

PARTNERS IN INNOVATION
2016 CITT State of the Trade and Transportation Industry Town Hall Meeting
MEETING SUMMARY

Introduction:

The METRANS Transportation Center joined California State University, Long Beach's (CSULB) College of Continuing and Professional Education (CCPE) and Center for International Trade and Transportation (CITT) to co-host the 2016 CITT State of the Trade and Transportation Industry Town Hall Meeting titled "*Partners in Innovation.*" The meeting was held on Wednesday, March 30, 2016 at the CSULB Gerald Daniel Recital Hall. This year's topic centered on how the Southern California trade sector plays an important leadership role in resolving supply-chain issues through innovative means. The Town Hall meeting provided a forum for participants to learn about innovative best practices bred from collaborations in supply-chain management. The meeting also addressed how these new partnerships impact goods movement. Dr. Thomas O'Brien, Executive Director of CITT and Associate Director of METRANS CSULB Programs, Jeet Joshee, Dean of CSULB's College of Continuing and Professional Education (CCPE), CSULB President Jane Close Conoley, and Congressman Alan Lowenthal offered opening remarks.

O'Brien began with an overview of CITT's work. He then emphasized that Town Hall meetings serve as a neutral forum for various stakeholders in the port supply chain. Joshee welcomed the audience, praised O'Brien and CITT's work, and talked more about CSULB and the Town Hall's role in helping the trade in the Long Beach area over the years. Long Beach councilman/congressman Alan Lowenthal then welcomed the audience and discussed the positive impacts of the port's green initiative on congestion and pollution issues. Lowenthal also stressed the importance of collaboration and how Town Hall meetings play a key role in driving cooperation.

Tribute to Domenick Miretti:

O'Brien paid tribute to Domenick Miretti by highlighting Miretti's career accomplishments. O'Brien also played a video clip featuring Domenick Miretti from the 10th Annual Town Hall Meeting where Miretti emphasized the importance of collaboration in maintaining the port's competitiveness. CITT announced that 'Domenic Awards' will be presented at future Town Hall meetings. This award will be given to exceptional individuals "who broke down barriers among stakeholders engaged in trade in our region for the betterment of the community." O'Brien then introduced Bill Mongelluzzo as the moderator for the next panel.

Keynote Speaker- Bill Mongelluzzo:

Bill Mongelluzzo, Senior Editor of the *Journal of Commerce*, addressed the question, “What drives the need for innovation and better coordination along the supply chain?” Mongelluzzo’s opening remarks echoed the need for collaboration to tackle port issues. He cited how the collaboration between truckers, equipment providers, and terminal operators handled the arrival of the Benjamin Franklin container vessel as an example of how continued cooperation serves toward maintaining competitiveness.

2016 Town Hall Video Presentation:

Produced by Dave Kelly’s team (Advanced Media Production), the video discussed the complexity of the goods movement industry regarding infrastructure, efficiency, and management. The video posited that containers and innovation provide the key to supply-chain optimization. The video also posed several questions to foster further discussion about the efficiency of the port’s supply-chain management. Some of these questions include:

- How can the San Pedro Bay compare with its competitors?
- Should the local harbor be compared with high tech Chinese and European harbors?
- Are the various appointment systems for container retrieval working as intended?
- Can an appointment system be created that benefits everyone?

Mongelluzzo moderated a roundtable discussion with panelists: Tracy Burdine, Director of Client Services at Yusen Terminals; Michael Christensen, Senior Executive Lead for Supply Chain Optimization at the Port of Long Beach; Fred Johring, President of Golden State Express/Logistics; Steve Miller, Chief Procurement Officer at P.F. Chang's, and Paul Trani, President of ILWU Local 63, Marine Clerks Association.

Roundtable Discussion:

Michael Christensen covered the first question focused on supply-chain optimization efforts. Christensen talked about the change in the port’s supply chains after the great recession, particularly with regard to ocean carriers, divestiture, chassis and other equipment. Issues that caused backups forced the port to discuss increasing efficiency. Since 2015, port executives gathered hundreds of stakeholders and formed working works to tackling optimization issues.

Fred Johring addressed the second question focused on whether supply-chain optimization efforts were breaking down silos between terminal operators, truckers and other stakeholders. Johring pointed out that communication improved dramatically over the past few years.

The third question was about ILWU and how they are contributing to communication and supply chain optimization efforts. This question was directed at Steve Miller who pointed-out that land is a constraining factor, so land-use efficiency is the key to handling big ships.

The fourth question went to Tracy Burnine, who was asked about the kind of dynamics used at Yusen terminals to handle megaships. Burnine said collaboration is key. He also stressed that daily partnerships with the ILWU and the customers, referred to as beneficial cargo owners (BCO), help with peel-off and free-flow customers. Getting in touch with Chinese export ports was another solution toward handling big ships to increase cargo forecast accuracy.

The fifth question was addressed to Steve Miller about the increasing role of the cargo owner in the cargo handling process, as well as their collaboration efforts. Miller offered a BCO perspective; data analysis increased over the past five years, which offered new insight and helped foster collaboration by sharing proprietary data. The increase in data analytics also helped with risk management, which underscored the importance of understanding cargo flows.

Fred Johring was asked about the Turn Time 2.0 study being conducted by the Trucker's Association. Johring talked about how truckers are fitted and tracked by GPS. The data gathered every month from the GPS units are published to terminals in addition to detailed data on drayage. The goal is to limit trucks to two drayage trips with each trip being less than 60 minutes. Johring also highlighted the need to procure evaluation tools to measure performance.

