



PORT OF OAKLAND

# MARITIME e-NEWS

April 2016



## DrayQ and DrayLink

The Port of Oakland this month introduced two smart phone applications that could transform containerized cargo handling at seaports. The apps provide a highly anticipated tech-based calculation of harbor trucker turn times—an elusive industry metric.

“We know of no other port measuring trucker transaction times with this precision,” said Port of Oakland Executive Director Chris Lytle. “This takes the myth out of measurement and gives us a window into port performance.”

The apps, DrayQ™ and DrayLink™, employ Bluetooth, WiFi and GPS technology. They tell drivers how long they’ll wait to enter marine terminal gates and how long their transactions will take. They give shippers a glimpse of the location and productivity of the drivers they hire.

The Port said it commissioned apps to meet demand for accurate measurement of cargo pick-up and delivery times. These are known as turn-times in industry vernacular. The Port retained Reston, VA-based Leidos to license, deploy, and maintain the solution. It worked with the company to expand a wireless network throughout the Port to more closely connect the drayage truck community with marine terminal operators, cargo owners, and other stakeholders.

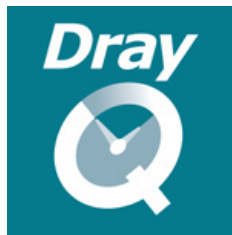
The Port previewed both applications last month for drivers in its Trucker Work Group and stakeholders in its Efficiency Task Force. The Port said its new apps can transform container shipping in a number of ways:

- Drivers and cargo owners can receive up-to-the minute information on turn times. They can now plan transactions around peak periods of marine terminal activity.
- Ports can get uncontestable data on how quickly terminals are moving containers for cargo owners. If greater efficiency is needed, the data will prove it.
- Shippers and trucking firms will be able to monitor driver location and progress in real time to improve dispatching.

“Drivers understand that when it comes to moving shipping containers, it pays to know your wait time,” said Taso Zografos of Leidos. “DrayQ™ is the first smart phone application to provide real-time estimates of street wait times, terminal turn-time calculated from entry to exit, combined aggregate wait time and even the trend of that wait time.”

DrayQ™ users will be able to log-in to the app to view marine terminal wait times on their phones. DrayLink™, will connect harbor truckers with shippers and the companies that dispatch drivers. DrayLink™ will provide validated wait-time reports for truckers who register to use the service. It will also verify driver compliance with regulations required for access to terminals.

Mr. Zografos said the smart phone apps will be available via Apple and Google app stores by the end of April. He added that Bluetooth and WiFi technology supporting the apps has already been installed and tested.



## Exports Climbing

An export rally may be underway at the Port of Oakland. The Port said this month that 2016 containerized export volume is up 19.9 percent so far over 2015. March exports were up 9.9 percent, the third-straight monthly increase in Oakland.

Port officials attributed the gains to a recent decline in the strength of the dollar. U.S. goods are more affordable overseas when the dollar’s value declines. Export volume declined throughout much of 2015.

“It’s too soon to declare this a trend, but we’re encouraged by recent signs,” said Port of Oakland Maritime Director John Driscoll. “Exports are a critical component of our business.”

Oakland exports are closely watched. They comprise more than half the Port’s total 2016 cargo volume while other West Coast ports depend on imports. Oakland is the leading gateway for Central Valley growers exporting to China, Japan and other Asian destinations.

The Port said total containerized cargo volume—imports, exports and empty containers—is up 18.9 percent this year. Total volume for the month of March declined 14.5 percent, the result of a drop in imports. The Port linked the decrease to an unfavorable comparison with extraordinary March 2015 volumes. That’s when the flood-gates opened at West Coast ports following a protracted waterfront contract dispute. The Port also said that March volume was limited by a seasonal post-Lunar New Year slow-down in imports from Asia.

To see the Port’s cargo volume statistics, [click here](#).

## They Said It

*A great use of mobile apps at the Port of Oakland*

—DSIMobile

## Status Update

Marine terminal consolidation is wrapping up this month at the Port of Oakland. The shift from five to four terminals will be final April 29 when Outer Harbor Terminal ceases operations. Vessel operations concluded at the terminal March 31. Cargo operations cease April 22.

The Port reports that all vessel services and cargo from Outer Harbor Terminal have been redirected to adjacent terminals. None of the terminal's business has been lost. Oakland International Container Terminal has received about 90 percent of the migrating cargo. TraPac has taken the rest.

