MINUTES

MOTOR CARRIER DIVISION MEETING
INTERMODAL ASSOCIATION OF NORTH AMERICA

SATURDAY, NOVEMBER 12, 2005
1:00 p.m. – 3:00 p.m.

Salons 4 & 5
ANAHEIM MARRIOTT HOTEL
ANAHEIM, CALIFORNIA

IANA Motor Carrier Board Member, Dick Coleman, Container Port Group, welcomed members and guests to IANA's Motor Carrier Division and called the meeting to order at 1:03 p.m. Following self-introductions, IANA general counsel, John Bagileo, reviewed the Association's antitrust guidelines.

Federal Legislative/Regulatory Update

Dick Coleman requested that Earl Eisenhart update the group on current and proposed legislative and regulatory issues, including a status report on the roadability rulemaking.

I. **Roadability**

Eisenhart reported that a roadability provision was included in the highway reauthorization bill, Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), enacted Aug. 10, 2005, as Public Law 109-59. He said the roadability provision reflects consensus language developed by the American Trucking Associations (ATA), the Ocean Carrier Equipment Management Association (OCEMA), and the Association of American Railroads (AAR). It requires the Federal Motor Carrier Safety Administration (FMCSA) to establish rules covering the systematic maintenance, repair and inspection of intermodal equipment.

The roadability language (Sec. 4118 of SAFETEA-LU, which was distributed to meeting attendees) in the legislation mandates that the US DOT initiate a rulemaking within 120 days of the highway bill's enactment that would require "intermodal equipment providers", who are "responsible" for the inspection and maintenance of interchanged equipment, to put in place systematic maintenance and repair programs that are subject to Department of Transportation audits.

Eisenhart said the DOT would be required to assign unique identifying numbers to equipment that will tie it to the provider. The Department also must develop a list of equipment components or items to be included in a driver's pre-trip inspection. Equipment providers must make available, space and facilities for conducting inspections and identifying defects.

The language also mandates that DOT establish a process by which equipment providers and carriers may petition for investigation of non-compliance, and a process by which drivers or carriers would be required to report any damage or defect at the time the equipment is returned to the provider. Any such damages or defects will have to be repaired before the equipment is again released for use on the highway. Finally, state roadability laws are generally preempted if they exceed or are inconsistent with provisions of the bill.

Eisenhart said it is doubtful that FMCSA would be able to meet the tight deadlines and that the best guess is that the rulemaking will begin sometime in 2006. He said FMCSA was tasked with more than 20 new proceedings under the 2005 Highway Reauthorization and was prioritizing its rulemakings timetable. He said it is "virtually 100 %" unlikely that the roadability rulemaking will be initiated by December 2005.

Several members had questions regarding the details of the legislation and what direction FMCSA might take on the rulemaking. Greg Stefflre, Rail Delivery Services, noted that FMCSA Deputy Administrator, Warren Hoemann, was scheduled to address a regulatory issues forum, Sunday morning, Nov. 13, 2005, during the conference and suggested that those with questions concerning roadability rules might want to attend.

II. Hours of Service

Eisenhart said new Hours of Service rules published in the Aug. 25, 2005 Federal Register replaced the old "New Rules" published in 2003. He said they are very much the same as the 2003 rules. Eisenhart said the DOT will actively enforce the rules on Jan. 1, 2006. The wild card is the legal side of the issue, he said. A number of groups, including Public Citizen and the Teamsters, have criticized the rule as not going far enough. These groups have petitioned the agency for reconsideration and will have 60 days after receiving the agency's response to file a lawsuit. The expectation is that opponents will sue to overturn the rule.

III. Black Boxes

Eisenhart said FMCSA is aggressively moving forward on electronic onboard recording devices for auditing HOS compliance. The agency is expected to have a Notice of Proposed Rulemaking out early next year. This is very likely to be mandated at some point in the not too distant future.

Government and many industry stakeholders support this requirement, Eisenhart said. Questions of exemptions for certain sectors and incentives to install the devices remain open. ATA recently issued qualified support for the devices.

Greg Stefflre said ATA could not take a position on whether to question the HOS sleeper berth issue because it was a tradeoff between HOS and electronic monitoring. He also said California truckers were seeing problems crop up with state inspections. Inspectors are asking whether truckers have onboard recording devices or other devices that might be used to monitor HOS compliance. Stefflre indicated that there have been instances in which state enforcement people have sought to use whatever evidence they can in terms of substantiating non-compliance.

