



1 Fee, 2 Fees, 3 Fees ...more???

The Cost of Containers through Los Angeles and Long Beach Ports

Bess Moyers

Import Freight Forwarding Supervisor
Scarborough International, Ltd.

The Ports of Los Angeles and Long Beach combine to make the largest port complex in the United States. Along with their size come abundant fees for shipping containers into and out of these ports. Though often considered ambiguous or redundant to customers, these fees each have their own purpose in making the ports more efficient and environmentally-friendly operations.

The **Alameda Corridor Charge (ACC)** was implemented by carriers on April 15, 2002. Its revenue pays for construction of the Alameda Corridor (*an infrastructure that consolidates intermodal traffic between Los Angeles-Long Beach ports and rail yards 20-25 miles inland.*) Prior to the Alameda Corridor, transit time between the port terminal and the rail yards was on average two hours; with the Alameda Corridor, transit time has fallen to under an hour, saving numerous hours per day in truck and vehicular traffic delays in addition to reducing train, truck, and auto emissions. The ACC is currently \$20 per 20' container and \$39 per 40' container.

The OffPeak Program was launched on July 23, 2005 and is funded by the **Traffic Mitigation Fee (TMF)** also known as **PierPASS**. The program was created after a dramatic increase in containers shipping through Los Angeles-Long Beach ports caused severe congestion in the roads and highways around the terminals. The



solution was to open up the terminals during the nights so that intermodal traffic would lessen during the day. In order to entice shippers and carriers to pick-up or deliver containers during the night hours, as well as to pay the additional employees needed to work the night shift, payment of the TMF is required for cargo movement during peak hours (Monday through Friday, 3 a.m. to 6 p.m.). The TMF is currently \$50 per Twenty-Foot Equivalent Unit (TEU).

Collection of the **Clean Truck Fee (CTF)** began on February 18, 2009. The CTF was established by the Ports of Long Beach and Los Angeles to pay for implementation of the Clean Trucks Program which is part of a 5-year Clean Air Action Plan to reduce port truck emissions by 80 percent by 2012. The CTF will raise funds to help finance the replacement of thousands of old, higher-polluting trucks currently being used in drayage service. According to the Journal of Commerce, since the inception of the Clean Trucks Program 5,000 new, compliant trucks have been purchased and as long as "that pace continues, the clean-trucks fee will die a natural death because there will be no non-

compliant trucks left to be charged." The CTF is currently \$35 per TEU.

The delayed and possibly cast aside **Lay Up Infrastructure Fee** was first introduced in early 2008 but has since been tabled until the summer of 2010. When it was first proposed in 2008, business at the ports was booming and executives believed there were several major infrastructure projects on the horizon. Some of these projects may still be initiated; however environmental studies and a more cautious approach towards expansion have currently reduced the need for a fee to pay for the infrastructure.

Scarborough International, Ltd. will be keeping a close watch on the implementation of any further fees and will make our customers aware as soon as any announcement is made. The Lay Up Infrastructure Fee was proposed at \$15 per TEU.

If you have any questions or comments regarding fees associated with the Los Angeles and Long Beach ports, please email bmoyers@scarbrough-intl.com.

Sources:

(Please click on the links below)

[Bill Mongelluzzo. "LA-LB Lay Up Infrastructure Fee." Journal of Commerce. Aug. 4 2009.](#)

[PierPASS Website](#)

[TSA Website](#)

Letter from the President

Roger Scarbrough
Founder, CEO
Scarbrough International, Ltd.



Two things are required for all successful market economies to work: 1) Profits and 2) Discipline or lack of greed. If there are no profits, the system cannot sustain itself. If there are profits and companies turn greedy or lack the discipline to make the profits honestly, the system will sooner or later implode as we have just experienced. These truths were as valid in biblical days as they are today. They are tried and true and have stood the test of time. Companies must make profit if we are to have innovation, stability and reliability.

Many airlines and steamship lines have lost hundreds of millions of dollars in the last year and collectively billions. NVOCC's, freight forwarders, trucking companies, and many other 3PL's have lost money as well. As a result services have been cut back, airplanes parked in the desert, and steamships lay at anchor. Many carriers have been forced to withdraw from trade lanes, trucking companies have sold assets or closed, and the worst may still be ahead of us.

It may sound crazy but the course to economic recovery is higher transportation prices. Transportation is what makes our global economy

run. If the transportation industry is not profitable the manufacturing sector will struggle to produce goods efficiently even though they have cheap transport costs. The reason is they will not be able to transport parts timely, assembled products will not reach market timely, and consumers will become impatient. Governments will resort to protectionism as the economy spirals downward and retaliation will make things worse. Choices will be less than before because nobody can afford to bring technology and innovation to bear much less research and development of new products. This may be an extreme scenario, but look where we are today.

I was recently in South America; Argentina and Brazil have suspended automatic import licenses for many products they have freely traded for years. India is worried about how much it is importing from China and is threatening curbs as are many other countries. The U.S. has enacted several subtle but protectionist pieces of legislation and the list goes on and on. Where does it stop?

