

City of Long Beach allows logistics companies to stack containers higher

Emergency measure is designed to free up port space, chassis and increase cargo flow

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The city of Long Beach on Friday issued an emergency order allowing businesses to temporarily increase how high they can stack ocean containers in their lots in an effort to reduce the massive gridlock gripping the ports of Los Angeles and Long Beach.

The rule change does not apply to terminals at the Port of Long Beach, which routinely stack containers up to five high. Many media reports over the weekend didn't make a distinction between the port and inland zone, making it appear the port had new authority to increase vertical storage.

Effective immediately, warehouses and container yards will be able to place up to four containers in a stack instead of the two normally allowed under existing zoning provisions. Companies can stack up to five containers with certain safety approvals from the fire department, the city manager said in a statement. The new rules are in effect for 90 days, a period that coincides with the height of the peak shipping and holiday shopping seasons.

The zoning restrictions were added to the city code years ago to minimize the visual impact of industrial equipment in neighborhoods. The temporary rule change only applies to properties that are currently zoned to store containers.

"Given this current national emergency and [California Gov. Gavin Newsome's] executive order to take necessary steps to alleviate the impacts on the system, the city manager will

temporarily waive enforcement of current shipping container stacking and height limits," the city said in a statement.

Long Beach officials will assess the effectiveness of the congestion-mitigation solution and any community impacts in the weeks ahead and present more information to the City Council at its November meeting to receive more input.

As of Friday there were 79 container vessels waiting at sea for a berth at the Southern California ports because terminals are so full with Asian imports that there is little room for unloading. Container dwell times at the Southern California ports have ballooned to almost six days. Los Angeles set a record for the most containers processed in September and Long Beach had its second-busiest September.

The Port of Long Beach last month, at the urging of the White House, began testing a 24/7 operation at one of its marine terminals in an effort to increase productivity. So far, few truckers have taken advantage of the extra gate hours for operational and economic reasons.

A key factor for the backlog is that containers have few places to go because warehouses are overwhelmed and have no extra storage spots to receive loads from the ports.

Ryan Peterson, the CEO of freight forwarder Flexport, on Twitter last week mentioned a trucking company with six yards and 153 contract drivers that has to store containers on chassis because the Long Beach zoning ordinance prevented boxes from being stacked more than two high. That, in turn, ties up chassis equipment needed to retrieve and return containers at the ports.

In an email last week before the city of Long Beach issued its emergency order on container storage, Agriculture Transportation Coalition Executive Director Peter Friedmann offered several recommendations for addressing the breakdown in the ocean supply chain, including waiving local zoning and land use restrictions to provide more space for storing containers near the ports.

The AgTC represents agriculture exporters and service providers that are complaining about the port-related inefficiencies, ocean carriers prioritizing import freight over making containers available for exporters, and terminal fees for late pickup and delivery they say aren't their fault.

Increasing stack sizes for city businesses "is a Band-aid and is not going to fix the root cause of the problem," said Carlo DeAtouguia, CEO of Western Overseas Corp., an international logistics company based in Cypress, California. He also expressed concern that bigger container stacks could make it more difficult to dig them out for customers and lead to long delays, as the Union Pacific railroad recently experienced at its giant intermodal rail terminal in Joliet, Illinois.

Friedmann and others argue that a series Band-aids can combine to effectively improve operations in and around ports.