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California's PierPass to Maintain Port Hours

President says terminals will keep for extended-hour gates open weekly

The head of Southern California's PierPass, rejecting suggestions the marine terminal program is too costly to operate with the downturn in container volume, says the terminals will continue to offer at least four extended gates each week.

Bruce Wargo said terminal operators at the ports of Los Angeles and Long Beach agreed unanimously at a meeting Friday there will be no immediate changes in the PierPass schedule for night and weekend hours.

Some terminals offer both night and Saturday gates and some offer only weekday night gates, but they all agreed to continue offering a minimum of four extended gates each week.

Peter Keller, chief operating officer of NYK Line (North America), told a meeting of the National Retail Federation last week that container volumes in Southern California have dropped off so much that operating off-peak gates may not be justified.

Launched in 2005 to reduce congestion by spreading out cargo moves, PierPass began with terminal operators offering four weekday night gates and one Saturday day gate each week. However, when cargo volumes plummeted last year, the terminals said they could not cover the cost of running five extended gates each week.

Rather than increase the traffic mitigation fee of $50 per-TEU charged on shipments handled during the peak daytime hours, the terminals left it up to the discretion of each operator to lower their costs by cutting back the extended gates to four each week.

Wargo said all but two of the terminals – West Basin Container Terminal and Eagle Marine – now offer only four extended gates each week. WBCT and Eagle Marine continue to offer five extended gates each week.

PierPass has been very successful at relieving pressure on peak daytime gates. About 65 percent of the loaded containers handled at the port complex, and 60 percent of all

containers, loaded and empty, now move during the off-peak hours, he said.

Export cargo is picking up strongly, and exports tend to be low-margin commodities that can not tolerate added fees, so many exporters now move their containers at night, he said.

Ports/Terminals Container Shipping Maritime United States

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Carrier Says PierPass May End

Lower freight volume in California leaves off-peak gates with excessive costs

The popular PierPass program giving shippers incentives to move cargo at off-peak hours through Southern California ports may no longer be justified because of reduced cargo volumes, the U.S. head of NYK Line said Monday.

"Right now, we need to take a new look at what we are doing, in terms of whether it still makes sense to have those night gates, NYK Line (Americas) Executive Vice President Peter Keller told the National Retail Federation annual conference.

He said the program, launched in 2005 to cope with congestion at the ports of Los Angeles and Long Beach, has spread cargo movements to nights and weekends, reducing truck congestion at the nation's largest container gateway. Created by terminal operators including NYK Line subsidiary Yusen Terminals, the program offering discounts for goods moved outside the crowded daytime hours has been popular with shippers.

But terminals say they are getting enoiugh money from the PierPass fee to cover the cost of night and weekend operations, and shippers and truckers recently complained when PierPass dropped some gate coverage, forcing them to move goods during the day and pay higher daytime fees.
Keller said a bigger change is needed because terminal operators are now coping with the higher costs of keeping gates open with diminished freight volume.

"Pierpass was something we started for all the right reasons, and with the deterioration of volumes there is significant capacity on the day side to handle the business," he said. "The issue is that it has been institutaionlized and many shippers now prefer the night gates. Now it's a cost issue.

"We have fully manned day shifts, we are also paying excessive amounts of overtime to man the Pier pass gates. Right now we need to take a new look at what we are doing, in terms of whether it still makes sense to have those night gates," Keller said.

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