



## MEETING SUMMARY

### MOTOR CARRIER DIVISION MEETING

INTERMODAL ASSOCIATION OF NORTH AMERICA

**SATURDAY, NOVEMBER 11, 2006**

**1:00 p.m. – 3:00 p.m.**

**CRYSTAL BALLROOM, SALON III & IV**

**HYATT REGENCY PIER 66**

**FORT LAUDERDALE, FLORIDA**

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The meeting was called to order by Dick Coleman of ContainerPort Group, Inc. at 1:02 p.m. Dick introduced the Motor Carrier Division board members, Sam Farruggio, Tony Pacella, Greg Steffle and Floyd Wright. After self-introductions, John Bagileo, counsel to IANA, provided anti-trust guidelines for the meeting.

#### **Legislative and Regulatory Update**

Earl Eisenhart, government relation's consultant to IANA, provided an update on recent Federal activities that could impact motor carriers. There is a potentially troubling provision in the recently approved SAFE Ports Act that requires the Department of Homeland Security (DHS) to implement background checks for all commercial drivers with unescorted access to port facilities. These checks will be required by the middle of January 2007, which is 90 days after President Bush signed the legislation. Eisenhart said that motor carriers probably would have to submit their drivers' names for checks that will include immigration status as well as a review against terrorist watch lists. Another provision of the SAFE Ports Act requires DHS to complete the writing of rules for the Transportation Worker Identification Credential (TWIC) by the end of this year and implementation of the rules during 2007.

At the U.S. DOT, the FMCSA is developing new entry-level driver training rules that might require a standard curriculum for on-the-road training. There also is pending litigation involving the hours-of-service rules that will be argued before the U.S. Court of Appeals for the District of Columbia Circuit. Safety groups want to end an 11<sup>th</sup> hour of driving and the 34-hour restart provision, while the Owner Operator Independent Drivers Association and the International Brotherhood of Teamsters would like to restore drivers' flexibility to split off-duty time in sleeper berths instead of taking a mandatory eight-hour rest. **[Subsequent to the meeting, the U.S. Court of Appeals for the District of Columbia Circuit heard arguments on December 4 from the Owner Operator Independent Driver Association, the International Brotherhood of Teamsters, safety groups such as Public Citizen, and the federal government. A decision is expected in the spring of 2007.]**

In closing, Earl updated the Committee on the status of the proposed roadability rules. The scheduled release date of November 27 is now expected to change to early in 2007. It is anticipated that the rules will be similar to the “draft” proposal circulated earlier this year. **[Subsequently, on December 21, 2006, the FMCSA released a Notice of Proposed Rulemaking (NPRM) Federal register. Copies of the NPRM are available on the IANA website at [www.intermodal.org](http://www.intermodal.org)].**

### **Consolidated Chassis Management Update**

Scott Smith of APL updated the group on the progress of implementing chassis pools in different parts of the U.S. The success of The Hampton Roads Pool led OCEMA to work on additional efforts in other locations, including a Southeast pool that covers Charleston, South Carolina, Savannah, Jacksonville, Atlanta, Charlotte and Wilmington, North Carolina. Other pools have been initiated in Memphis, Denver, Salt Lake City and Tampa.

#### **Specific date on each of the pools follows:**

- The Denver pool was begun in December 2005 with 16 water carriers and 2,600 chassis and was quickly reduced to 1,800 before being expanded to Salt Lake City in July 2006. A target of 85 percent utilization was established.
- The Memphis pool, begun in August had 8,700 chassis and has since been expanded to Nashville and includes a total in excess of 11,000 units. Utilization rates have approached 95 percent, which is limiting flexibility to provide necessary maintenance and repair.
- The Tampa pool was started this year with 450 chassis.
- The Southeast pool, which would be the largest yet, is being formulated with between 35,000 and 40,000 chassis and is scheduled to start in January or February at the earliest.

Derived advantages of the equipment pools for rail and ocean carriers includes—less hostling, smaller inventory on property, added terminal fluidity, reduced flips, actual reduction of chassis and the ability to use additional chassis to address business surges. For motor carriers, the advantages are less waiting time, consistent maintenance, less flips, consistent inventory and improved throughput at terminals.

Future plans call for adding pools in St. Louis and Kansas City in the first quarter of next year, followed by Dallas, Houston and San Antonio. OCEMA has taken a gradual approach to expansion, he said, to ensure that the pools are working effectively before expanding into larger markets.

In response to questions, Smith said pool managers are responsible for the roadability of equipment and M&R vendors are dependent on specific locations. He also said that the number of flips can be reduced by as much as 90 percent and that chassis losses from the pool are limited.

