

Decision No. 22509

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA.

In the Matter of the Application of)
 CRESCENT WHARF & WAREHOUSE COMPANY,)
 a corporation, for a Certificate of) Application No. 16385.
 Public Convenience and Necessity to)
 operate the business of a ware-)
 houseman.)

O'Melveny, Tuller and Myers, by W. W. Clary,
 for Applicant.

Gibson, Dunn and Crutcher, by Paul R. Watkins,
 for Los Angeles Warehousemen's Association
 and California Warehousemen's Association,
 Protestants.

Henry E. Carter, for Wilmington Transfer and
 Storage Company, Protestant.

J. H. Powell, for Outer Harbor Dock and Wharf
 Company, Protestant.

BY THE COMMISSION:

O P I N I O N

Crescent Wharf and Warehouse Company, a corporation,
 in the above numbered application seeks a certificate of public
 convenience and necessity to operate the business of a ware-
 houseman. The location is on Terminal Island, Los Angeles harbor,
 a portion of the City of Los Angeles, a city having more than
 150,000 inhabitants.

Public hearings thereon were conducted by Examiner
 Williams at Los Angeles.

Applicant corporation was incorporated in 1899 and for
 many years conducted a warehouse business in connection with the
 business of wharfinger, stevedore and freight handler, on Terminal

Island, and tariffs therefor were on file with this Commission. In 1923 the City of Los Angeles, by condemnation, acquired certain portions of the land of applicant, whereon its storage warehouse was located, for the purpose of widening the main harbor channel. Thereupon applicant was forced to discontinue its warehouse business and withdrew its tariffs.

According to exhibits filed by applicant, the number of vessels docking at Terminal Island in 1923-24 was 127 and the on and off cargoes amounted to 155,529 tons. In the year ending June 30, 1929, the number of vessels has increased to 1057 and the tonnage to 1,261,021 tons. These figures were compiled from Los Angeles Harbor department statistics and were not disputed.

Applicant now proposes the erection of a two-story concrete warehouse on land owned by it contiguous to its other holdings, which is to have a capacity of 40,000 square feet of floor space and to devote it to general warehousing. The cost of this building will be paid out of surplus funds of the corporation without the issuance of stocks, bonds or other securities. The site proposed is favorably located to give service to the docks and fish canneries and will be connected with the Harbor Belt Line Railroad by a spur track.

The only covered spaces now available for storage are the transit sheds provided at docks by the Harbor Department, in which storage is permitted subject to removal on 24 hours notice. Applicant has provided open yard storage, since its warehouse was destroyed by the city, for commodities that do not need protection from the elements.

Applicant stipulated that it would adopt as its rates the standard schedules now in force by the warehouses in membership of the Los Angeles Warehousemen's Association, protestant herein.

By the testimony of E. A. Mills, President, applicant corporation conducted a public warehouse successfully and at a profit from 1899 to 1923 at approximately the same location that it is now intended to construct a new building; also, that applicant is financially able to construct the building or any other building necessary for adequate provision for the storage offered.

Mr. Mills also testified to requests made upon the corporation by the canners at Fish Harbor, adjacent to their property, for the provision of convenient facilities. Mr. Mills' testimony was reinforced by the testimony of Karl Envoldsen, Sales Manager of the Southern California Fish Company; by I. Martin, Secretary of the French Sardine Company; by Captain E. E. Birthholm, District Manager of the General Steamship Corporation, representing 14 companies; by T. G. Maddux, District Freight Agent of the Williams-Dimmond Company; by F. B. Cole, Industrial Engineer of the Los Angeles Chamber of Commerce and formerly General Manager of the Los Angeles Harbor Commission and Chief Engineer of the Greater Harbor Committee. Their testimony, in effect, was that the need for an adequate storage at Terminal Island for the large tonnage received at the wharves at this point does and has existed for a considerable period of time and, in effect, that the storage provided at municipal sheds was not the character of storage that would be largely used by packers and shippers. Mr. Cole further testified that the Chamber of Commerce, with which he is now connected, had adopted resolutions favoring the construction of warehouse facilities based on the fact that adequate water-site warehouses are not now in existence.

Letters indorsing the application were offered and received (Exhibit No. 7) from seven mercantile companies asserting the need in their own business for adequate storage contiguous to water traffic. They were: Anderson-Mattoon Company, cargo forwarders; Bayly-Underhill Company, makers of working garments;

Buck & Gardner, oil well structural material; C. G. Claussen & Co., dealers in imported cast iron pipe and steel; Luckenbach Steamship Company; Van Camp Sea Foods Company (the largest fish packer at the harbor) and Fruit Growers Supply Company, a subsidiary of California Fruit Growers Exchange (using large storage for fertilizer). All urged storage convenient to shipside. The Van Camp Company stated such need for additional storage, as it is considering building its own warehouse, but prefers patronizing a public warehouse to investing its own capital.

B. F. Carmichael, a traffic expert, testified that the decision of this Commission in Case No. 2602 (Decision No. 22106) had provided for rate reductions between Los Angeles Harbor and interior points in California, removing certain discriminations, and that such rate adjustments would undoubtedly stimulate storage at the harbor for distribution.

