

Port Truckers in Drive to Run 'Round the Clock

SHIPPING: Plan to reduce traffic dismissed as too costly by terminal operators.

By **KAY CHINN**

Monday, February 10, 2014

Another attempt is being made to address congestion at the L.A. and Long Beach ports, a persistent problem that has vexed terminal operators, trucking firms and nearby residents for years.

The Harbor Trucking Association of Southern California has proposed that terminals stay open 24 hours. Terminals now are generally open from 8 a.m. to 4:30 p.m. and from 6 p.m. to 3 a.m., no more than five days a week, but hours vary terminal to terminal.

The move, trucking companies argue, would reduce congestion by allowing trucks to service the 13 terminals at the ports at all hours, rather than jamming into the complex during operating hours or idling outside when gates are closed to get a jump on picking up a container.

Terminal operators, however, dismissed the proposal, presented to the Long Beach Harbor Commission in a meeting in late January, saying the costs associated with running a 24-hour operation would be prohibitive.

The ports already encourage trucking companies to come at night. Their PierPass system imposes fees on certain loads picked up during the day shift.

Trucking companies are proposing scrapping PierPass and replacing it with a smaller fee on all containers coming through the ports, day and night, to defray added costs that would be incurred with 24-hour operations.

George Boyle, chief executive of Quik Pick Express, a Carson third-party logistics company, said the trucking companies struggle to keep up with the scheduling challenges.

“You are working within a very complicated algorithm of 13 different terminals; they are open on different shifts, different days, at different times, many times closing early,” he said. With vessels coming and going all the time and limited opportunities for truckers to pick them up, congestion is bound to occur.

“Getting in and out of the terminal is only part of the equation,” said Mike

Johnson, president of HTA and trucking operations manager of Port Logistics Group. “There is also transportation to the destination. The customers have to have the time to unload and there is receiving time in the cycle that we have to hit.”

Because many warehouses are in the Inland Empire, the entire turn time of a single container could be very long.

But Bruce Wargo, president of PierPass Inc., a not-for-profit company created by terminal operators to address multiterminal issues, said the HTA plan does not address the real problem: too many trucks for the current volume of cargo.

“There are only two ways to change the average number of moves port trucks do in a day,” he wrote in an opinion piece published recently in the Journal of Commerce. “Attract more cargo, or reduce the number of trucks. It’s simple arithmetic.”

In his view, the crush of trucks coming into the ports results in delays that reduce the number of loads a truck can move in a day. Fewer trucks, he argued, would move through the complex faster and reduce delays.

Wargo said the across-the-board fee proposed by the trucking companies would not be well received by exporters and importers, who would bear the costs. His concern is that layering on this set of fees would make the ports less competitive.

HTA has not yet proposed a number, but said it will be smaller than the PierPass charge, which is either \$65 or \$130 depending on the size of the container.

“Advocating everybody pays money? I think that’s probably not going to go well with importers and exporters,” Wargo said in an interview.

Covering costs

More than half of the cargo moving through the ports moves at night and so is not subject to the PierPass charge. That schedule, combined with exemptions for certain cargo, means the PierPass fee is levied on just 27 percent of all containers moving through the ports.

As it is, Wargo said, terminal operators spent \$168 million last year to keep gates open extended hours, but only collected \$150 million from the

PierPass program.

“The cost of operating the gate 24 hours is a very expensive proposition, unless there is a continuous traffic,” said Nick Vyas, director of USC’s Global Supply Chain Management Center.

Meantime, the Port of Long Beach will put together a working group to address the issue of port operation hours, which Art Wong, assistant director of communications and public information officer at the port, said would be formalized in a couple of months.

© 2014 Los Angeles Business Journal