

LA-LB ports say off-dock chassis storage yards essential

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The executive director of the Port of Los Angeles said many stakeholders generally support the concept of moving chassis off dock. Photo credit: Shutterstock.com.

Despite the inability to remove all chassis from container terminals in Los Angeles-Long Beach to off-dock yards, port managers said their efforts to do so will continue because it will ultimately benefit everyone, including terminal operators, truckers, and equipment providers.

Furthermore, any concerns about using the International Longshore and Warehouse Union (ILWU) at chassis storage yards have proven to be unfounded by the few off-dock yards that employ the ILWU, the ports said. Whether the ILWU attempts to claim jurisdiction over chassis movements to and from the facilities is yet to be determined, they said.

Los Angeles and Long Beach for at least five years have been urging terminals to eliminate chassis storage in order to free up dozens of acres for their core function, which is container

handling. American Intermodal Management (AIM) operates a near-dock chassis yard on Terminal Island, which has access to container terminals in both ports. Than Seeds, CEO, said it's just a matter of time before chassis storage no longer takes place at most marine terminals.

"My broad observation is that it's simple mathematics. By our calculation, more than 100 acres inside the terminals are taken up by chassis storage," he said. "As volumes continue to grow, there will be no more ship serviceable land coming on anytime soon. You can't put the ships anywhere else, but you can put trailers somewhere else."

Yet while moving chassis off-dock sounds good on paper, it has happened at only a few locations in the port complex. Long Beach Container Terminal (LBCT) has been served by two chassis storage and repair sites since it automated its Middle Harbor facility, and AIM operates a general-user chassis storage facility in the harbor area. ILWU labor is employed at all of those locations, both at the gates and within the facilities to move equipment and repair the chassis.

Los Angeles and Long Beach have each identified two or three properties within the harbor complex they believe are suitable for chassis stop-start locations. Strategically placing the facilities so each of the 12 marine terminals will have access to at least one storage yard would benefit the terminals, and especially truckers, by reducing the distance involved in picking up a bare chassis and proceeding to the terminal to take delivery of a container, the ports said.

Seroka says port stakeholders approve off-dock yards

Gene Seroka, executive director of the Port of Los Angeles, said port managers have spoken with many stakeholders, including intermodal equipment providers (IEPs), truckers, the Ocean Carrier Equipment Management Association, and terminal operators. They all generally support the concept of moving chassis off dock.

"They want to get the chassis off the terminals with the port's help," Seroka said. However, as a landlord port that operates neither the marine terminals nor the chassis yards, the port must go out to bid for companies to operate the chassis facilities, he said.

Don Snyder, managing director of commercial operations at the Port of Long Beach, said the port continues to solicit input from stakeholders on what their needs are for near-dock and off-dock chassis yards, as well as for other productivity-enhancement measures, such as establishing container dray-off yards. The port has identified several possible locations but is waiting for enough consensus from port users before going out to bid. "We're requesting input from everyone," he said.

Concerns were raised recently when a dray-off project in Los Angeles was derailed, at least for the time being, due to an alleged claim of jurisdiction by the ILWU over truck driving jobs. Jonathan Rosenthal, lead developer of the Harbor Performance Enhancement Center (HPEC), told JOC.com that planning for 3,500 container dray-off slots on the 80-acre site has been under way for four years, but suddenly got bogged down last year by political and jurisdictional issues. The ILWU seeks jurisdiction within the facility itself, which is standard operating procedure, but then the union "overreached" by seeking jurisdiction over

the trucker jobs that would be involved in shuttling containers from the marine terminals to the HPEC site, Rosenthal said.

Ray Familathe, president of ILWU Local 13, said he could not specifically discuss the HPEC case, which is under litigation, but told JOC.com Monday the union has jurisdiction under its waterfront contract for drayage between marine terminals. Therefore, if a proposed chassis storage site is on the waterfront, such as the former Pier S in Long Beach that is under consideration, “that’s on my radar screen,” he said. An off-dock site “is not on my radar screen,” Familathe added.

Nevertheless, the HPEC controversy could have a chilling effect on bidders who do not currently operate terminals or chassis sites that employ ILWU labor because they do not want to be caught up in a controversy they have no control over. The LBCT sites that are operated by Pacific Crane Maintenance Company, and the chassis site operated by AIM, employ ILWU labor for maintenance and repair (M&R) and other functions within the facilities.

Non-ILWU contract signatories may not bid on off-dock yards

However, non-signatories to the ILWU waterfront contract — and, in fact, some terminal operators who are signatories to the contract — may hesitate to become involved in the complexities of a longshore contract. One terminal operator executive told JOC.com there is not a lot of money to be made in running a chassis storage site, so unless a particular terminal operator is determined to move its chassis off dock, it would not be interested in running a chassis yard that serves multiple terminals. “If a terminal doesn’t need the space, it’s not going to take this on for someone else,” he said.

Intermodal equipment operators such as Direct ChassisLink are basically neutral as to whether chassis should be moved to off-dock sites. Ron Joseph, executive vice president and COO, said significant movement on this issue will not take place until the ports conduct further studies and answer key questions such as which chassis yard locations would work best logistically, how those locations will affect traffic flow to and from nearby terminals, how much new infrastructure will be needed, if off-dock sites truly improve efficiency for truckers, and if the terminals really want to move the chassis off dock. “A lot of work needs to be done,” he said.

Joseph noted that this week there are about 30,000 chassis being stored at the marine terminals. That number will increase to about 38,000 during the peak season as terminal operators secure chassis to ensure there are enough to handle the increased container volumes. If all of those chassis were to be removed from the terminals, “Where are you going to put them?” he said.

Furthermore, the biggest problem facing the industry, chassis dislocations, will not necessarily be remedied by removing chassis from the terminals. Joseph said 96,000 containers loaded with imports last month were returned when emptied to terminals other than where they entered. That number continues to range between 90,000 and 110,000. “It hasn’t changed,” he said.

Such is the challenge faced by a port community with 12 container terminals and three

intermodal rail yards. “Los Angeles-Long Beach is like nowhere else,” Joseph said.

Seeds, however, said truckers and beneficial cargo owners (BCOs) have found value in AIM’s off-dock model. The AIM yard is located seven minutes from the ITS terminal in Long Beach and seven minutes from the TraPac terminal in Los Angeles, as a point of reference for serving the harbor complex. ILWU workers inspect each chassis when it enters the AIM facility. If it is roadable, it is placed in the “chassis-ready row.” If it needs repairs, the ILWU mechanics repair it.

When a driver arrives at the yard to pick up a chassis, the transaction takes about 5-6 minutes. Because the chassis has been pre-inspected, the driver has a roadable chassis and, upon arriving at the marine terminal, can proceed immediately to the container stack to take delivery of the designated container. “In terms of the driver, it saves him a significant amount of time,” Seeds said.

Seroka noted that the latest turn times published by the Harbor Trucking Association showed improvement in June compared with the previous four months, but the 77-minute average is still not enough to support adequate cargo velocity. Removing chassis from the terminals is necessary.

“This goes to our overarching aspiration to reduce truck turn times,” he said. “We’re going to do something on this.”

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