The application was protested by the Los Angeles Warehousemen's Association, a branch of the California Warehousemen's Association, ... by the Wilmington Transfer and Storage Company and the Outer Harbor Dock and Wharf Company. The protest was based upon the allegation of adequate facilities now maintained in the City of Los Angeles, facilities admittedly far in excess of the volume stored. It was admitted, however, that the bulk of these facilities is 18 to 20 miles from Terminal Island, except those facilities of the Wilmington Transfer and Storage Company, which are five to five and one-half miles from points on Terminal Island.

Protestants united in the further theory that there was no real necessity or business for additional warehouse facilities at the harbor, and particularly on Terminal Island, and that if any necessity does exist, it has been fully met by the certificate granted Wilmington Transfer and Storage Company (Decision No. 22353 on Application No. 16303) for a 25,000 foot warehouse on Terminal

Island. In support of these theories W. E. Fessenden, President of the Los Angeles Warehouse Company, testified that he had made a careful investigation covering a period of three or four months in behalf of the Los Angeles bank which had been asked to finance a warehouse project and for which the witness was to be made Manager. He testified that he could find no business available justifying an investment in warehouse facilities.

Edgar S. Stanley, owner of the Star Truck and Warehouse Company, testified to similar investigations made in 1928 and 1930, and his belief from such investigations is that no harbor warehouse may be conducted at a profit.

Charles G. Munson, President of the Pacific Coast Terminal Warehouse, testified he had made a similar investigation and reached conclusions as the other witnesses had reached; that he had operated municipal warehouse (on the San Pedro side of the channel) in 1922-25, and that his experience in that work led him to believe there was no volume sufficient to compensate the establishment of a warehouse.

L. A. Bailey, Secretary of protestant warehouse associations, testified that any need that might exist at the harbor for additional warehousing would be met by the 25,000 square feet authorized for the Wilmington Storage and Transfer Company.

Careful consideration of the record and of the many details submitted in addition to the general statements quoted results in the conclusion that warehouse facilities are needed at the harbor and on Terminal Island and that the establishment of 25,000 square feet by the Wilmington Transfer and Storage Company will not be adequate for the business available.

The cannery at Fish Harbor are engaged in a business that has steadily grown until now more than two million cases of tuna, mackerel, etc. are packed each year and the fishing industry has developed into one of the most important at the harbor. Some packers

maintain small storage facilities of their own but the testimony indicates that these facilities are not adequate. Additional facilities may be found at the municipal sheds where as much as 100,000 square feet of storage has been occupied (testimony of Mr. Cole) which storage was in the open shed and subject to removal upon short notice should the space be required for cargo handling. This, however, indicates that there is a volume of commodities seeking storage which have been accommodated without warehouse facilities but it must be remembered that the commodities thus stored involved capital outlay and that warehousing facilities permit the issuing of warehouse receipts against storage which are negotiable and thus the capital returns to business channels instead of being frozen in dead storage. Desire for this advantage was expressed by witnesses testifying for applicant.

The warehouse to be constructed by applicant is to be of concrete, protected by the sprinkling system for fire protection, and fully covered by insurance, including its contents. The fact that depositors have gotten along with facilities provided by the City of Los Angeles in its sheds is not to be urged, we believe, to show that this system is adequate or satisfactory for a business that has grown almost ten times its volume in as many years.

Mr. Carmichael called attention to the fact that cargoes of fertilizer from foreign ports had not been deposited at the harbor because of lack of storage facilities, and had passed to other ports.

Mr. Mills also testified that although ocean carriers have filed rates for such port trans-shipments, none has sought to develop the business, probably because of the lack of warehouse facilities; port trans-shipping business is a potent feature of storage business in the future.

At the time of the submission of this matter, Wilmington Transfer and Storage Company had not selected a site for its authorized warehouse but we believe the testimony in the present record is sufficient to show that the warehouse capacity to be provided by this utility at Terminal Island will not be adequate for the business available or soon to be available. If it should not pursue its construction plans on Terminal Island, this portion of the harbor front would still be five miles or more from warehouse facilities, except the facilities provided by the terminal sheds of the municipality.

Applicant here proposes to put within a short distance of Fish Harbor and the wharves where a thousand vessels bring cargoes, what appears to be an adequate and well-financed warehouse in the hands of a corporation which was successful in the warehouse business.

For these reasons, we believe that applicant has supported its application with affirmative proof of necessity and convenience and that the certificate therefor should be issued.

O R D E R

Crescent Wharf and Warehouse Company, a California corporation, having made application for a certificate of public convenience and necessity to establish and maintain a public warehouse on Terminal Island in the City of Los Angeles, public hearings having been held, the matter having been duly submitted, including concurrent briefs within fifteen days after final hearing, and now being ready for decision:

THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA
HEREBY DECLARES that public necessity and convenience require the construction of a warehouse and the establishment of warehousing business by applicant herein on the following described site:

Lots Numbers One, Two, Three and Four, Block One,
Terminal Island, East San Pedro, City of Los Angeles, as
shown by Exhibit No. 2, attached to the application;

IT IS HEREBY ORDERED that a certificate of public con-
venience and necessity therefor be granted applicant, subject
to the condition that applicant shall file within a period of
not to exceed twenty (20) days from date hereof a warehouse
tariff published in accordance with the rules of this Commission
setting forth rates, rules and regulations governing the charges
to be assessed.

For all other purposes the effective date of this
Order shall be twenty (20) days from the date hereof.

Dated at San Francisco, California, this 23rd
day of June, 1930.

Cl. Seaver
Ernest J. ...
Leon ...
Paul S. ...
W. L. ...
Commissioners.