Other than the agricultural industry feeding people, transportation affects more people than any other industry. Nothing you eat, wear, or use gets to you without it. Houses, cars, machinery and other industrial products use a lot of it. If we pay a little more for transportation, planes, trucks, and steamships will be put back in service and the people to run them will have jobs. Efficiency, innovation, and creative marketing will be brought to bear in many industries to keep things moving. Service and reliability will be restored in the global marketplace as trade increases and the protectionists go away. There are many industries that can have an impact on our economic recovery but none more so than transportation. Think about it and let me know what you think. I think it would work!

Comments & questions are encouraged! Please email kcmc@scarbrough-intl.com



The above photo is an example of several carrier ships anchored off the coast of Singapore. The photo was taken from an airplane seat early 2009.

Importer Security Filing (10+2) FREE Seminar

Adam Hill
Imports Manager, St. Louis

Scarbrough is holding a seminar on ISF, which is free to attend! All you have to do is RSVP!

ISF can be a scary thing for some because you, as the **importer**, are ultimately responsible for the timeliness and accuracy of your filings. However, if you do not have ABI or AMS, you must designate a party to file ISF on your behalf. (*Scarbrough has the capabilities and expertise to do this for you*). If information is submitted late or inaccurate **you can face up to a \$5000 penalty per violation with a \$10,000 cap per filing**. You don't want this to be you!

Come to the seminar and learn about ISF with presentations on the basics of ISF, Penalties, Mitigating Factors,

Aggravating Factors, FAQ's and a Q&A at the end. This should be a must attend for all importers, especially if you are unsure about ISF or its workings.

We are hosting 4 different sessions and locations. Seminar will run from 8:30 a.m. - 11:30 a.m.

The Kansas City location has reached its limit on attendees at the 8:30 session, so we have decided to open our doors for another session at 1:30 p.m.

Milwaukee 11/11/2009

Hampton Inn & Suites
176 West Wisconsin Ave.
Milwaukee, WI 53203

Chicago 11/12/2009

Double Tree Hotel
1200 N. Mittel Blvd

Wood Dale, IL 60191

St. Louis 11/16/2009

Holiday Inn- Lambert Airport
4505 Woodson Road
St. Louis, MO 63134

Kansas City 11/18/2009

Opened new time for more attendees at 1:30 p.m. !

Scarbrough International
10841 NW Ambassador Drive
Kansas City, MO 64153

**To RSVP: please email
rsvp@scarbrough-intl.com**
Include: Name(s) & Email

Questions about ISF?
Please contact your Scarbrough Representative and we will be happy to help.

Does North America Work?



The 2009 North America Works & National Forum on Trade Policy Conference will be held November 4-6, 2009 in Kansas City, Missouri.

Nearly a decade into the 21st Century, perhaps the most perplexing question for business is "Does North America Work?" The concept of a seamless continent with seamless trade and transportation appears once again to be markedly divided along national boundaries. The causes for this fracturing are complicated,

the potential answers even more complicated.

The North America Works + National Forum on Trade Policy 2009 Conference in Kansas City brings together experts on trade and transportation from the U.S., Canada, and Mexico to explore this and other pressing issues facing North America.

Our very own Roger Scarbrough has been asked to speak on a panel discussion at the event. The topic:

"Ports and Borders: Does Security Still Trump Trade?" Roundtables and other discussions will follow. The panel is Thursday, November 5, 2009 at 9:00 a.m. to 10:15 a.m.

To view conference details or to register, please visit:

www.marc.org/NAW

[Portal of North America](#)

Regional Freight Outlook Study is Complete

Krista Fisher
KC SmartPort

On September 25, 2009 Kansas City SmartPort unveiled the findings of the Regional Freight Outlook (RFO) study to the public. The RFO is the most comprehensive freight study ever done by a region. It is setting the course for ongoing public planning and business attraction for the logistics industry in Kansas City. Request a copy of the RFO executive summary by emailing fisher@kcsmartport.com



What is KC SmartPort?

KC SmartPort and sister organization KCADC, are charged with promoting the Kansas City region for new economic development investment. They are advocates of the deal and work hard to make the process of considering one of KC's 50 communities, 18 counties and two states as easy as possible.

Please check out the web site at www.thinkkc.com to see why Kansas City continues to be successful at attracting companies of all industries to this region.



**Are you in the KC Area or want to plan a quick trip?
Come to the Annual Scarbrough BBQ Party!**

Scarbrough International, Ltd. presents...

NOVEMBER 20, 2009 CUSTOMER/VENDOR APPRECIATION PARTY!

Open House begins at 3:30 p.m.



The team at Scarbrough International, Ltd. is so appreciative of your business and partnership that we are throwing you a party! Scarbrough has been in business for 25 years ~ Let's make this the best party yet! We invite you to have a good time with us. Presenting Skews Me BBQ, beverages, a DJ, dancing, karaoke, fun and prizes!

Friday, November 20, 2009

3:30 p.m. - ???

Kansas City Scarbrough Location

10841 NW Ambassador Drive

Kansas City, MO 64153

816-891-2400

Need Hotel Reservations?

The Howard Johnson Hotel is the place to be!

We have blocked rooms for \$49 / night.

Transportation will be provided between the Party, the Hotel, and Zona Rosa during all hours of the event.

For reservations, call:

816-268-1600 /

CODE: CGFCAR



Courtesy RSVP

rsvp@scarbrough-intl.com

www.scarbrough-intl.com