

HAZARDOUS CARGO BULLETIN

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tank containers

Sweating in LA

INTERMODAL Developments near the Port of Los Angeles reflect growing acceptance of the concept of the tank container in the US

Tank container fleet owners around the world have been seeing significant increases in utilization of late, and more promising still is what appears to finally be an impetus toward a wider use of tank containers as a transport mode, and intermodalism more generally, in the US market. A growing awareness of the efficiencies possible from the use of tank containers is combining with an increasing recognition of a need to optimize supply chains, reduce road congestion and reduce reliance on fuel due to spiraling costs.

Perhaps nowhere is this being reflected more starkly than in and around the Port of Los Angeles. In the past few months, two of the largest railroads in the US – BNSF and Union Pacific (UP) – announced plans to grow intermodal transfer operations near the port. UP says it is planning to expand its intermodal container transfer facility near the port, possibly making it capable of handling as many as 1.6 million marine containers annually. BNSF, meanwhile, is discussing plans to create a new intermodal container

transfer facility about eight kilometers north of the port.

Right place, right time

All this has been great news for Ventura Transfer Company (VTC), the tank container depot, services and transport provider located adjacent to the current UP intermodal container transfer facility and 2.4 km from BNSF's planned 60,700 m² site. Both UP and BNSF say their developments will

improve intermodal efficiencies near the port and help reduce congestion in downtown Los Angeles. Currently a percentage of international containers must be trucked 35 km to rail transfer facilities near downtown Los Angeles, a practice that is often blamed for congestion in the city. The new construction projects would allow for more containers to be transferred nearer to the port to the Alameda Corridor rail line. The moves could also offer advantages for transport between the railroads' intermodal transfer facilities and the port itself. VTC says having the new intermodal transfer capacity in such close proximity will boost VTC's efficiencies and be a boon for its emergency services provisions.



The US is catching up with the tank container

"It's going to be a great thing for the intermodal business in general, but it's going to be a really great thing for us," says Charlie Ring, VTC's business development manager. "For example, right now some of our export business we have to take to the Port of Los Angeles directly. But if we're going to be able to take this into a rail facility, and they're going to rail the shipments into the Port of Los Angeles, it's going to increase our efficiencies. Also, at the end of the day for us, our emergency services will get more use. We are focused entirely on the ISO container business."

Even apart from the intermodal transfer capacity expansions, VTC is reporting a surge in business of roughly 20 to 25 per cent since October 2004, citing imports from Asia as a key factor. Business has been so good that the company is planning on doubling its number of owned tank containers as well as expanding its facilities. By reconfiguring its depot and cultivating some unused areas of the property, VTC can expand its facility space by 20 per cent. The space certainly seems to be needed: At this time last year, the company says it was storing an average of 85 to 100 containers on any given day. Currently that number is up to almost 170 per day.

"The increase in volumes has been huge, and they were unexpected increases in volume," says Ring. "It increased very suddenly in about a 45-day period – just 'boom,' it was on us. The increase in volumes is being reflected both in revenue and, more importantly, in profitability because we haven't had to add additional equipment; we're very efficient with the equipment that we have. The market is adjusting upward at a very rapid pace, and keeping in stride with that is our biggest challenge, so we've had to make adjustments.

Customers are demanding faster and faster turnaround."

Need it in 24

For example, the company just signed an agreement with UP, which makes VTC the only depot one of UP's divisions uses on the US west coast. This has added roughly 20 moves a day to VTC's activities over and above what it was already handling for UP before it became the rail carrier's primary depot. In addition, UP says it now needs a 24-hour turnaround cycle on tanks as opposed to the 48-hour turnaround cycle the companies had been working with before. On top of all this, VTC says container shortages in Houston are also ramping up the pace of its activities; customers in Houston are now also demanding a 24-hour turnaround on VTC's services for trucking empty containers from Los Angeles to Houston.

The company says it is handling the changes extremely well though, and credits its use of innovative business processes – which have been studied by its senior management at professional certification institutions such as the University of Toyota – and its creation of a company culture that emphasizes long-term nurturing and commitment. "Our culture is what makes us able to do these things," says Ring. "We take an 'understand, automate and simplify' approach. And the fact that we go to our customers, we go to the shippers, and say, 'these are the operational factors we can expect to see ahead, let's see how can we make this work together' is what adds value. The key is to add value for the customer without adding costs."

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