

## The Stevedore: DeNike reflects on 50 years in industry

SSA Containers president says these days container terminals are judged by how they handle trucks as well as ships.



BY CHRIS DUPIN | MONDAY, SEPTEMBER 17, 2018

During his 50 years in the stevedoring industry, Edward DeNike, president of SSA Containers, has seen the size of containerships and the cranes that discharge and load containers grow enormously.

While the speed and size of equipment has increased, the principles of operating ship-to-shore cranes along the “stringpiece” where the ship is moored and equipment such as top-loaders, reach-stackers and transtainers (rubber-tired gantry cranes) in the container yard where containers are stored have remained about the same, DeNike says.

“A big difference, I believe, has been in the gates and in the yard,” he says. “A terminal today is judged by the time they can get trucks in and out of the terminal, rather than just the ships.”

DeNike’s long career in the shipping industry is being recognized by the Containerization and Intermodal Institute, which is presenting him with its Connie Award Tuesday night.

“Ed DeNike’s career bridges the advent of global containerized shipping, the success of intermodalism and the innovation of shore side facilities that changed the face of the worldwide movement of cargo,” says Michael J. DiVirgilio, president of CII. “His expertise and vision has touched every sector of our industry.”

DeNike is president of one of SSA Marine’s three stevedoring divisions — the other two are SSA Conventional, which encompasses breakbulk and other non-container operations, and SSA International.

SSA has operations in Central and South America, the Caribbean, Oceania, Asia and Africa. SSA Marine is a subsidiary of Carrix, which also owns Tideworks Technology and Rail Management Services.

SSA has eight container terminals on the West Coast — three in Long Beach, two in Oakland, two in Seattle and one in Tacoma. Three of those terminals — C60 in Long Beach, Berth 63 in Oakland and the West Sittum Terminal in Tacoma — are operated in a joint venture for Matson.

One of the ways that terminals have been able to accommodate the growing volumes at West Coast ports, says DeNike, has been automation of the paperwork processes involved in getting trucks in and out of terminals.

SSA also has pioneered the use of off-dock container yards for inbound containers. It works like this: As containers are discharged from the ship, those headed to the off-dock yards are marked and placed into special stockpiles. When they are ready to be trucked to the off-dock yard, they are loaded onto chassis by a top-loader and trucked to nearby off-dock yards, where they are stored on chassis and can be picked up by shippers 24 hours a day.

In Long Beach, all of the import containers that SSA handles for Matson at Berth C60 are trucked to an off-dock yard, and about half of the import containers from Pacific Container Terminal (SSA's joint venture with COSCO) and Terminal A are trucked off dock. Two of the off-dock yards are located in Carson; another is in Long Beach.

The company also has off-dock terminals for its operations in Oakland — one right in the port itself, the other in French Camp, about 70 miles inland. And DeNike says the company would set up an off-dock location in Seattle when volumes are high enough.

DeNike says the use of off-dock yards allows his company to handle about 30 percent more cargo in its terminals.

Cargo operations for imports also can be sped up for larger shippers through the use of so-called “peel-off piles.”

DeNike explains that containers containing imports are traditionally the most time-consuming for a terminal to handle when truckers arrive at a terminal to pick up a specific container. Since containers are stored in a large grounded piles underneath a transtainer crane, several containers may have to be rearranged in order to “dig out” the particular container a trucker has arrived to pick up.

DeNike says a longshoreman may be able to only load nine containers on trucker chassis in an hour. However, if a large importer is willing to have a fleet of trucks shuttle a group of containers bound to the same shipper off the terminal to a warehouse, they can be taken off the ship and placed in peel-off piles. When the truckers are ready to retrieve the containers from the terminal, SSA can have a longshoreman using a top-handler place any container from that peel-off pile on the chassis of any trucker in the same fleet, rather than matching a particular container to a particular trucker.

Instead of loading nine containers an hour on trucks with a transtainer, a longshoreman may be able to load 35 containers an hour using a top handler.

While the minimum number of containers that a shipper must have to use a peel-off program varies from terminal to terminal, SSA Marine has done it for shippers with as few as 20 to 30 containers on a ship.

DeNike says probably 20 percent to 25 percent of the full import containers it handles on the West Coast are moved using peel-off piles.

Another way terminals have coped with growing volumes at ports has been extended hours. Later this year a further change will sweep through the nation's two largest ports — Long Beach and Los Angeles — when PierPass revises its OffPeak Program.

That program, which began in 2005, encouraged shippers to have their truckers pick up and deliver containers to terminals at night by charging a fee during the day that is waived at night. Before the PierPass program, 88 percent of containers of the two ports were picked up during the day; today about half the truck moves at terminals occur during the day and half at night.

