down," recalled Scott Taylor, president and CEO of GSC Logistics, one of the largest truckers operating at the port. "It wouldn't be uncommon for the highway patrol to show up and talk to the terminal because traffic was backing up onto the freeway, and from some of the terminals, that was two miles away."

He said truck turn times, the ultimate barometer of a terminal's performance from the perspective of cargo interests, ballooned. "The wait times were horrendous," Taylor said. "On average, they were 2 1/2 to three hours, but the worst part was the outliers, the 10 to 20 percent of loads that might have taken five, six, seven, or eight hours. People talk in averages in this industry, but it doesn't work that way."

Into the fray walked Chris Lytle, the former Port of Long Beach executive director whose first day as the Oakland executive director was July 22, 2013. The APL facility had just moved, and the 2014-2015 West Coast longshore labor crisis and the 2016 bankruptcy of the Ports America terminal were still to come. When Lytle went out into the truck lines and told the drivers, "We're going to fix this," he gave the first indication of the hands-on approach he would take to resolve the port's problems.

The reforms came in a steady progression. Lytle formed a group called the Port Efficiency Task Force that brought together parties that had never sat face to face: beneficial cargo owners and longshore labor, but also truckers, terminals, railroads, and carriers. "Thanks to Chris Lytle, he brought all the stakeholders together. We had everybody in the room," Taylor said. "Those first few meetings, to say the least, were very contentious. It was almost a yelling match. But everybody got their differences out on the table."

Dialogue that originated at the

task force led to painful but necessary reforms, including night gates at OICT, paid for by a \$30 fee per container that few if any BCOs have complained about, and mandatory appointment systems for imports that began at OICT and TraPac last year.

From the truckers' viewpoint, the situation has completely turned around. "I would say if the waits during the bad old days where four hours, we're now at an hour or an hour-and-a-half, and we can live with that," Taylor said. In 2015, OICT implemented a dray program to bring cleared import containers to an affiliated nearby truck yard for 24/7 pre-mounted pickup availability to improve congestion and truck velocity through the terminal.

Other opportunities presented themselves, including the port's ability to redevelop a 360-acre former Army base plot into an on-port import transload facility. With imports and exports roughly balanced and some major importers like Tesla using the port to supply its Fremont, California, plant, Oakland is trying hard to secure a first inbound port of call from Asia, all of which are currently at Los Angeles-Long Beach on Pacific Southwest services; is exploring short-haul rail into the nearby interior; and is looking to expand its catchment area for exports deep into the continental US.

With all this taken together, there is good reason for Lytle and his team, including maritime director John Driscoll, to feel good about the port and where it's headed. Indeed, the port communications director, Mike Zampa, has a four-point strategic plan for communication. What is his No. 1 message? "On a roll." **joc**

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