

Everyone in the pool!

With growing congestion at container gates and access routes, Gordon Payne of Seaport Consultants Canada Inc believes the time has come for terminal operators on the West Coast of North America to establish trucking pools.

The contribution by container ports to the economic success of the communities in which they are located is undisputed.

However, clogged container gates and congested port access routes have become the bane of many gateways on the West Coast of North America (WCNA). Not only does congestion disrupt everyday intermodal business, it causes many port communities to raise the bar against port expansion.

The leaders of the same communities also bristle at the growth in intermodal rail traffic, as stack trains halt road traffic passing through grade crossings at what seems like a snail's pace, wending their way through urban areas between the port and inland points.

Besides traffic issues, there are, of course, many other reasons why municipalities are opposed to port expansion. These include the impact on the environment, such as increased air and noise pollution, and the effect port expansion often has on the natural habitat of the area.

This paper focuses on the interface of container terminals with truck carriers, and what could be done to optimise truck turnaround within the terminal to help unclog container gates and the highway linkages. While the focus is on the situation in the WCNA, the concepts should apply in other areas of the world where major container ports are part of urban areas, providing antitrust regulations allow it.

The solution discussed below emanates from this writer's own background as a container terminal manager during the period when Vancouver (BC) was burdened with a 'container clause', which required containers to be stuffed or unstuffed on the waterfront by longshoremen unless they moved directly between the port and the premises of the cargo owner.

Thankfully, this clause was expunged in 1987, which enabled Vancouver, thereafter, to compete on a level playing field with US ports - first, to recapture Canadian cargo, and, second, to implement a strategy to secure a significant share of the North American rail intermodal trade.

The container clause created a serious trade barrier for Vancouver, and forced the terminal operator to look beyond the boundary of the terminal to find a solution to capture and retain container business. This led to the broadening of the terminal operator's scope of services to include port-to-door deliveries by moving import cargo between the port and a customer's premises.

As our knowledge of the transportation sector evolved beyond that of a terminal operator, we at Seaport became creative in packaging ocean and inland transportation services with our traditional terminal operator services, to become a kind of NVOCC consolidator/freight forwarder providing importers with port-of-origin to final destination services.

Our customers included major Canadian importers such as Eaton's of Canada, Suzuki and Radio Shack to name just a few, all routings based on a Vancouver terminal and the shipping lines that called at the terminal.

I mention the above as background to why Seaport believes the time has come for WCNA terminal operators to expand their horizon to include the provision of port-to-door transportation services for containers destined within the local market area of the port, as a solution to optimising terminal efficiency, truck turn times, gate activity and connecting road corridors.

The congestion at container gates and road systems mostly stems from the sheer volume of containers that now move by truck within the local market area of the port. In Seaport's opinion, the luxury of importers being permitted to make their own trucking arrangements for such large, diverse container volumes is severely impinging on terminal operators' ability to handle random truck arrivals efficiently.

This is the underpinning reason why gates and access corridors of container terminals have become severely congested.

Seaport's solution to this problem is for terminal operators to step beyond the boundary of the terminal by establishing a trucking pool (perhaps a co-operative) to perform drayage services within the local market area of the port.

We foresee the following benefits as achievable for all stakeholders through the setting-up of a trucking pool:

- enables the operator to pre-stage containers daily in a manner to achieve sequential delivery of containers from the container stack
- improves terminal equipment deployment and operational performance
reduces truck turn time at the terminal
- unclog truck gates and reduces road access congestion
- expands the pick-up window to a calendar day, rather than the often-unrealistic short-time window demanded of most existing truck appointment systems
- provides control to the terminal operator of the staging and sequence of delivery of local containers
- reduces the cost of local transport through significantly-improved cycle times and utilisation levels for trucks.

How would the concept of a trucking pool work within a competitive trucking environment for the port and its customers?

Pooling resources is nothing new. In fact, the WCNA longshore sector has effectively used one for years in the form of the central dispatch system from which employers draw a substantial portion of their daily longshore labour needs.

Similarly, the employers of International Longshore and Warehouse Union (ILWU) foremen operating at Canada's west coast ports have used the pool concept for deploying foremen. In the case of foremen, the pool concept enables each employer to draw additional foremen required for its daily operations from the pool, and for foremen of each company (when not required by their employer) to participate as a pool member to obtain work from other employers on a casual shift basis. The employers invoice each other for the services of their foremen engaged from the pool at a mutually-agreed hourly rate.

The pool concept is also being practised by the container shipping sector through the creation of shipping consortia such as the existing Grand Alliance and New World Alliance, and is now practised in New York and some California ports by ocean carriers for the deployment and sharing of line-owned chassis.

Seaport has a concept of how a trucking pool would function. First, each terminal operator would establish a policy that requires each trucking firm to register as a licensed party to

perform trucking services at the terminal, and, as a condition of the licence, to participate as a member of a trucking pool for the terminal.

