



Dear Valued Customer,

We regret to advise that due to a multitude of circumstances at the Ports of LA-LB, California Multimodal, LLC cannot guarantee delivery of all loaded containers within the allowable free time defined in your ocean contracts and/or as outlined by the Ports of LA-LB.

As you are most certainly aware, Ocean Carriers and Marine Terminal Operators are increasingly taking the position that demurrage charges will not be mitigated or waived and that free time will not be extended for any operational inefficiency at the marine terminals.

Our current and growing backlog of containers at the Ports of LA-LB is the result of continued operational inefficiencies at the LA-LB port complex. Higher container volumes combined with chassis shortages-imbances, availability of appointments, a lack of skilled ILWU labor in key positions and an increased occurrence of excessive driver turn-times has severely impacted the Owner-operator's ability to complete a full complement of work during available marine terminal hours or prior to running out of HOS-hours of service.

Our business mix is no different than that of past years. The difficulty in completing container delivery work within the allowable free time defined in your ocean contracts is solely attributed to the operational inefficiencies at the LA-LB port complex.

This fact is validated daily as Beneficial Cargo Owners, Ocean Carriers, 3pls and competing drayage companies solicit assistance – most offering a premium over current rate levels paid.

**As a result, CMI cannot and will not be held responsible for any demurrage charges incurred.**

**Further, CMI cannot and will not be held responsible for any per diem and-or chassis usage charges resulting from extended dwell times prior to return of empty container-chassis set ups to the LA-LB port complex.**

We kindly ask that you proactively engage your Ocean Carrier partners on this subject matter. It is our opinion that the defined issues are:

- Chassis shortages-imbances
- Significant amount of bad order chassis (growing each day)
- Increased occurrence of excessive turn times (some upwards of 5-6 hours)
- Lack of appointment system flexibility and lack of available appointments
- Marine Terminals close to or exceeding capacity constraints
- Limited effort from Marine Terminals to add additional off-peak/non-PierPASS fee gates
- Marine Terminals increasingly reject LFD-last free day extensions regardless of circumstances



MANAGING THE WORLD'S CARGO

California Multimodal, LLC 2875 Temple Ave Signal Hill, CA 90755  
Phone (562) 490-3800 Fax (562) 490-3481 www.cmiamerica.com

SEATTLE ● OAKLAND ● LA/LB ● SAN DIEGO ● MÉXICO ● PHOENIX ● CHICAGO ● MEMPHIS

- Marine Terminals routinely choose to accept or reject certain transaction types (ie: no dual-transactions after a certain time during the shift, no loaded Export deliveries for vessels no currently working at the marine terminal, wheeled import containers only, empty containers only, etc.)
- ILWU Labor lack of productivity caused by excessive % of casual labor vs. skilled labor

The above has limited the actual (true) amount of time the drayage community has to deliver loaded containers prior to being subject to incremental charges.

And, the Ocean Carriers and Marine Terminal Operators should not profit from the operational gridlock the drayage community is currently experiencing.

Please know CMI truly values its Client-partners and will continue to work diligently to prioritize and deliver containers as best as possible and in advance of all published LFD. Further, our Customer Service and Business Support staff will provide timely information on any/all situations that may result in demurrage, per diem and/or chassis usage fees.

Thanks in advance for your understanding. If you have any concerns or would like to discuss this further, please reach out to any of us here at CMI.

Sincerely,

Rob Curry  
Senior Vice President