



FOR IMMEDIATE RELEASE
August 23, 2004

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Terminal Operators Unveil “PierPass” to Shift Port Traffic to Off-Peak Hours

LONG BEACH – Marine Terminal Operators at the nation’s largest port complex today unveiled “PierPass,” a private-sector plan to shift a significant portion of port-related truck traffic to night and weekend hours. PierPass is an unprecedented program designed to improve traffic congestion and reduce air pollution near the ports of Long Beach and Los Angeles.

PierPass represents a private-sector response to recent legislative initiatives to tax the movement of cargo during peak traffic hours. PierPass responds to community concerns by providing port-wide, full-service operations on weekends and evenings when trucks will not compete with commuter traffic. It responds to the needs of the trucking community for port-wide operations during off-peak hours. It further responds to the needs of shippers and importers by making efficient use of the ports’ infrastructure to ensure the continued flow of more than 12 million TEUs annually. (TEU refers to Twenty-foot Equivalent Units. Cargo containers are either 20 feet in length or 40 feet in length. A 40-foot container is the same as two TEUs.)

“PierPass is the result of a great deal of hard work, imagination and collaboration among international trade partners, the ports and state and local officials,” said Jon Hemingway, chairman of the terminal operators group that developed the PierPass program. “But we are not done. We will continue to meet with stakeholders, including trucking companies, shipping agents, distribution centers, our ILWU workforce and others to get their valuable input into this effort and refine the program.”

Hemingway identified California Assemblymember Alan Lowenthal, Councilwoman Janice Hahn and Robin Lanier of the Waterfront Coalition of cargo owners for their efforts to encourage maritime interests to develop a private-sector response to the growing problems of traffic congestion and air pollution at the ports.

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“We may not always see eye to eye, but Assemblymember Lowenthal has demonstrated that he is a tenacious and dedicated advocate for his community,” Hemingway said. “We will continue to work closely with Assemblymember Lowenthal and look forward to his support and help in implementing this program.”

To provide incentives for cargo owners to move containers during off-peak hours and to defray the cost of significantly increasing the capacity of terminal operations, a Traffic Mitigation Fee will be assessed on all loaded international cargo containers. Cargo moving during off-peak hours or using the Alameda Corridor rail service will be entitled to a refund of the fee. A newly created special purpose entity known as PierPass, Inc., will administer the program and will determine the ultimate amount of the fee to ensure that it matches the incremental costs of the program. PierPass staff said the initial Traffic Mitigation Fee will be \$20 per TEU. The amount of the fee will be subject to quarterly review and adjustment to reflect the actual cost of the program and the amount of the refunds.

The Traffic Mitigation Fee will be used to offset the additional costs required to staff weekend and night operations, estimated to be more than \$150 million annually. The program is expected to be phased in beginning on or about November 1, subject to the availability of trained labor.

Because it will duplicate the capacity of services now provided during weekday terminal operations, PierPass should facilitate a shift of a significant volume of truck-borne cargo to off-peak hours. In addition to reducing daytime truck traffic on area roads and freeways, PierPass also should reduce air pollution generated by idling trucks.

Assemblymember Lowenthal said much remains to be done to ensure the success of night and weekend operations. “I’m very pleased the terminal operators have done their part to remain open during the nights and weekends. We now have to work together to encourage the rest of the important links in the international trade supply chain to make full use of these facilities.”

Los Angeles City Councilwoman Janice Hahn, co-chair of the Regional Goods Movement Efficiency Team, said, “I am so pleased that the Marine Terminal Operators have decided to take the recommendations of our Regional Goods Movement Efficiency Team, as well as the proposals in Assemblymember Lowenthal’s bill, and create a program to move goods during the nights and the weekends. Air quality in the harbor area continues to suffer and traffic congestion on the roads and highways throughout Los Angeles continues to worsen. The only immediate solution to these growing problems is to extend gate hours at our ports so that trucks can travel during off-peak hours.”

“This program represents a massive shift in the way terminals will operate in Southern California. It is now incumbent on all of us in the port community to make this program successful,” said Glen Eddy, Senior Vice President of AMP Terminals Pacific Ltd.

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Rick Gabrielson, Senior Manager for Import Operations at Target Corp., said large retailers who are responsible for significant amounts of cargo entering the ports will work with Marine Terminal Operators and other links in the international supply chain to help ensure the program is a success.

“No one likes to see transportation costs increase,” Gabrielson said. “But our industry felt it was best to work together to develop a private-sector program to reduce day-time traffic. By working together, we are able to find solutions that work for everyone, which we believe is a better approach than legislation, no matter how well-intentioned. I know Target will do its part to shift as much cargo as we can to off-peak hours.”

Other major cargo interests also said they were confident the night and weekend terminals would help ease local daytime traffic congestion.

“At Toyota, we already have a highly successful program to move a significant amount of cargo during off-peak hours when delivering parts to our dealers” said Tony Minyon, National Logistics Manager for Toyota's NAPO (service parts) division. “This new program will allow us to continue to remove delays from our supply chain. It's also in line with our commitment to environmental stewardship.”

Charlie Woo, CEO of MegaToys, said both large and small importers alike support programs that increase consistency and predictability to the international supply chain. “Moving cargo during the less congested night and weekend hours will improve confidence that products will arrive in our distribution center when they are needed. That is a significant step forward for importers.”

The terminals participating in the program are: APM Terminals; California United Terminals, Inc.; Eagle Marine Services, Ltd.; Husky Terminals, Inc.; International Transportation Service, Inc.; Long Beach Container Terminal, Inc.; Marine Terminals Corp.; Pasha Stevedoring & Terminals, L.P.; SSA Marine; Trans Bay Container Terminal, Inc.; Trans Pacific Container Service Corporation; and, Yusen Terminals, Inc.

Terminal operators are able to coordinate off-peak operations and agree to a fee structure under authority granted them by the Federal Maritime Commission. The Marine Terminal Operators sought the authority June 4 and the agreement became effective July 19.

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