The trucking pool would be managed by the member firms of the trucking pool in co-operation with the terminal operator in the following manner:

- The member trucking firms would collectively agree to a zoned internal hourly rate for the trucking services they provide to each other.
- Each member firm would commit to contribute trucks to the pool, based on a jointly-agreed formula, according to market share.
- The office of the trucking pool would be located at the terminal, and its staff would work in unison with the terminal operator's staff responsible for gate transactions.
- Bookings for the daily pick-up of containers at the terminal would be co-ordinated through the pool by the member trucking firms. Containers designated for pick-up would be relayed daily to the terminal operator's staff.
- At the close of each business day, the trucking pool would determine the number of trucks required to deliver the total quantity of containers allocated for next-day delivery, and each member trucking firm would contribute to the pool a proportional share of the trucks required.

The number of trucks contributed daily by each member should approximate to each trucking firm's share of the total market. But this could be more or less, subject to sufficient trucks collectively being provided by the pool members, to ensure that adequate trucks are available to accomplish the container deliveries to be made.

Through close liaison between the staff of the trucking pool and the terminal operator, upon arrival at the terminal, trucks in the pool would sequentially receive the first available container suited to the characteristics of the vehicle. At the out gate, the terminal operator would issue the truck driver documentation for the container on the truck, with instructions on how to complete the delivery to the customer.

Upon completion of each business day, the truck drivers in the pool would submit the completed transactions to their employers (designated member firms) to enable each firm to bill the correct company for the delivery services rendered, according to the established zoned trucking rate.

Each trucking firm would, in turn, bill its customers the rates agreed between them.

The subsequent pick-up of empty containers from customers' premises would remain the responsibility of the designated trucking firm appointed by the customer, or could be a service integrated under the scope of the services provided by the trucking pool. If under the pool, the repositioning of empty containers back to the terminal for reloading to a ship or to a designated off-dock storage depot would enhance the flow and management of empty containers in a manner to minimise empty moves within the supply chain.

The delivery of laden export containers to the terminal would continue as before, but could be brought under the domain of the trucking pool, if sufficient benefits are identified to justify this.

The trucking industry and importers will tell you there are myriad special needs related to their services that will render such a concept impractical. However, from experience of implementing changes to business practices, 99.9% of the initial opposition to such changes invariably stems from distrust and reluctance to accept change, even though the status quo is no longer working efficiently.

Regardless of such protestations, changes in the way local deliveries are made are urgently needed. And solutions to the exceptions that are identified by those opposed must - and can - be found, in order to meet the needs of all customers.

Such exceptions and the logistical solutions for them most frequently flow from the vision of those charged with performing daily services.

Seaport believes that, in the case of trucking, optimum solutions will flow from the integration of the common interest of drayage and terminal services to enable all customers' needs to be met.

Moreover, we believe the creation of a trucking pool will yield substantial cost savings for the benefit of all stakeholders arising from improved truck turnaround times and the optimal utilisation of terminal equipment and space.

Implementing the suggested concept will require strong leadership on the part of the terminal operator and the support of the port authority to propel the trucking sector to support the concept. The key impetus will be to demonstrate the benefits that will flow to the trucking sector and their customers.

The terminal operator needs to establish entry rules that are fair and equitable to enable stakeholders to substantially speed the flow of trucks through the terminal via seamless gate and port access routes.

The creation of a trucking pool will also contribute to reductions in the pollutants-per-container handled, to help mitigate the growing opposition to port activities by surrounding communities.

We acknowledge that a trucking pool does not address the broader issue of achieving container pick-ups over a longer period of the day. This is perhaps best solved by implementing a scale of gate service fees, wherein the fee is set highest during peak traffic periods and lowest during low traffic periods at the terminal.

The solution of how to solve the elongation issue is probably best found by the alliance created between the trucking sector and the terminal operator, through the formation of the trucking pool concept. Regardless, we believe the creation of a trucking pool will substantially increase a terminal's truck capacity, reduce truck turnaround times, and culminate in substantial cost and environmental savings to the benefit of all.

Adding container yard automation technology to the mix - as seen in European ports and the transition now under way at some East Coast of North America terminals - will enable most WCNA terminals to handle even greater container volumes on their existing footprint, as well as helping to reduce truck turn times even more.

Gordon Payne is a principal of Seaport Consultants Canada Inc, which provides management consultancy services to the port sector. The company's main focus is port management and operations, port privatisation, mergers and acquisitions, economic evaluation, facility planning, port development, business planning, traffic forecasting, market assessments and shipping studies.

Beyond a strong Canadian presence, Seaport has established strategic alliances with US, Asian, African and Latin American firms to provide a global focus on port activities. For more information, visit www.seaport.com