

# Should I use a 3PL Outside the NYC Commercial Zone?

## Introduction

When choosing a third party logistics provider, the facility's physical location is of great importance. The location may provide significant savings on freight, in an unexpected way.

3PLs provide their clients with savings due to their expertise, assets and effective and efficient distribution processes. 3PLs utilize automation, warehouse management systems and locations with lower real estate and employment wages to provide the best value to their clients.

Another way 3PLs are able to provide savings is through the commercial zone. If a wholesaler's 3PL is located outside of the New York Commercial Zone, the wholesaler will most likely not be responsible for paying the freight from the 3PL to the retailer's consolidator. The retailer within the New York Commercial Zone is typically responsible for paying the freight from the 3PL to their consolidator.

## History

After the civil war, railroad companies, across the US held a monopoly over the destinations they serviced. Due to public pressure, the government passed the Interstate Commerce Act of 1887 to lower prices, increase competition and decrease corruption in the railroad industry. The Act created the Interstate Commerce Commission (ICC). In 1935, Congress passed the Motor Carrier Act, which enabled the ICC to regulate the trucking industry. The agency was eventually abolished in 1995 and responsibilities were transferred to the US Department of Transportation.

Before they were disbanded, the ICC defined commercial zones that were exempt from provisions of the Motor Carrier Act, creating an area free from federal regulation. Commercial zones, with exceptions, were determined through a general population mileage formula still used today. There are currently 18 commercial zones across the US.

## New York Commercial Zone Defined

### New York, NY Commercial Zone<sup>1</sup>

According to the Code of Federal Regulations

The zone adjacent to, and commercially a part of, New York, NY, within which transportation by motor vehicle, in interstate or foreign commerce, not under common control, management, or arrangement for shipment to or from points beyond such zone is partially exempt from regulation under 49 U.S.C. 13506(b)(1), includes and is comprised of all points as follows:

- (a) The municipality of New York, NY, itself
- (b) All points within a line drawn 20 miles beyond the municipal limits of New York, NY
- (c) All points in Morris County, NJ
- (d) All of any municipality any part of which is within the limits of the combined areas defined in paragraphs (b) and (c)
- (e) All of any municipality wholly surrounded, or so surrounded except by a water boundary, by the municipality of New York or by any other municipality included under the terms of paragraph (d) of this section.

1. *EXEMPTIONS, COMMERCIAL ZONES, AND TERMINAL AREAS*. (n.d.). Retrieved June 16, 2014, from Federal Motor Carrier Safety Administration: <http://www.fmcsa.dot.gov/regulations/title49/sectio/372.235>

## About Commercial Zones

If a wholesaler's 3PL is within the New York Commercial Zone, the wholesaler is usually responsible for paying the freight from the 3PL to the retailer's consolidator. If a wholesaler's 3PL is outside the New York Commercial Zone, in most cases, the retailer pays the freight from the 3PL to their consolidator.

To determine overall savings, the initial cost of freight from the port to the 3PL must be considered. Wholesalers who partner with distribution centers outside of the New York Commercial Zone will most likely have higher initial freight costs, transporting their goods from the port to their 3PL, but ultimately save more by not paying freight costs from the 3PL to the retailer's consolidator. Generally, the retailer will pick up freight, at their cost, from your distribution center.

Alpha is available to guide you through the commercial zone process. Contact us at 570-385-8420 ext 228 to start your freight savings analysis today.

## Alpha Distribution Solutions

Our goal is to become your fully integrated third party logistics partner. Through this partnership, we work with you to reduce your costs while improving the service to your customers and increasing visibility to your inventory.

Alpha is located outside of the NYC commercial zone in Schuylkill Haven, PA. In most cases, the retailer will pay the freight from our facility to their consolidator, saving you money.

### Proven Experience

We began as a manufacturing company in 1936 and have grown to specialize in distributing apparel and consumer goods across the United States. Today, Alpha is the premier apparel distributor on the East Coast, with sophisticated programs available to

assist you in taking maximum advantage of your major retailer apparel and consumer goods supply contracts. Because of our extensive experience, we are extremely knowledgeable of the apparel industry and have the unique ability to perform superior fulfillment and refinishing services.

### Services

We offer a comprehensive list of logistic services for your business needs as they relate to warehousing, packaging, distribution, order processing, fulfillment, shipping, back office outsourcing or stand alone refinishing projects.

### Information Technology Systems

Our services are made possible through our highly integrated and sophisticated information technology programs, including a state-of-the-art Warehouse Management System (WMS). Alpha operates and maintains a multi-platform hardware and software environment in order to maximize efficiencies and economies of materials and human resources.

### East Coast Location

Positioned in close proximity to interstates 78, 80, 81, and the PA Turnpike in East Central Pennsylvania and within 300 miles of one-third of the United States population, Alpha is your perfect distribution location. We are within 2 ½ hours from New York City and 1 ¾ from Philadelphia.

### Facilities

Our five modern warehousing and distribution centers include over 400,000 square feet of heated secure warehousing and distribution space, with additional flex space available.

### West Coast

Alpha works in close conjunction with Santa Fe Warehouse, a 3PL in California, to provide for all of your logistic needs on the East and West coast. Both of our companies operate with the same fully integrated technology solutions and one single interface to the benefit and ease-of-use for our customers.