### **Automated Gate Processes**

Randy Guy of Norfolk Southern described the railroad’s Automated Gate System or AGS system, which uses optical character recognition and related technology to provide unmanned and paperless gate transactions. Guy said the AGS is meant to accommodate growth, speed traffic through terminals, enhance terminal security and improve gate management. In one case, the railroad reduced the terminal staff from 22 people to eight, and has 95 percent accuracy for the process. Average dwell time for

truckers at the Austell, Georgia terminal was reduced from 40 minutes at the start of 2004 to below 27 minutes now, he said.

He identified multiple benefits for railroads, motor carriers, customers and equipment owners. Including: reduction in staff, improved security, gains in both productivity and increased accuracy in gate transactions, reduced dwell time in terminals and more timely deliveries.

Norfolk Southern expanded their system to Croxton, New Jersey in November 2006, and plans to start the system at Landers Yard in the third quarter of next year and in Columbus, Ohio in the second quarter of 2008.

In response to questions about damage inspections at AGS facilities that were done previously by terminal personnel, Guy said that the railroad still does damage inspections, but some other railroads have discussed changes to their inspection process at automated facilities. He said cameras at the gates capture damage information, and equipment owners can receive timely information about their equipment. He also said that Norfolk Southern cannot update driver information records when drivers change motor carrier affiliations, and that motor carriers still need to provide that information to rail carriers. He said a national clearinghouse for that information, such as IANA's Intermodal Driver Database would address that question.

### **IANA Fuel Card Program**

Jim Morrow, IANA's director of membership delivered the findings and recommendations arising from a review of a fuel card program for motor carriers. Staff recommends proceeding with the program as outlined below.

A survey of IANA motor carrier members and Uniform Intermodal Interchange & Facilities Agreement participants was conducted to determine initial interest. The response rate topped 20 percent and signaled significant interest, primarily because of potential savings and improved management. The survey also found that about 40 percent of respondents already had some form of fuel card program.

Eight potential vendors were contacted, and two formal proposals were received, reviewed and compared. In addition to price, the proposals were reviewed based on features such as the number of in- and out-of-network vendors, fees for services such as cash advances, and technology such as Web management of the program and integration into trucking management software. Prices were compared in five major cities where intermodal transportation is prominent, including Los Angeles and Atlanta, and for vendors that presented proposals to IANA. A savings of \$1.5 million a week could be achieved by the industry when the vendor price was 3 cents a gallon less than retail. On a per truck basis, the savings would be about \$470 a year, based on 3 cents a gallon in savings and purchase of 300 gallons a week.

In addition, an evaluation was done relative to one IANA member's existing fuel card program at 20 locations. It was found that the member company could achieve savings of 6.3 cents a gallon.

The benefits to IANA from a fuel card program could include gaining new members, enhancing retention, and development of similar new programs to benefit members.

Division members were asked whether there was a consensus of support, and Greg Steffle of Rail Delivery Services proposed that the Division recommend the program to IANA's Board of Directors, and made a motion to that effect. Ron Guss, Intermodal West seconded and the motion was approved unanimously. . **[The proposal was presented to the Board of Directors on November 14, and the Board approved going forward with it.]** Further steps will be to market the program and qualify carriers beginning in February 2007.

### **Motor Carrier Contract and Liability Presentation**

Hank Seaton of Seaton and Husk offered insights for drayage carriers on motor carrier contracts and liability. His recommendations to carriers included keeping careful records, not surrendering legal rights and extensive attention to contract terms, especially insurance to limit liability.

Seaton said that there is a long history of changes in rules that apply to contracts affecting intermodal drayage carriers, and that efforts continue to standardize the process, such as the model contracts proposed by the Transportation Intermediaries Association and the American Trucking Associations. Agreements evolved from tariffs to individual shipper contracts. The growing complexity, as well as events such as the Worldpoint bankruptcy, has increased the importance for drayage carriers to pay attention to contracts.

In general, he said, Carmack liability applies on moves from ports, and rail intermodal moves are deregulated. He said that liability can be particularly complicated when there is uncertainty about damage during an intermodal move, in part because still another liability regime, called the Carriage of Goods by Sea Act, or COGSA, also can apply. A bilateral contract will supersede any individual tariff or publication by a single carrier or other party. Contracts should address liability, storage in transit, credit and collections, per diem charges and other fees such as accessorial.

### **Other Business/Adjournment**

Dick Coleman thanked all the presenters for their time and preparation and commented that he thought this particular meeting was one of the most informative in quite some time. Dick also asked if there was any other business. There being no other items to discuss, Dick asked for a motion to adjourn which was made by George Baima, Pacella Trucking and seconded by David Langrehr, Fox Transportation. The meeting was adjourned at 3:03 p.m.