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## No easy solutions to problems plaguing US ports

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[Bill Mongelluzzo, Senior Editor](#) | Mar 24, 2016 7:37PM EDT



Port of Long Beach

An ongoing analysis of the factors that contribute to marine terminal congestion has industry experts concluding that ports will probably have to implement at least a half-dozen measures in order to relieve what has become one of the biggest bottlenecks in goods movement.

A key takeaway from JOC's 16th annual TPM Conference in Long Beach earlier this month is that container port operating models, as they stand today, will not sustain the demands placed on terminals by mega-ships, cargo surges that quickly fill terminals to capacity and thousands of truck movements each day at terminal gates, said Jon DeCesare, president of World Class Logistics

Consulting. "It is time for ports to consider implementing best practices," he told JOC.com Thursday.

DeCesare suggested that ports, as the neutral parties in the supply chain, consider a menu of best practices, including modifying demurrage policies in order to reduce container dwell times, extending landside operations as close to 24/7 as possible, modifying programs such as PierPass in Los Angeles-Long Beach that are designed to spread truck traffic throughout the day, and developing a single information portal serving all stakeholders in the port community.

The largest U.S. ports have provisions in their tariffs to discourage beneficial cargo owners from using marine terminals as free container storage yards for days on end through demurrage charges for exceeding designated free time. However, mounting evidence suggests these disincentives aren't working, DeCesare said.

DeCesare said congested ports should modify their demurrage tariffs "to avoid BCOs storing containers on terminal land that sometimes costs up to \$250,000 per acre." Increasing container velocity would free up critical terminal space that is needed to better handle mega-ship cargo surges, he said.

Los Angeles-Long Beach, the largest U.S. port complex, determined 10 years ago that keeping terminal gates open only 40 hours a week would not be sufficient to handle growing cargo volumes, and that was a major factor in the development of the PierPass program of five night and weekend shifts each week in addition to the traditional Monday through Friday day gates. As cargo volumes and vessel sizes increase, other ports on both coasts are considering extended-gate programs.

Terminal operators incur large costs in manning extended gates. The terminals' answer to that issue was to implement a traffic mitigation fee that BCOs pay when sending their trucks to the harbor during the peak daytime hours. The fee is not charged during the night and weekend gates.

This strategy has also accomplished a key aim of the program, which was to push harbor traffic into the lower-volume traffic periods at night and on weekends, and today truck visits in Los Angeles-Long Beach are split 50-50 between daytime and nighttime gates. Other ports that are considering extended gate programs have yet to implement a method of reimbursing terminal operators for night or weekend operations, and that is one reason why extended-gate programs elsewhere are generally languishing.

The PierPass traffic mitigation fee in Los Angeles-Long Beach is currently \$69.17 per 20-foot-equivalent unit. It is a flashpoint for disagreements among truckers, BCOs and terminal operators. Truckers argue that because of the fee, drivers line up at the terminal gates in mid-afternoon each day, waiting two or three hours for the fee to go away at 6 p.m. "PierPass causes congestion," said Weston LaBar, executive director of the Harbor Trucking Association.

DeCesare and the HTA have suggested that the daytime traffic mitigation fee be replaced with a smaller fee applied equally to all container moves regardless of the time of day. "This would enable drayage operators to utilize drayage capacity on dayside when it is available," DeCesare said.

John Cushing, president of PierPass Inc., said the daytime fee was designed with the specific purpose of pushing more traffic into the nighttime hours when freeways and roadways are less congested. "It continues to succeed in doing that," he said, adding that removing the fee would most likely result in a migration of traffic back to the daytime hours, and therefore bring back the harbor and freeway congestion that were present 10 years ago.

Most of the 13 terminal operators in Los Angeles-Long Beach this year will implement mandatory appointment systems to help them manage truck traffic and spread it throughout the day and night hours, thereby eliminating the traffic peaks and valleys that inevitably occur at container ports. Five terminals have mandatory appointment systems, two more are coming on shortly, and several more terminals will follow, possibly later this year. Cushing said the terminals will offer appointment slots during both the peak and off-peak shifts.

Truckers in some ports have resisted mandatory appointments, saying the vagaries of port and urban traffic make it difficult for drivers to maintain rigid pickup and delivery schedules. LaBar said the Harbor Trucking Association is open to appointment systems if they are effectively managed. In an ideal world, appointments will eliminate truck queues because truckers will have no incentive to show up hours in advance of the appointed time, but if drivers move quickly into the terminals and waste hours waiting to be serviced in the congested facilities, they gain nothing, he said.

Cushing responded that the in-terminal turn times recorded by the 13 terminals in Los Angeles-Long Beach showed that in February trucks spent on average 46.3 minutes during the day shifts and 48.6 minutes in the night shifts. Those times have been rather consistent since last summer when the ports returned to normal following the labor issues associated with negotiation of the coastwide longshore labor contract.

Even with appointments, though, DeCesare said the harbor complex will still be confusing for BCOs and truckers because they will have to deal with upwards of a dozen terminals, each with its own system and communication platform. Los Angeles-Long Beach, and other ports, must move toward a single portal. "Shippers today don't know who to talk to when they have an issue. Ports should provide the information in a one-stop portal. It's not enough to spend billions of dollars on infrastructure," he said.

Even if the ports are successful in developing a single portal, nagging issues that contribute to port congestion such as chassis shortages, "trouble tickets" issued to truckers who arrive with incomplete or inaccurate documentation and excessive container dwell times will continue to skew turn times throughout the 13 terminals. Cushing said Los Angeles and Long Beach, through their joint supply chain optimization efforts, have established working groups to address these and other issues that contribute to congestion.

The ports' supply chain optimization program is also working toward development of a single measurement for truck visit times in the harbor, which, if successful, would reduce the tension between terminal operators, who measure turn times only within their facilities, and the trucking association, which starts the clock when the trucker arrives in the queue outside the terminal gate.

DeCesare sees the future of goods movement strategies at all of the major gateways proceeding through a multi-dimensional approach that involves all of the stakeholders participating in the process, with each industry sector contributing its own ideas to the effort and sharing in the costs and benefits. "We have to keep pushing new ideas," he said.

Contact Bill Mongelluzzo at [bill.mongelluzzo@ihs.com](mailto:bill.mongelluzzo@ihs.com) and follow him on Twitter: [@billmongelluzzo](https://twitter.com/billmongelluzzo).

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