Tracy Burnine was then asked about how mandatory appointment systems help terminal operators plan to procure maritime equipment and if that helps truckers to improve turn time. Burnine talked about how appointment systems assist with peak-congestion hours and that the terminal is building an appointment portal with the trucking community in mind.

The next question was directed at Michael Christensen, which focused on extended free times for containers and its effect on congestion. Christian mentioned that the ports are working to reduce the abuse of free time through the "flexible free time concept." The Supply Chain Optimization Group gathered stakeholders to talk about other solutions as well.

Paul Trani was asked about labor's role in peel-off, dray-off, and other solutions. His response centered on how terminals increased turn-time efficiency with technology and human labor. He talked about how important it is for the laborer to be included in meetings in order to gain a better understanding of their role in the greater system. Trani also emphasized that bringing in people with years of experience and working with technology is important.

Steve Miller was asked about how BCO's are using information technology in the supply chain. Miller emphasized how technology helps most with tracking cargo, which he identified as a serious issue prior to implementation. He also pointed out that information gathered helps measure efficiency and cost accountability.

While setting up for the audience Q&A, Mongelluzo asked Trani about the ILWU's perspective on automation. Trani emphasized that consistent human intervention into technology implementation and operations will yield true positive effects. He also discussed government incentives programs and how terminals should have 24-hour gates.

Audience Questions and Answers:

1. John (manager at a BCO) asked about how feasible a one-appointment system is and when it will go online. Fred Johring said it is possible if one overarching system encompasses 13 different appointment subsystems, which may happen within the next few years.
2. How can automation help reduce accidents on the job for ICW-covered workers? Trani talked about discussions going on within the Pacific Maritime Association regarding workplace accidents and mentioned that training is a big part of this. Infrastructure is also important to invest in since inefficiencies lead to workplace accidents.
3. Mario Marrow had a question for Paul Trani – “How can workers become more competitive with technology over the next 10 years?” Paul Trani discussed 24-hour gates and compared the implementation of this concept across several ports. Instead of focusing on how robotics siphon work, investments should rather be made into the workers because it promotes adaptability. Steve Miller used the auto industry as an example; plants with stronger management tend to be better performing than automated plants. Technology is best utilized when deliberately implemented for the right applications.
4. Bill Mongelluzo touched on Trani's previous comment about 24-hour gates. Having three eight-hour shifts will cause issues because, contractually, the third shift is a hoot shift lasting five hours. What can be done to have three eight-hour gates and have work done around the clock? Tracy Burnine answered by saying that they would work with labor unions to develop a solution.
5. Dinah Hawken from the CSULB GLS program, asked Michael Christensen if there are any plans to expand the terminal size. Christensen talked about how expanding the ports is a big challenge since it entails buying property on the hinterland side or creating more land out of water, which is expensive. The Supply Chain Optimization Group is working with the Port of Long Beach on a land-use study to determine whether the property owned can be used more productively. Terminals are aging, so infrastructure needs to be refreshed in order to optimize their configurations. Investing in infrastructure serves toward making existing land more productive.
6. Norman Harris, President of the LA Customs Brokers and Freight Forwarders Association, asked about the feasibility of a valet service where the terminals are notified, prior to the arrival of the vessel, about certain containers to be piled and removed as soon as they're available to be picked up at an off-terminal site. Burdine said Long Beach actually has a similar system in place and that its success comes down to partnerships and accruing more offsite land to conduct

operations. You could, alternatively, valet your own property and collaborate with the drayage community by organizing specific arrival times to evacuate that cargo.

7. Mongelluzo asked whether the ports identified any vacant lots, plots, or terminals that can become container terminals to be used for dray-off by using PRS. Christensen responded that PRS was used to help solve last year's disruptions. The Port of Los Angeles sent out a request for proposal last year about some land, but at this time there is nothing to report.

8. Carl Kemp with the Pacific Merchant Associations asked about Southern California International Gateway's ruling that the project needs more environmental review before it proceeds, and how it might impact congestion. Christensen responded by pointing out litigation is holding up planning that the group initially wanted to move forward with, but this project and other rail projects can move forward since a decision was made.

9. Another question was asked about possible solutions to resolving 24-hour gate obstacles and how hours can be adjusted. Paul Trani said that labor will not present any problems on their end. Tracy Burnine added that it would have to be beneficial for terminal operators and that flow would have to be kept up. A follow-up question about the appointment systems on the ports was then directed at Fred Johring. He said that the trucking industry supports the appointment system as long as it has a commitment to get trucks to 60-minute turn times. Johring also mentioned reworking the Pierpass system so that the appointment system can work properly. He also pointed-out that consolidating 40 different portals into a single portal will also be a massive undertaking.

Conclusion:

Dr. Genevieve closed by highlighting how collaboration between parties improved over the past five-to-seven years serves as a sign of fruitful progress. She was also impressed with how the Town Hall touched on every part of the supply chain including areas such as stowage, storage on dock, free time, turn times, and more. She expressed that some topics could have received more discussion such as competition, data sharing, and the issue with the "surface side" 11:59 gate operations. She concluded with comments encouraging continued collaboration at the ports.

O'Brien concluded the meeting by thanking everyone and mentioning that the recording and other resources will be available on the CITT website.