Fleets Say They Discovered Time, Cost Bonanza Through New York’s Night-Delivery Experiment

By Michele Fuetsch
Staff Reporter

When Joe Killeen heard that New York City needed participants for its trial off-hours delivery program, he did more than volunteer his Kearny, N.J., trucking firm, New Deal Logistics. Killeen persuaded eight Foot Locker stores he supplies in Manhattan to volunteer, which meant the retail outlets agreed to substitute night deliveries for the daytime shoe shuttles New Deal normally runs under the Hudson River.

"Instead of leaving here at 7 o’clock in the morning and spending an hour and a half trying to get through the Holland Tunnel, [trucks were] on the other side . . . in 25 minutes," Killeen said of the night trips.

For carriers in the pilot program, which lasted from October 2009 through January 2010, the results were dramatic. Off-hour deliveries improved average travel speeds by as much as 75%, according to the analysis submitted to one of the program's funders, the Research and Innovative Technology Administration, or RITA, of the U.S. Department of Transportation.

Adding to the off-hours benefit, data generated by Global Positioning System devices on the trucks showed that trucks delivering between 7 p.m. and 6 a.m. averaged 30 minutes at a receiver's site, compared with an average of 100 minutes during the day on streets clogged with traffic and lacking space to park.

(See CONGESTION, p. 8)

More than 100,000 truck deliveries, like this one above, are made in New York City every day. A pilot program tested night deliveries.
Off-Hours Pilot Targets NYC Congestion

(Continued from p. 1)

Off-hours deliveries also produced a "sharp reduction" in parking tickets and fines, which for the eight carriers in the pilot program can exceed $1,000 a month per truck, according to the analysis.

The off-hours experiment was created by researchers at Rensselaer Polytechnic Institute in Troy, N.Y., which worked with the Office of Freight Mobility in the New York City Department of Transportation. ALK Technologies provided the GPS technology.

Off-hours delivery systems are such a "logical" antidote to congestion, Killeen said, that he does not understand why cities such as Chicago and San Francisco are considering complicated congestion pricing plans instead.

The critical element in the New York City pilot was the freight receivers, said John Karras, a project manager in the Office of Freight Mobility.

"What we found through the pilot is that the receivers really hold the key to making the whole thing work," Karras said.

Thirty receivers participated in the pilot. Some hired help to receive off-hour deliveries, while others gave truckers keys to storage areas or set up lockboxes where drivers retrieved keys with a code.

Other programs aimed at relieving metropolitan congestion have not lowered traffic counts much, Karras said. Truck drivers, for example, may like such incentives as lower tolls for off-peak travel, but receivers, not truckers, determine delivery patterns, Karras said.

In the New York pilot project, participating truckers and receivers got cash incentives ranging from $300 to $3,000. The pilot program was funded with $640,000 from Rensselaer Polytechnic Institute and $1.2 million from RITA.

Each day in Manhattan, trucks make more than 100,000 deliveries, said Jose Holguin-Veras, a Rensselaer professor of transportation engineering who originated and led the pilot program.

"The important thing is that the bulk of the deliveries made in the cities are not made to big-box retailers," he said. "They're made to small shops. That's where the big problem is."

If cities want off-hours programs to work, Holguin-Veras said, they may have to help mitigate costs to small receivers, such as night staff. He is doubtful, he said, that all carriers have sufficient profit margins to offer lower rates for night deliveries.

However, he also said that if off-hour deliveries were the norm in Manhattan, daytime road users and receivers would save millions of dollars in parking fines, environmental benefits and other costs.

"I have done the economic analysis," the professor said, "and the numbers are unbelievable. We're talking about — depending on the extent of the implementation — anywhere from $150 [million] to $200 million a year in savings."

Among the important findings in the pilot, said Holguin-Veras, was that carriers running day routes into cities absorb staggering costs for such issues as traffic delays, tolls and parking violations.

Killeen said New Deal Logistics pays $3,500 to $4,000 a month in parking fines in New York — after persuading courts to "whittle" down some of those fines.

Another New Jersey trucking firm, New England Motor Freight, paid $380,000 in fines for 3,525 parking tickets received in Manhattan alone between July 2009 and July 2010, said Thomas Connery, NEMF's chief operating officer. NEMF is part of the Shevell Group, which is based in Elizabeth.

"The firm has a full-time employee and two outside consultants working to adjudicate each ticket in the New York traffic court," Connery said.

Like Killeen, when Connery learned of the off-hours pilot, he reached out to Holguin-Veras and helped shape the experiment.

In the end, however, NEMF did not participate. The carrier's biggest New York City receivers, Starbucks Corp., Waldenbooks and Borders Group Inc., do not take night deliveries, Connery said.

"I'd change my whole operation to a night operation if that was available to us," said Connery, tickling off the potential savings in labor, idling and traffic delays, "but the fact is, until the consignees buy into it, it doesn't matter what the carriers want to do."

Some large retailers are initiating night deliveries. At the request of Gap Inc., clothiers, for example, deliveries to their New England stores are at night, Connery said.

"Our driver has a code for the back door, and we just drop the goods in a secure room and leave," he said.

Night deliveries also are the norm for two Home Depot stores in Manhattan served by NEMF's truckload subsidiary, Eastern Freightways.

Coincidentally, just as the pilot program began, Killeen said, Abercrombie & Fitch asked him to begin cargo runs five nights a week to resupply its Manhattan stores.

Now that New York's pilot program has ended, the research team focuses on how to create permanent off-hours delivery systems, Holguin-Veras said.

Carriers, receivers or potential funding sources for the program may contact the New York City Office of Freight Mobility at 212-839-6670 or visit the website at www.nyc.gov/trucks.