Consolidation has allowed the Port to absorb excess terminal capacity while it explores future uses for Outer Harbor Terminal. But it has taxed terminals during the transition period. Lines of trucks at some terminal gates have lengthened. Turn-times for drivers have increased during peak periods.

But terminal operators report extraordinary steps are being taken to improve service. They say that the speed of cargo movement should increase once the new measures take hold.

Here's a rundown of what's happening at Port of Oakland marine terminals:

**Ben E. Nutter Terminal:** The terminal underwent a complete overhaul late last fall: new equipment, redesigned gates and a new operating system. Terminal management is exploring possible expansion by adding 15-to-20 acres of space in the container yard. Everports is also in discussion to add another vessel service to the three it currently handles. The terminal is operating one-stop lanes for shippers. Drivers take the first-available container from the stack, greatly reducing turn-time.

**TraPac Terminal:** The terminal is in discussions to significantly expand the size of its operation. TraPac is about to add 12 acres of space in its container yard. It's in negotiations to lease Berths 25 and 26 located in the Outer Harbor Terminal. New cargo-handling equipment is being added to the TraPac fleet. TraPac is now managing new business—a K-Line service that migrated from Outer Harbor Terminal. As a result, there's more volume at the terminal gate. The terminal reports an increase in refrigerated container activity, as well. TraPac is operating Monday night gates to accommodate the additional activity.

**Oakland International Container Terminal:** The terminal reports a significant increase in activity following the migration of vessel services from Outer Harbor Terminal. It's receiving about 25 vessel calls weekly. Between 4,000 and 4,500 daily gate-moves have been reported at peak times. Terminal officials say they've added extra marine clerks to process increasing gate volume. The terminal says night and Saturday hours are helping to moderate weekday gate crowding. Up to 1,200 gate moves a day have been reported on Saturdays. Night gates are still underused by shippers and their drivers, the terminal says. Between 200 and 300 import containers are being drayed off the terminal nightly. They're made available on chassis at a nearby location for round-the-clock pickup. More than 1,600 import containers a week are being picked up from one-stop lanes. Shippers must have a minimum of 30 containers discharged from a ship to use the one-stop program. The terminal says a 19-acre yard available exclusively for empty containers will open by month-end. Drivers returning chassis are being accepted through the terminal's bobtail lane for quicker access. The terminal is occasionally using two berths from the adjacent Matson Terminal when vessel schedules don't conflict.



## Bar Pilots

San Francisco Bar Pilots guide 8,000 to 9,000 vessel moves annually through San Francisco Bay. The largest portion of that traffic—40 percent—is generated by the Port of Oakland. That's why Bar Pilots visited with the Board of Port Commissioners this month to explain their mission.

Created in 1850 by the state of California, Pilots help ships navigate 200 miles of Bay and river waters. They told Port Commissioners that their responsibility is the environmental and economic protection of the Bay and its tributaries.

The privately operated San Francisco Bar Pilots are licensed by a state Board of Pilot Commissioners. Their jurisdiction stretches over 1,000 miles of shoreline and 90 percent of California's marshland. They assist ship captains in steering the safest course through Bay waters while avoiding nautical hazards.

Pilots were in the wheelhouse for more than 3,200 arrivals and departures in Oakland last year. Among noteworthy accomplishments so far in 2016: berthing the CMA CGM Benjamin Franklin. The 1,310-foot-long megaship called New Year's weekend and again in February.

The Franklin's two wintertime visits were the first-ever megaship calls on the U.S. West Coast. Bar Pilots spent more than a month working with Port officials to ensure the ships could successfully dock in Oakland. Among the preliminary steps:

- Modeling of San Francisco Bay conditions including wind and currents;
- Multiple test-runs on a two-story simulator at the Cal State Maritime Academy, Vallejo; and
- A live trial on a 1,200-foot-long vessel to demonstrate new departure protocols.

Pilots helped berth the Franklin in Oakland Estuary though it's too long to rotate in the Port's turning basin. On departure day, the ship was drawn stern-first by tug boats into the Bay. From there it was turned 180 degrees for passage back through the Golden Gate. It was the first time the maneuver had been attempted in Oakland. It will be standard practice for future megaship calls.

