

Port Executives Look to Future, Anticipate Seas of Change

COMMITTEE REPORT



WTS evening event at the Westin Long Beach Hotel, 2015

Speaking as panel members at the April 29 WTS evening event, executives of three California ports—including the nation’s first- and second-largest container-handling ports—described how they plan to embrace the relentless pace of change in the shipping industry.

Dan Tempelis, vice president with Platinum Sponsor Hatch Mott MacDonald, introduced the program, held at the Westin Long Beach Hotel.

Stacey Jones, vice president and business development director for ports at CH2M Hill, moderated the panel. “Our Southern California ports play a vital role in our state and our nation in creating jobs. They are the largest capital investments in the country,” Jones said, beginning the Wednesday program.

Kristin Decas (right), Chief Executive Officer, Port of Hueneme; Tony Gioiello, Deputy Executive Director of Development, Port of Los Angeles; and Jon Slangerup, Chief Executive Officer, Port of Long Beach, explained why their mammoth capital projects are crucial in fighting off competition from ports worldwide.

Ports Must Adapt to Retain Trade

“How do we adapt quickly to retain and grow our share of worldwide trade?” Decas asked, sounding one of the panel’s themes.

“Everyone wants our trade and the jobs that go with it,” Slangerup said. “We are competing aggressively across North America.”

Gioiello noted that competition comes from other West Coast ports and East Coast/Gulf Coast ports, as well as Canadian and Mexican ports.

Port of LA to Counter Competition

According to Gioiello (left), the Port of Los Angeles plans to counter this competition by



improving in four areas: building world-class infrastructure, offering an efficient and environmentally sustainable supply chain, improving financial performance of port assets, and maintaining strong relationships with stakeholders.

“My experience is more on the development side,” Gioiello said, noting that he started work at the Port by pounding stakes as a surveyor. No wonder he enumerated the \$1.2 billion in capital improvements the port will complete by 2018.

Fully Automated Terminal Under Construction

The TraPac Terminal will be the Port of Los Angeles’ first automated terminal. The \$510 million project is currently under construction with several phases already completed and in full operation. In addition to TraPac, the Port is also proceeding with deepening water depths at two additional terminals, Gioiello mentioned the Port of Los Angeles has recently increased its channel depth from 45 to 53 feet. The Port has also made a commitment to developing the Wilmington and San Pedro Waterfront areas, and are in current negotiations for the redevelopment of Ports O’Call Village.



Slangerup said that shippers now collaborate in filling a ship with cargo: A vessel may stop at several ports, randomly mingling wares from multiple manufacturers, making unloading more complex and clearing docks requiring new efficiencies.

Long Beach Devotes \$4 Billion to Expansion

“Our [Long Beach] port leads the nation in infrastructure costs, including \$4 billion devoted to expansion,” Slangerup (left) said. “Our \$1.3 billion Middle Harbor Project—the first half of the project is slated to open in late 2015—will deliver approximately a 20 percent increase in capacity for the port when it is complete. This one new terminal will have more capacity than all the ports in Florida combined—14 ports.”

“This will be an enormous increase in our efficiency, and it is a green project,” Slangerup said. “It will be the world’s first fully-automated, all-electric container terminal with a capacity of 3.4 million TEUs [20-foot equivalent units].”

The challenges for these giant facilities in part stem from their enormous success in attracting trade, as highlighted by Slangerup.

Container Ships as Wide as I-405

“Ships containing 14,000 TEUs call here,” he said, “and the Long Beach and Los Angeles port complex have the only terminals in North America that can handle this large ships. “These ships are as wide as the I-405 freeway is wide, northbound and southbound combined [approximately 120 feet]. These ships are 1,200 or 1,300 feet long, [equal to the height of] the Empire State Building.”



“And these ships are just babies compared to [the ships] coming,” he explained. “These are driving massive changes within our industry. We will see 16, 18 and even 21,000 TEU mega container vessels visiting our Port in the coming years.”

Avoiding Southern California Ports Proves Expensive

Slangerup cited work slowdowns created by recent labor negotiations to illustrate why the twin ports of Long Beach and Los Angeles are crucial to Asian manufacturers. When those manufacturers were forced to ship to other ports, they incurred unsustainably higher costs, according to Slangerup.

“Time is money,” Slangerup emphasized. “While it takes 17 days to ship goods from Shanghai to Chicago via Long Beach, it takes 30 days to ship to Chicago via the Panama Canal through the New York/New Jersey ports.” He noted that the Panama Canal cannot handle the 14,000 TEU and larger container ships.



Port Hueneme Maintains High Ranking

“We are in the backyard compared to Los Angeles and Long Beach,” Decas said, while noting that Port Hueneme’s trade remains in the top 11 percent of container ports in the United States. A preferred port for specialized cargo, Decas told her audience that her port’s refrigeration facilities are the largest on the West Coast.”

Those refrigeration facilities reflect the nation’s appetite for a certain yellow tropical fruit. While 60 percent of Port Hueneme’s revenue flows from automobile trade, bananas remain a strong 30 percent of the port’s revenue.



Ports Focus on Creating Jobs

“It’s all about creating jobs and helping our community,” Decas added. The importance of jobs were echoed by her fellow panelists.

“We generate about 1 of 8 jobs in the City of Long Beach,” Slangerup said. “We affect 315,000 regional jobs.”

Ports Reduce Emissions

“You cannot talk about these ports without talking about the emission reductions we’ve accomplished in recent years,” Gioiello emphasized. “Diesel particulate matter is down 80 percent; sulfur oxide has dropped 90 percent, and nitrogen oxide has dropped 59 percent compared to 2005.

“What can we do to help the environment and be more green?” Slangerup cited this defining goal for the Port of Long Beach. “Our long-term goal is Energy Island which would make us completely self-sufficient in terms of energy by generating green power within the port. As Southern California Edison’s largest customer, we will work with them to build out a network of microgrids that will be green.”



This event was chaired by Programs Co-chair Elizabeth Ramirez of Curt Pringle & Associates.