

The State's Other Ports



■ Trade and Transportation

By Thomas O'Brien

Caltrans is currently developing a California Freight Mobility Plan, a blueprint for goods movement that addresses all modes of transport across the entire state. As a planning document it is designed to “promote economic growth, encourage job creation, and increase mobility, while enhancing public safety and security and addressing the environmental challenges of moving goods via the State’s highways, railways, airports, and seaports.”

Those seaports include not only the big three – LA, Long Beach and Oakland – but others in California that provide valuable trade related services to the state and national economy. These smaller niche ports often specialize in specific goods movement operations like agricultural products, automobiles, machinery, bulk materials and other products that do not fit within the containerization model we are used to here in Southern California. Of the eleven California ports that operate publicly, eight are considered smaller ports with a niche focus. These include the ports of Hueneme, Humboldt Bay, Redwood City, Richmond, West Sacramento, San Diego, San Francisco and Stockton.

With specialization of port activities comes a substantial level of risk. Detrimental economic implications are magnified at niche ports because of their lack of a diverse client base. When the industry that is being served suffers a decline in business, demand for port services declines, causing a reduction in the need for labor and creating financial stress for the port as well as the local community. This was the case with the slowdown in vehicle purchases that occurred in 2008 and 2009. It dramatically slowed growth rates at the Port of Hueneme in Ventura County. Hueneme lost \$1 million in revenue in 2009 after realizing profits of \$1.3 million the year before. On the other hand, commodities often flow through niche ports because of dedicated infrastructure. As a result, efforts to protect the livelihood of the industry will also maintain the port’s viability.

Niche ports face other pressures which force them to employ innovative business models and constantly alter their practices. These pressures include competing land uses like residential housing and commercial facilities. The ports of Redwood City and San Diego have faced development pressures in

recent years. In San Diego, the Tenth Avenue Marine Terminal was the focus of multi-use development plans that included a new stadium, an arena, and a bay front park.

Another challenge for smaller ports is one that they share with all other ports: the need for new infrastructure investment to remain competitive. Access to rail is a main concern. Bulk materials are often transported via train; therefore niche ports (or any port with a dedicated focus on bulk materials movement) generally need reliable heavy rail access to compete.

There is also a need for equipment to handle the ever changing nature of goods movement. Bulk commodities are increasingly being moved in containers. This presents an opportunity for smaller ports to compete with larger ports in an area that the latter have always controlled- container handling. But it also demands a new way of doing business, updating loading techniques and equipment and a re-working of concepts related to weight distribution. Containerized bulk products often work best in containers that are stored vertically, avoiding leakage at door seams.

Of course, niche ports must also be concerned that containerization of commodities could create new competition for them. Containers can be offloaded at ports that do not have specific bulk commodity facilities, and this is often the niche port’s competitive advantage.

As a result, the decisions made in one port about investment, infrastructure development and client base will have impacts that extend far beyond the local community. It is why a statewide plan that addresses California Freight Mobility should be of interest to all stakeholders. This includes the people involved in moving freight and as well as the people who live in the communities where freight moves. The right investments will not only ensure the flow of goods, they will also mitigate the negative impacts of freight activity and create jobs.

The Draft California Freight Mobility Plan can be found at <http://www.dot.ca.gov/hq/tpp/offices/ogm/cfmp.html>. Port communities, both large and small, have an interest in what it says.

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