2014-2015
Port Disruption
Drayage Impacts

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The Tioga Group, Inc.

TRB Summer Meeting
June 2015

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Background North American congestion trend

- Post-recession trade recovery and growth
- Ocean carrier “self help” actions create more work for terminals and draymen

**Nov 2014-Feb 2015 West Coast labor disruption**

- ILWU slowdown and manning shortfalls
- Spot truck and chassis inspection delays
- Diversion to East Coast, Gulf Coast, and Canada

**Feb 2015 – Present**

- Background congestion trend continues
- Uncertainty over new labor contract
- East Coast ports coping with diversions
West Coast Trade Recovery and Growth

- US West Coast (ILWU) ports have nearly recovered their 2006 peak volumes
- Diversion to East, Gulf, and Canada, but how much?

US West Coast TEU 2000-2014

- LALB
- Oakland
- Sea/Tac/Ptl

3% Growth
• US East Coast ports benefitted from both growth and coastal diversion

• Intra-coastal diversion from congested major ports

US East Coast TEU 2000-2014

7% Growth
Ocean carrier cost-cutting is driving up landside costs and congestion

- Larger vessels cause terminal peaking
- Late vessels cause congestion and worse peaking
- VSAs create more terminal work and trucker trips
- Chassis supply exit increases trucker & MTO time, trips, and cost
- Terminal stacking adds workload, delay, and cost

Bottom line: additional trips, longer turn times, more driver hours, and higher costs to handle equivalent cargo volumes
Unreliable Vessels

- Vessel schedules were already unreliable on the eve of the labor slowdown
- Larger ships are less reliable

Source: Seatank Global Liner Performance report—October 2014
Dear Valued Customers,

Please be advised of Global Gateway South’s empty receiving for:

Tuesday, June 16th, second shift and Wednesday, June 17th, first shift and second shifts

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APM Terminals, Pier 400 Los Angeles

RESTRICTIONS:

- **Dual transactions:**
  - All Single transactions being processed
- **EMPTY IN’ Restrictions:** APMT will **NOT** receive:
  - APL, CSAV, CNI, COS, Hamburg Sud, Matson, Safmarine, NYK, OOCL
- **Chassis Restrictions:**
  - APMT will **NOT** receive WCCP chassis
  - APMT will **NOT** receive EVERGREEN chassis
- **Export Receiving Restrictions:** receiving ONLY for following vessels:
  - Mon 1st shift:
    - Frisia Rotterdam (S34-1515)
    - Reliance (959-386S)
    - Seaspan Dalian (SPDN-09E24)
    - HS Colon (HSCO-08W19)
    - CSCL East China Sea (ECS-1523W)
    - Ever Useful (EUS-109W)
    - MSC Francesca (7H8-526S)
    - Santa Roberta (SRB-09E25)
  - Mon 2nd shift:
    - Frisia Rotterdam (S34-1515)

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Bare Chassis Preferred Return Locations: For Wednesday 6/17/2015 -2nd Shift

- 20′ TraPac
- 40′ TraPac / YTI / BNSF
- 45′ YTI / BNSF / APMT

All HDMZ chassis 400000-499999 are to go to RCC

Please contact SSL for return locations on chassis with Gensets

Do NOT pick-up 20’/40’/45′ bare chassis from ICTF unless authorized by Pool of Pools. Penalties will apply.

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DCLP Logistics Support Line: (657) 216-5863

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Dear Valued Customers,

ATTENTION:

Due to high volume of traffic, please be advised that all import pick-ups will stop at 1430 today for both single and dual transactions. YTI will resume normal operations beginning at 0700 on 6/15/15.

Thank You for your Business,

YTI Management Team
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Oakland Outer Harbor June, 2007

Wheeled CY: two longshore moves, one trucker move
Stacked CY: four longshore moves, two trucker moves
Drayage Impacts

More Trips
- Complex and changing container supply and return rules
- Chassis supply and chassis relocation trips
- “Dry runs” due to cutoffs and trouble tickets

Longer Queues
- Additional gate moves due to more trips
- Megaship-induced peaking
- Terminal congestion and cumulative delays

Longer terminal turn times
- Chassis lot searches
- Stacking and “digging”
- VSA complexity
- CY congestion
- Labor slowdowns
- Labor shortfalls and terminal closures
Drayage Outcomes

Reduced capacity
- Near-term tractor, driver, and HOS supply is fixed or declining
- Additional trips and longer turn times have dramatically cut overall drayage capacity
- Reduced capacity leads to longer terminal container dwells, CY congestion, and service failures

Loss of drivers
- Awful working conditions and reduced earnings leading to driver exit
- LMCs have been unsuccessful in restoring driver pool despite congestion payments and signing bonuses
- Overall drayage capacity has been further reduced, and pressures for unionization are rising

Increased cost and emissions
- Increased labor, fuel, and capital cost of drayage
- More miles and engine time increases emissions per TEU
- Additional trips, surcharges, wait time payments add customer cost
- Delays are leading to massive demurrage and per diem charges
Southern California draymen currently handle about 4.5 million containers annually

Every **minute** of average turn time *anywhere*...
- Uses 80,000 hours of driver time
- Generates 3 tons of NOx
- Uses 200,000 gallons of diesel fuel
- Releases 2,000 tons of CO$_2$
- **Costs customers $4.5 million**

Every **mile** of average trip length *anywhere*...
- Uses 197,000 hours of driver time
- Generates 48 tons of NOx
- Uses 1.4 million gallons of diesel fuel
- Releases 14,000 tons of CO$_2$
- **Costs customers $12.8 million**
In 2014 about 20 million containers were drayed to and from major U.S. ports

30 minutes of added turn time in queues or terminals...
- Used 10 million hours of driver time
- Generated 485 tons of NOx
- Used 26 million gallons of diesel fuel
- Released 266,000 tons of CO$_2$
- **Cost customers $452 million**

5 miles of added trip length...
- Used 4.3 million hours of driver time
- Generated 1,543 tons of NOx
- Used 30 million gallons of diesel fuel
- Release 312,000 tons of CO$_2$
- **Cost customers $280 million**
LALB, Oakland, NYNJ, and Virginia were the congestion hotspots in November 2014-March 2015

About 4 million containers were drayed to and from those ports in 4Q14-1Q15

One extra hour of idling in terminal queues or on the terminal...

- Used 4 million hours of driver time
- Generated 194 tons of NOx
- Used 10 million gallons of diesel fuel
- Released 106,000 tons of CO₂
- **Cost customers $181 million**
Summary

• Background trends traceable to ocean carrier strategies have increased terminal and drayage time, cost, and emissions per TEU.

• Port-recession trade recovery and growth have stressed port and drayage capacity, leading to congestion, delay, and cost.

• West Coast labor disruption exacerbated port congestion and drayage impacts.

• Post-disruption congestion trends remain unfavorable, drayage costs are rising, and drayage capacity is falling.