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Transportation news: New York congestion pricing plan is revised

Jeff Berman, Senior Editor -- Logistics Management, 2/1/2008

While this plan has good intentions, there may not be much—if any—related benefits for shippers, according to John Gentle, Logistics Management columnist and president of John A. Gentle & Associates LLC.

“Let’s recognize that any vehicle over 48 feet is not allowed in New York City in the daytime,” said Gentle. “This is not a heavy duty truck fixture. It is more geared for things like FedEx delivery trucks moving parcels. Parcel and less-than-truckload carriers say they move about two miles per hour or less in New York during the day, but they are coming there, because it is the only time [receivers] are in their offices. I cannot imagine that picture is changing at all.”

He cited a similar plan akin to this one in London, which had success at first but has since been rendered ineffective and more of a money-making proposition than anything else.

“Parcels need to be delivered regardless,” said Gentle. “And **all this is doing is putting another tax or premium on why people are moving out of New York in order to run a business.** People are being taken care of with subways and buses, but goods still need to be delivered to the marketplace. And because of this surcharges and accessorial rates keep going up by carriers for every package they deliver into New York.”

With this being the case, Gentle said that New York businesses need to be careful and reevaluate how they do business or run the risk of having shippers shift their focus to doing business outside of New York in Connecticut and New Jersey, because costs are getting out of control in New York and congestion problems are not as much of an issue.

But this may not be necessary, added Gentle, if customers can find a way to change their receiving hours for delivery drop-off to off-peak. Big companies have the wherewithal to do so, but the smaller ones may not, he said.