## They Said It

*West Coast ports have indeed made a comeback*

—Datamyne

## Journal of Commerce Senior Editor Speaks

One of the world's most influential shipping journalists is bullish on the Port of Oakland. Journal of Commerce Senior Editor Bill Mongelluzzo said this month he's impressed with opportunities opening up here. But he cautioned that the Port community must pull together to realize its promise.



"I see blue skies ahead for Oakland," Mr. Mongelluzzo told an audience of 100 at a Propeller Club of Northern California luncheon. "You have the ability here, and the infrastructure is being developed; but it's all about productivity and consistency."

The internationally renowned expert drew on decades of experience in summarizing the Port's prospects. He said Oakland will be one of few U.S. megaports capable of handling the world's biggest ships. Oakland has tall cranes and deep-water berths, to accommodate megaships, he pointed out. "The megaships are on the way and they're here to stay," he said.

A concern, Mr. Mongelluzzo said, is a past reputation for problematic labor relations. The perception can result in some cargo loss from Oakland, he said. He countered that by saying that Oakland's rank and file dockworkers are the most productive on the West Coast. Each crane operator moves 30-to-40 containers on an off ships every hour, he said, far outpacing competitors.

The editor projected 3-to-5 percent cargo volume growth for Oakland and other West Coast ports in coming years. He said Oakland work practices must change to meet the increase. "Monday-through-Friday, 8-to-5 operating hours can't happen anymore," he said. "It won't do the job."

Mr. Mongelluzzo spent eight hours visiting Port of Oakland operations before he spoke. His observation: "I'm optimistic, especially after the tour. Everyone here is stepping up to the plate."

## Terminal Operators Won't Verify Cargo Weight

The Oakland MTO Agreement (OAKMTOA) announced this month that all three member terminals are incapable of providing verified gross mass (VGM) weighing services that adhere to the SOLAS guidelines scheduled to go into effect on July 1. The guidelines, which are amendments to the International Convention for the Safety of Life at Sea (SOLAS), require shippers to notify ocean carriers of the weight of containers before they are loaded onto a ship.

Individual member terminals will establish and communicate their own policies for handling VGM procedures at their terminals.

The Oakland MTO Agreement is filed with the Federal Maritime Commission, and comprises the three marine terminal operators serving the Port of Oakland.



## VGM Best Practice from OCEMA

### Reprinted from the Ocean Carrier Equipment Management Association

Amendments to the International Convention for the Safety of Life at Sea ("SOLAS"), to which the U.S. is a signatory, will go into effect globally on July 1, 2016. In general, the amendments require shippers to provide the Verified Gross Mass ("VGM") of containers carrying cargo before those containers can be loaded aboard a vessel. Without a VGM, the amendments also prohibit the vessel operator from loading a packed container. OCEMA recognizes that all members of the shipping community will be affected by this regulation. In an effort to facilitate and simplify compliance, OCEMA has developed a best practice for the receipt and forwarding of VGM.

A key objective of the best practice is to develop processes that will have as small an impact as possible on all participants. The following describes the Best Practice as it applies to the:

- **Shipper** (The cargo owner, exporter, NVO, freight forwarder or agent that is making arrangements to stuff and/or transport the container.)
- **Ocean Carrier** (The steamship line with which the Shipper is contracting to transport the container.)
- **Marine Terminal Operator** (The operator of the facility where the container will be loaded aboard the vessel.)
- **Vessel Operator** (The steamship line whose vessel is actually transporting the container. This may be the same as the Ocean Carrier or, in the case of a move conducted under a vessel sharing agreement or space charter, it could be a different steamship line.)

## OCEMA's VGM Best Practice

### Shipper Responsibilities

Because the Shipper is uniquely situated to know and report the weight of the container, the Shipper determines the VGM for the loaded container using one of the two methods provided under SOLAS regulations.

- (1) Pursuant to the SOLAS regulations, the Shipper may calculate VGM by:
  - (i) weighing the packed container using calibrated and certified equipment; or
  - (ii) weighing all packages and cargo items, including the mass of pallets, dunnage and other securing material to be packed in the container and adding the tare mass of the container to the sum of the single masses, using a certified method approved by the competent authority of the State in which packing of the container was completed.

In accordance with SOLAS guidelines, if using method (ii), Shippers may use the container tare weight marked on the container. OCEMA's position on tare weights is consistent with that of the IMO in that a Shipper may rely on the tare weight printed on the container when using method (ii) to determine VGM.

