



The Bottom Line

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TRAFFIC MITIGATION FEES (“PIERPASS FEES”) INCREASED 1.9 PERCENT ON AUGUST 1, 2019

Summary

On June 28, 2019, the West Coast Marine Terminal Operators Agreement (WCMTOA) announced a 1.9% increase on the Traffic Mitigation Fee (TMF), effective August 1, at the ports of Los Angeles and Long Beach. The adjustment matches the combined 1.9% increase in longshore wages and assessment rates which took effect June 29.

Background

In 2005, the ports of Los Angeles and Long Beach extended gate hours in an attempt to mitigate terminal congestion and port-generated truck traffic on local freeways. Beneficial Cargo Owners (BCO's) were encouraged to send trucks to the port during second shift (6 PM–3 AM). To incentivize the shift, a “Traffic Mitigation Fee” (TMF) of \$40 per 20' or \$80 per 40' container was levied on daytime truck calls. A nonprofit corporation named PierPASS was organized by the terminal operators to collect the fees and manage the congestion and security issues. The program was immediately effective with 30–35% of container traffic moving to off-peak hours within a year. Between 2005 and 2017, the TMF fees were increased for \$40 per TEU (twenty-foot equivalent unit) to \$72.09 per TEU. In October of 2018, the WCMTOA announced a planned revision to the OffPeak program, informally called PierPASS 2.0. The revised fee structure was overhauled, cutting fees in half (\$31.52 per TEU) but the fee would be applied to all shifts. In addition, the trucking community would be required to use a system of appointments to mitigate traffic. The changes to the program were made in response to port

users looking for increased flexibility and a reduction of the “bunching” of trucks that often occurred before the start of nighttime OffPeak shifts.

Current Status

A report issued by PierPASS in July of 2019 outlined the results of PierPASS 2.0. The appointment system, considered the core of the revised program, offered significant flexibility for cargo owners with at least one-third of available appointments going unused. During weekday daytime shifts, an average of 64% of appointments were filled. During OffPeak shifts (weeknights or weekends), the average fell to 55%. Utilization rates at individual terminals varied reflecting differences in their volumes and operational models. The report concluded that the goals of the overhaul were achieved.

Impact

While the original OffPeak program was innovative and effective, the WCMTOA is confident that the new system is designed to efficiently handle future port conditions. More evenly-spaced, consistent traffic through the ports and rates tied to ILWU coastwide contracts are expected to provide steady, predictable service.

RESOURCE: [PierPASS](#)