



BNSF has been able to move containers out of its Logistics Park Chicago terminal, but it is no longer accepting empty containers there. Draymen said there are multi-hour backups returning those empty containers to the much-smaller Lot 16 (above). Photo credit: All Star Trucking.

A winter storm of arctic strength will deal a severe blow to Chicago intermodal rail fluidity already suffering from four straight weeks of clogged area rail terminals because of the front-loading of US imports (https://www.joc.com/maritime-news/trade-lanes/trans-pacific/trans-pac-spot-rates-remain-high-ahead-possible-gri_20181102.html).

Although this will be a short-term winter blast, the polar vortex in the winter of 2013-2014 caused months of congestion when trains stacked, containers piled up, and the supply chain slowed to a near halt. Double-digit oil shipment growth, high intermodal volumes, and severe weather created a so-called perfect storm for congestion. It took some railroads the summer to dig out.

High container volume meets arctic cold

Fast-forward five years later and the frigid temperatures couldn't come at a worse time for the western US Class I railroads. Imports into Union Pacific Railroad's Global IV terminal have been grounded until chassis are available to mount containers. BNSF has been able to move containers out of its Logistics Park Chicago (LPC) terminal, but draymen said there are multi-hour backups to return empty containers.

The issues began when beneficial cargo owners (BCOs) front-loaded cargo in December to avoid a 25 percent tariff. Ports in Los Angeles and Long Beach felt the initial crush of imports (https://www.joc.com/port-news/us-ports/port-los-angeles/la-lb-port-braces-another-month-congestion_20190117.html?page=1), but now it's spread to inland markets (https://www.joc.com/rail-intermodal/class-i-railroads/union-pacific-railroad/container-congestion-ripples-us-interior_20190118.html). Chassis providers were unable to supply enough equipment to mount every container in

Chicago and Memphis. Containers have stacked up for weeks while BCOs incur demurrage and per diem fees. Problems occur on the other end too. When all these imports are put into warehouses, there is a deluge of containers taken back to terminals.

Rapidly deteriorating weather will cause more delays in the short term. Gate arms, cranes, yard hostlers, and other terminal equipment could malfunction in sub-zero temperatures. Yard hostlers, according to one source, tend to break down because the salt used to treat ice is havoc on the wiring. Draymen, who are independent contractors, stop working in the bitter conditions, and receiving docks close.

Due to the weather, Norfolk Southern Railroad won't permit empty containers to be returned in Chicago until further notice.

Domestic service into Chicago from Ayer, Massachusetts; Charlotte, North Carolina; Columbus, Ohio; Albany, New York; Taylor, Pennsylvania; and Norfolk, Virginia, will be closed to loaded shipments.

International volume into Chicago from Charlotte; Jacksonville, Florida; Norfolk; Detroit; and the major cities in Ohio will also be impacted.

"All of our intermodal facilities remain operational at this time, however, additional closures may be needed based on the impacts of the storm," the railroad wrote.

BNSF warned customers last week about how frigid temperatures cause "reduced production levels at our Chicago area facilities. Customers may also experience additional challenges with driver availability and slower turn times.

"This extreme cold creates challenges for our trains' braking systems because of reduced air flow. In response, train length restrictions have been implemented in this region. Some trains have also experienced delays due to this difficult operating environment," the railroad said in an advisory.

If other railroads restrict operations, an already congested supply chain will get worse before it gets better.

UP terminal still waiting for enough chassis

Jon Poelma, president of Consolidated Chassis Management, said container groundings have been cut in half over the previous week.

"[We] spent the weekend pulling chassis out of frozen ice lot using hostlers/trucks with chains. Couple days of difficult weather-temperature upon us. We continue to make progress and relocate assets. Moving into next week things are looking improved," Poelma said in an email.

Frank Klimala, terminal manager for Horizon Freight System, said conditions are better this week than last.

"Once inside, if your box is on a chassis, you get out pretty quick. If your container is in the stacks, you can be there anywhere from one to five hours depending on where your box is sitting," he said. "They do not give specific locations for boxes on the ground; they only tell you 'E' lot. Drivers have to find the box in the stacks."

Some Evergreen Line and Ocean Network Express containers have remained in stacks for more than three weeks, incurring \$100 per day in demurrage from UP and per-diem penalties from ocean carriers.

Toshio Shirota, executive vice president of Senko U.S.A., said one customer has waited since Jan. 4 with no word on when its container will be mounted on a chassis. The unidentified shipper owes thousands in penalties.

"Our client is talking with Evergreen, but we have no idea how they will manage the huge charges," Shirota said.

BNSF problems come after an import is delivered

Retrieving a loaded import is not as difficult in LPC, according to draymen. But there are significant delays returning empty containers because there are so many. BNSF issued a directive in early January that LPC would no longer accept empty boxes. Drivers have been diverted to Lot 16.

“The new container yard location keeps the production area free of stacked empty containers and enables more capacity for growth,” said Jessa Lewis, a BNSF spokesperson.

The problem is that LPC can hold about 2,500 to 3,000 containers, according to two sources, while Lot 16 can only hold about 1,000 to 1,200. Lot 16 is also a much smaller property than LPC with fewer entrances and exits.

“We’ve heard of fights, busted lights, and numerous confrontations inside Lot 16. It is also a safety issue; we had a driver with high blood pressure [who was] not feeling well unable to get out for hours,” said Don Dombliauskas, president of Allstar Trucking.

Nicholas Woolworth, Allstar’s operations manager, said that drivers waited up to three hours on Monday because the wireless system controlling the gates went down.

“Last week we had a driver in Lot 16 for almost eight hours due to the congestion. It’s hard to get a bearing this week because half of our fleet is down due to the cold weather,” he said. “The problem is Lot 16 is probably 1/12th the size of LPC. You’re adding extra traffic into a lot that’s not big enough to handle it. In LPC, you’ve got 15 different gates, but there’s only one way to get in and out of Lot 16.”

Once volume subsides, however, conditions will return to normal in UP’s Global IV and Lot 16. Patience is the key right now because many BCOs and truckers are dealing with the same challenges.

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