To facilitate Shipper operations, some ocean carriers have indicated that they may provide a database of tare weights on their websites. However the tare weight is provided, it is acceptable for Shippers to rely upon the tare weight being

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made available by the Ocean Carrier. The Shipper would not be certifying the accuracy of the container tare weight printed on the container.

- (2) A person duly authorized by the Shipper must certify the VGM by signing the shipping document and providing it to the Ocean Carrier by the VGM cut-off time or by providing VGM in electronic form with an electronic signature by the VGM cutoff time.

### HOW to provide VGM to the Ocean Carrier?

In order to facilitate the provision of VGM and provide flexibility to the trade community, there are several methods for submission of VGM to Carriers. However, electronic provision is preferred and will expedite transmission of data. (Note: some Carriers may only accept VGM in electronic form. Please check with Carrier).

- EDI message (VERMAS, or for example a 304 message)
- Portal Service (INTTRA, Nexus, CargoSmart, other)
- Through the Ocean Carriers web portal specifically designed to accept VGM
- Alternative methods to be determined by the Ocean Carrier

### WHEN must VGM be received by Ocean Carrier (“VGM Cutoff”)?

- For VGM submitted electronically: As a general practice, when the receiving cutoff time is determined to be at the close of the business day, VGM Cutoff will be at noon of that day. Regardless of the receiving cutoff time, Carrier will advise the Shipper of VGM Cutoff at time of booking.
- For VGM submitted through alternative methods, VGM Cutoff will be determined by the Ocean Carrier, but will typically be earlier than for electronic submissions to allow time for processing
- Similar to the concept of No Docs/No Load that is already in place, if the Ocean Carrier does not receive VGM prior to the VGM Cutoff time, the container cannot be loaded aboard the vessel. Instead, it will be sidelined until the next available sailing by which time

the Shipper must have made arrangements for the provision of VGM. The treatment of any costs or other circumstances arising out of a Shipper’s failure to timely provide VGM will be a matter for individual Ocean Carriers to determine in accordance with their applicable tariffs and service contracts. Once the Ocean Carrier receives the VGM, the Shipper’s responsibilities are complete.

### Ocean Carriers

It then becomes the responsibility of the Ocean Carrier to forward the VGM to the Marine Terminal Operator (MTO) and/or the Vessel Operator. The Ocean Carrier will provide VGM to the MTO in electronic format. Provision of VGM to the MTO in any format other than electronic will only be done on a case-by-case basis with the agreement of the MTO. There is no need to provide the actual signature certification to the MTO or Vessel Operator. Provision of a VGM by the Ocean Carrier indicates that it has been certified by the Shipper.

### HOW to provide VGM to MTO?

- EDI Standard 301, 315 or COPRAR message set

### WHEN must VGM be sent to the MTO?

- VGM must be provided to the MTO in time to develop the Load List

### Marine Terminal Operator

The MTO will receive the VGM electronically and use it to develop the Vessel Stow Plan. The MTO will provide the VGM to the Vessel Operator through a standard BAPLIE message.

### HOW to provide VGM to Vessel Operator?

- MTO to send VGM via Standard EDI BAPLIE

**IF VGM IS NOT RECEIVED THE CONTAINER CANNOT BE LOADED ON TO THE VESSEL.**

### Vessel Operator

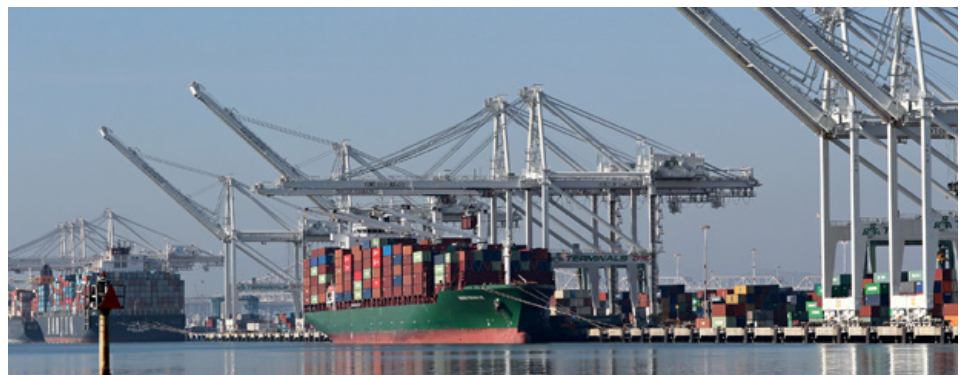
The Vessel Operator reviews and executes the Stow Plan as it normally would and retains the VGM for vessel transit and use at destination.