Under the revised PierPass program, shippers will be charged a lower fee around the clock. To prevent congestion at the terminals, trucks will be required to have an appointment to retrieve cargo at terminals.

While the other nine terminals in Los Angeles and Long Beach already have implemented appointment systems for truckers, SSA has not, until now, required appointments because of its use of the off-dock yards.

But the company will move to an appointment system at its terminals in Long Beach as the new PierPass program begins.

In Oakland, SSA has been requiring appointments since 2016 when OICT saw its volumes grow 70 percent nearly overnight when the Ports America Outer Harbor Terminal was closed.

“We didn't like an appointment system because as a terminal operator you want to handle as many trucks as you can in a particular day, with the labor you have,” he explains. “But as it turned out, we had like 600 to 700 trucks in the morning and we just couldn't handle it. So we were forced to have an appointment system for import loads and we spread the business out over the whole day and it worked great. So we hope the same thing will happen in Southern California.”

DeNike says OICT has become the busiest terminal on the West Coast, handling about 6,000 trucks each day — about 4,500 at night and 1,500 during the night.

The second-largest terminal in Oakland, [TraPac](#), [announced](#) last week that it will start operating at night as well beginning Oct. 15.

One development being watched closely in the Port of Long Beach is the future of the highly automated Long Beach Container Terminal (LBCT), which was developed by the parent company of Orient Overseas Container Line (OOCL). With the sale of OOCL to COSCO Shipping, the U.S. government is requiring COSCO to sell LBCT and it has been placed in a trust.

If COSCO and OOCL were to consolidate business at LBCT, that might seem to present a problem for SSA Marine since it operates its Pacific Container Terminal at Pier J in Long Beach, in a joint venture with COSCO.

But DeNike says, “We expect to extend the lease at Pier J. COSCO is going to need at least two terminals. They are going to need another terminal, and we feel it's going to be Pier J.”

LBCT and the TraPac terminal in Los Angeles are two of the most automated in the United States, but DeNike takes a cautious view of fully automated terminals.

“My personal feeling is that, for one thing, you have to have volume to pay for it,” he says. “If a large steamship line feels that it has enough volume to pay for it and they're controlling it then maybe the volume part of it would work.”

But for a terminal operator like SSA that is not shipowner, “it's pretty difficult to invest that kind of money when you need the kind of volume that is required to pay for it.”

He also notes that you have to have productivity with your labor force to pay for it. On the West Coast, where you have the labor force that we do, I'm not sure that they'll ever buy into automation that would enable you to get the kind of productivity you needed to pay for it."

He says rather than automated equipment his company feels there are more gains to be made by automating processes and working with longshoremen to increase productivity at its terminals.

In Oakland, he says the International Longshore and Warehouse Union (ILWU) is working "with us better than they ever had." He calls Oakland "the best productivity port on the coast as far as I'm concerned.

"I think the union overall is better than it has been over the years," he says, adding the ILWU recognizes the increased threat to West Coast ports and their work posed by expanded Panama Canal, which has made it less expensive to ship cargo from Asia to U.S. East Coast ports.

Last year, the Ports of Los Angeles and Long Beach updated their Clean Air Action Plan with the goal of transitioning all terminal equipment to zero emissions by 2030. This July, the Port of Oakland unveiled its draft clean air plan also calling for increased use of hybrid and zero emissions cargo handling equipment.

"It's going to be a cost problem," says DeNike. "Equipment is going to cost approximately three times more than it does today. And the concern is who's going to pay for it? And this is where people don't have an answer."

For example, he says a top handler that costs \$600,000 today would have to be replaced with an electric vehicle that would cost \$1.8 million. Hostlers — the truck tractors that operate inside terminals and cost \$100,000 to \$110,000 today — might increase in cost to \$400,000 to \$600,000.

In addition, infrastructure will have to be built to charge zero-emission equipment.

"We're very concerned about it because how are we going to buy equipment? Our customers, they're not doing that well financially in this industry right now," he says. "How are we going to get reimbursed for this electrified equipment?"

DeNike is 72. "I feel good and I'm healthy, so at this point I'm not looking at retiring in the very near future," he says.

Being fast at the gate is key for another pursuit of DeNike.

For the past 35 years his family has bred, raced and sold racehorses — both thoroughbreds and quarter horses — raised on a small farm in Kent, Wash. He races quarter horses, which excel at sprinting short distances, at Los Alamitos in Cypress, Calif., and many of his thoroughbreds at Golden Gate Fields in Albany, Calif.

"Depending on the year, we may have eight to 10 born in a year," he says. "We really enjoy it."

A profile on the website of Los Alamitos notes that his horses included a "hard-knocking distance runner bearing a name close to the DeNikes' heart." The horse's name? The Stevedore.