

Terminal technology gets TraPac test Changes on the waterfront occur a year after labor dispute

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Los Angeles -- For years, crane operators at Trans Pacific Container Service Corp., a bustling cargo terminal on San Pedro Bay, were guided by chalk marks made by longshore workers as they deposited containers lifted from ships.

"If it rains, God bless you," said Frank Pisano, the regional vice president and general manager of TraPac, as it is better known on the waterfront.

Now the chalk has been retired. And, with a modest \$5 million investment in optical character recognition equipment, a global positioning system and automated inventory updating, TraPac has become the first terminal on the West Coast to install new technologies to expedite the movement of an ever-increasing volume of cargo.

It comes nearly a year after a labor dispute at the West Coast ports caused havoc with the nation's commerce, as management and labor argued about how technology would affect jobs. All industry eyes -- the longshore workers' union among them -- are on TraPac. Labor endorses increased productivity, its leaders say, as long as any new jobs the technology produces are union jobs.

It was never in doubt that technology for cargo identification, tracking and handling would eventually come to the ports, but the implementation had to be negotiated with labor.

That was the centerpiece of contentious contract talks over seven months last year between the International Longshore & Warehouse Union, representing 10,500 longshore workers at 29 West Coast ports, and the Pacific Maritime Association, representing shipping companies and stevedore and terminal operators.

At its low point, management locked out dockworkers and shut the ports for 10 days, alleging an illegal slowdown by workers. President Bush intervened via the Taft-Hartley Act and obtained a court order ending the lockout at the ports, through which about \$300 billion in trade passes annually -- more than half of the nation's seaborne commerce.

The six-year contract that finally emerged, signed in January, permits the introduction of technology that managers require, but in turn gives the longshore workers' union jurisdiction over certain jobs that may be created by the modernization.

The expectation is that the work of about 400 marine clerks will be automated on the coast (the displaced workers are guaranteed full-time longshore jobs until retirement), but terminal operators and other managers insist that increased productivity will beget many more jobs.

First, however, there must be clarity about the new contract. TraPac's installation will be followed by another first: The union, when it is prepared,

will file the first complaint alleging that the newly authorized technologies are masking jobs that are contractually union jobs. The matter will be settled in arbitration.

"We have to see what the new rules are," said Scott Axelson, TraPac's director of planning and development. "We're feeling our way right now and no matter what it was, the Bible or the Constitution, the people who wrote it still disagree on what it says."

The ILWU last week signaled that the struggle with TraPac has been joined.

"They and a few other companies are, in our estimation, way out of line in terms of how the (contract language covering clerks' jurisdiction) reads, in terms of what marine clerk work is," said Peter Peyton, secretary of ILWU Local 63 in San Pedro, representing marine clerks in Southern California.

"Because they are going first, we will be looking at TraPac and going through (the implementation) with a fine-tooth comb."

It was clear last week, viewing truck movement from TraPac offices, that the optical character recognition alone made for a largely steady flow of traffic in and out of terminal gates. The equipment reads trucks' license plates and serial numbers, and identifies the trucking company and its mission.

Before TraPac installed new equipment, there was an exchange between a truck driver and a marine clerk and a paperwork requirement, but that's been eliminated and time saved, Pisano said.

It was 8:55 a.m. TraPac had handled 300 transactions at the terminal, and an additional 100 to 150 were still taking place on the grounds. "It used to be you would have a hard time doing 200 by this time," Pisano said.

He said that without the improvements TraPac would be limited to handling 10,000 containers a week and having to say no to customers. Now, the firm says,

it can handle 15,000 or more.

Planning for installing technologies is in various stages at other ports on the coast, but TraPac went first. Port and terminal managers, including those at the Port of Oakland, are closely watching the operations under way at the terminal on Harry Bridges Boulevard in Hawthorne, a stone's throw from the San Pedro border, adjacent to Long Beach.

"There will be implementation of terminal technology in the last quarter of this year and the first quarter of next year, while others are waiting to see what other people do," said Joseph Miniace, president and chief executive of the Pacific Maritime Association, in San Francisco. "There is always some saving in letting others go first and piggyback on that technology rather than running up the flagpole yourself first."

TraPac had an imperative. It operates on 175 acres on the west basin of the Port of Los Angeles -- a midsize terminal for the Ports of Los Angeles and Long Beach -- and while the company has a plan to expand to an additional 75 acres, there's no guarantee that will happen, given the opposition by environmental groups.

That means TraPac must make more-efficient use of the property it has. "We have to get better. The land is not here. We have 175 acres. If we don't automate we're dead," said Pisano.

In fact, after expanding two major Los Angeles-Long Beach port facilities operated by Hanjin Shipping Co. and Maersk Sealand, there will be no more room for cargo terminal growth in Southern California, Pisano said.

The Pacific Maritime Association complained during contract negotiations that West Coast ports are far less efficient than many in Asia and Europe. The ports -- without the new cargo tracking

technologies -- handled about 4,000 containers per acre per year, compared with ports in Taiwan and Singapore that process nearly 20,000.

At the same time, estimates vary for the expected increase in cargo volume for 2003, but the consensus is that it will be significant.

The so-called new technologies, like the optical character recognition, are hardly new, but earlier contracts clearly described clerks' responsibility for inventory monitoring. Among the technologies the industry is examining is one developed in the Bay Area by a company called ContainerTrac. Its Port Automated Tracking System follows containers using global positioning satellites, internal navigation systems and digital maps.

At TraPac, early indications are that its expenditure is paying off.

The company, which handles about 700,000 "vessel lifts" (loading or unloading containers) per year, says productivity has increased about 50 percent since the technology was installed. It says there has been a 25 percent net increase weekly, compared with a year ago, in the number of longshore workers required from the union hiring hall.

Said Pisano, "For one clerical job you are probably going to gain five more tractor drivers, mechanics -- you're going to push volume and you will need more people."

The ILWU believes increased productivity is a good thing, said Peyton of Local 63. "There is not a problem with us one bit," he said. "They can knock themselves out in terms of how they want to do it, as long as they realize that the second phase of this is compliance with the MOU (meaning it has job jurisdiction), and that's where we're going next."

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