## Stop Work Meeting

Daytime cargo operations at the Port of Oakland will be suspended Sunday, May 1, for the ILWU’s regular monthly Stop Work meeting. The meetings are provided for in the labor agreement covering U.S. West Coast ports.

There are no Sunday gate operations at the Port of Oakland. That means container pick-up and delivery won’t be affected by the meeting change.

Stop Work meetings are usually conducted Thursday evenings. Oakland’s ILWU Local 10 requested a shift to Sunday. The Pacific Maritime Association, representing waterfront employers, approved the change. The union said it requested the change to participate in May Day events.



## They Said It

*“The Port of Oakland is using two smartphone applications to improve trucker turn times”*  
—Journal of Commerce

*The Port of Oakland is doing its bit to safeguard its waterfront*  
—GreenPort

# Terminal Exit Offers Opportunity in Oakland

Reprinted from the *Journal of Commerce*

Bill Mongelluzzo, Senior Editor, *Journal of Commerce* | Apr 15, 2016

OAKLAND, California — In a port industry marked by brutal competition, it may have been necessary for the Port of Oakland to lose its second-largest tenant in order to realize its full potential.

Outer Harbor Terminals, a joint venture of Ports America and Terminal Investment Ltd., in February began the process of terminating its lease with Oakland. The terminal operator worked its last vessel on March 31, and will be completely gone from the 166-acre site by April 28. Outer Harbor handled about 30 percent of Oakland's container volume.

Rather than bemoaning the loss of a major operator, the Northern California port and its marine terminal operators are actually energized by the development. Oakland's container terminals had been struggling with an aggregate overcapacity problem of about 50 percent and as a result the terminals were losing money.

About 90 percent of Outer Harbor's container business is shifting to Oakland International Container Terminal, which is operated by SSA Marine, and the remaining 10 percent is going to TraPac. Oakland's terminal operators will now enjoy higher utilization factors, which should be reflected in more profitable operations.

"We welcome that," said Port of Oakland Executive Director Chris Lytle. "We don't want the port to be expensive."

The developments that are playing out right now in Oakland should be watched closely by other major gateways, especially those in North America, because consolidation, reconfiguring of terminals to promote efficiency and expanding yard and gate operations are just what is needed in the competitive international port industry.

This point was raised Thursday by Kim Fejfer, CEO of APM Terminals, in a presentation to the Global Liner Shipping conference in London. "Changes in shipping require not only investment and increased efficiency at the individual port level, but the configuration of port complexes needs to adapt to and cope with current trade flows, increased ship sizes and demands for the lowest possible costs. There will be winners and losers in the coming years," Fejfer said.

Oakland intends to be one of the winners.

Lytle sometimes refers to Oakland, located 400 miles north of Los Angeles-Long Beach, as a mid-sized port. The Southern California complex handles more than 15 million 20-foot-equivalent units a year, and the unique configuration of Pacific Southwest services from Asia that discharge and reload as much as 90 percent of the vessels' contents in Southern California make what's left for Oakland seem fit for a mid-sized port.

However, with annual throughputs of 2.24 to 2.34 million TEUs, Oakland consistently ranks among the top seven or eight U.S. ports, and would stand out if it were located on the East Coast or Gulf Coast. Furthermore, its physical infrastructure needs are just as great as, if not greater than, many of those ports as they prepare for today's mega-ships.

Oakland's container volume is expected to increase in line with the projected 3 to 5 percent growth in the U.S. container trades in the coming years, but its physical challenges will be greater than most

ports. That's because ocean carriers have determined that the largest ships serving North America will call in California.

Indeed, Oakland has already handled two test runs of 18,000-TEU ships, and CMA CGM in May will launch a weekly service with 18,000-TEU vessels to Long Beach and Oakland. By comparison, East Coast ports expect to handle mostly 6,000- to 8,000-TEU ships in the coming few years, even with completion of the Panama Canal expansion project.

The additional business that OICT and TraPac have picked up has sent those terminals scrambling to reconfigure their operations, extend their gate hours and plan for terminal expansion projects. The terminals, with assistance from the port authority through stakeholder optimization meetings, are expanding their hours of operation and deploying creative operational measures in order to handle the additional business while avoiding potential congestion.

OICT, at 273 acres, is already the largest container terminal in the port, but SSA Marine is taking immediate steps to reconfigure its operations to improve cargo-handling efficiency and to work vessels of 18,000 TEUs. Susan Ransom, client relations and customer support manager, said OICT is moving its chassis-storage pit to another location to free up cargo-handling space, and has taken on additional longshore labor. The terminal is keeping its gates open during the lunch hour for continuous operation and will run more night and weekend gates.

Oakland's largest container terminal is also taking steps to improve the efficiency of its vessel, yard and gate operations. Since it handles 24 to 27 vessel calls each week, OICT has no slack time for vessels docked at its five berths. "Getting ships in and out is the key," said Jim Rice, SSA general manager. That means working as many as five cranes simultaneously against a ship, and the commensurate amount of labor that is required, to turn the vessels quickly.

Although International Longshore and Warehouse Union Local 10 is considered to be one of the union's most militant locals, and continues to challenge employers on issues such as hiring, manning and start times, terminal operators in Oakland say the local's rank and file workers are the most productive on the coast. Crane operators in Oakland consistently produce 30 to 35 container moves per hour, and at times have achieved 40. The West Coast average is about 26 to 28 moves per hour.

SSA in Southern and Northern California pioneered the strategy of draying import containers from the terminal to off-dock sites as they are discharged from the vessels, which frees up valuable yard space for container handling. The dray-offs, and a related strategy known as one-stop, or peel-off, in which containers for certain large truckers are block-stowed on the terminal, relieve pressure on both the yard and the gate. SSA has also established a special lane for bobtail and chassis moves, and designated a site for the receipt of empty containers.

While some of these measures were already in place, SSA has been implementing strategies as needed at a rapid clip in the past month, and has been accelerating equipment purchases, in anticipation of the new business. These moves have caught the attention of port

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executives. "They have really stepped to the plate. It's not easy to do so much so quickly," said John Driscoll, Oakland's director of maritime.

OICT will need these and possibly other measures to handle the surge in cargo. Rice noted that the terminal is already processing about 4,000 truck moves per day and will soon be handling about 4,500 moves. The opening of regular Saturday gates will relieve about 700 to 800 moves from weekday and weeknight hours, he said. Also, Ransom said, the terminal will soon have mandatory trucker appointments for some moves.

OICT and the Oakland terminals operated by TraPac and Everport have no choice but to take extraordinary measures in order to replace the role that was played by Middle Harbor in the port. The remaining terminals risk increasing congestion and the loss of business if they cannot adequately handle these vessels. "Our number-one goal has to be to give good service and keep the business in Oakland," Rice said.

TraPac, which handles four to five services per week, is picking up a "K" Line/Yang Ming service from Outer Harbor, which will produce about 600 to 800 additional moves per week, said Michael Porte, regional vice president and general manager of the Oakland terminal. TraPac, at 66 acres, is looking closely at opportunities to expand the facility. TraPac is located adjacent to the vacated Outer Harbor facility,

and may seek to lease acreage there that would allow it to easily double its volumes, Porte said.

TraPac is also relocating and expanding its gate complex and will add night and weekend gates as needed. TraPac will do whatever is necessary to handle calls by vessels that could be in the 10,000- to 14,000-TEU range. "We will look at everything," he said.

In order to help the terminals respond quickly to the demand for expanded gates, the Port of Oakland has committed \$1.5 million in a transition-assistance program, and port staff will request from the harbor commission an extension of the program until the end of June, Driscoll said. Terminal operators' only source of revenue comes from lifting containers on and off of ships, so the transition money will help defray the costs involved in extending gate hours.

Terminal operators in Oakland have a new mindset now that Outer Harbor Terminals is gone and they can plan for increasing traffic volumes. They are focusing on immediate operational improvements such as dray-offs and establishing sites for handling chassis and empty containers, but they are also opening their pocketbooks for long-term investments in cargo-handling equipment, crane raising to accommodate super post-Panamax ships and possibly leasing additional acreage.

Port executives are encouraged by these outward signs of confidence in the Northern California gateway. "That kind of private investment says a lot," Driscoll says.