IV. Driver Training

In May 2004, FMCSA came out with a final rule for mandatory training for drivers. It calls for:

- Specified driver qualifications in FMCSA regulations
- Hours of service compliance training
- Driver wellness monitoring and protection
- Federal Whistleblower protection

Eisenhart said safety groups have sued the FMCSA over the final driver-training rule. These groups contend the rules do not satisfy Congress's intent on driver wellness and other health and safety issues. They want a prescribed curriculum that would include significant time "behind the wheel." This could be an impediment to hiring and training of new drivers as the industry continues to suffer from a severe driver shortage. **[Subsequent to the meeting, on December 2, 2005, the U. S. Court of Appeals for the District of Columbia has ordered the FMCSA to rewrite its final rules governing entry-level driver training. This action suggests that FMCSA will draft new rules requiring comprehensive and potentially expensive training programs.]**

Co-Op Chassis Pool

Ben Shelton of Union Pacific gave a presentation on the Denver Consolidated Chassis Pool (DCCP) Co-Op Chassis Pool, standing in for Joe Ruddy. Ruddy the general manager, Virginia Intermodal Management, who had been scheduled to make a presentation on the Hampton Roads Pool, but was unable to attend.

Shelton said the DCCP Co-Op Chassis Pool has a number of the same characteristics as the Hampton Road Chassis Pool II model therefore, the Hampton Road model was useful as a template in the development of the DCCP Co-Op Pool. The DCCP will become the first "Inland" Co-Op Chassis Pool of this type in the US. He said the DCCP will be implemented at UP's Denver terminal on December 1, 2005.

Shelton projected the program would lead to a 20-30 % reduction in chassis inventory, boost terminal efficiency, reduce congestion, improve trucker turn times, reduce M&R costs, etc. Shelton said pool participation was not mandatory, however according to UP, 95% of its Denver Steamship line customers have agreed to participate. UP will not permit 20’, 40’ and 45’private chassis onto the terminal property once the co-op pool is established.

Participating Ocean Carriers can contribute all, a portion of their equipment, or no equipment at all. Whatever equipment contributed becomes “gray” and goes out of the gate as a neutral chassis. UP will provide the facility and sign a licensing agreement with the LLC that will manage the pool. UP will have the obligation to provide accurate, timely data to the pool operator on train movements and equipment events, Shelton said.

Barry Michaels said that UP has 39 intermodal ramps in the US. As of Jan. 1, 2006, UP plans to begin implementing gray chassis at one new ramp every 60 days.

Marty Schlosser from Virginia Port Authority (Hampton Roads), the location of the first chassis co-op pool under this model, said that the facility started with 24,000 chassis. That is down to about 17,000 today, with utilization running at about 80 %.

There was further Q&A/discussion on details of the program, many of which are still to be resolved by the initial start date of December 1, 2005.

Tire Failure Analysis

Sam Farruggio, Farruggio's Express, presented a “Tire Failure Analysis Case Study”, based on several motor carriers’ experiences. He observed that tires are failing at an unacceptable rate and said that excessive tire failure exacerbated the driver shortage by contributing to unnecessary safety risks. Farruggio displayed information provided by InterStar North America, Inc. that categorized tire failure causes and called for a collective industry solution to the tire failure issue. Otherwise, he felt that the trucking industry may seek regulatory solutions.

Farruggio said that the case study indicates that 80-90% of tire failures are air-pressure related. He said new equipment with automatic air pressure systems have value as long as they are properly maintained. Farruggio indicated that from the motor carrier standpoint, the lack of tire replacement and varying maintenance standards among equipment providers contributes to the problem.

John Shortridge, InterStar, said his company is, by necessity, neutral on the tire issue and does not set policy for railroads, does not change Why Made codes, or influence the quality of the tires that are provided.

Shortridge then presented a billing study of two railroads, one eastern RR, one western RR, based on six-month periods from January to July in 2000 and in 2005. He said tire-related repairs billed to truckers increased from 4 % of all repairs billed in 2000 to 7 % in the 2005 period, while tire repairs billed to railroads decreased from 83 % to 69 % of the total. Repairs billed to equipment owners rose from 13 % in 2000 to 19 % in 2005, he said.

A graphic depicting instances of tire failure in relation to distance from ramp showed that the number of failures rose significantly the greater the distance the equipment traveled from the terminal. Shortridge speculated that this might relate to the issue of under inflation, because as distance increases, the tires have more exposure to “heat up”.

There was a general discussion on why tires fail, differences in the types of tires, and tire usage by different intermodal equipment providers. Barry Michaels said that investing in air systems and radial tires has drastically reduced tire failures. Farruggio said that those systems work fine as long as the tire inflation system and tire pressures are properly maintained. The issue is how many of the airing systems have been taken apart and not reinstalled properly.

Dick Coleman said the tire failure issue “clearly is an interest of high concern” and encouraged the IANA M&R Committee to seek IANA Motor Carrier members that “have a passion” about the tire problem to volunteer for the newly formed tire committee. **[On Friday, November 11, 2005, the IANA M&R Committee voted to create a Tire Task Force to address all issues related to tires used in intermodal service.]**

Pier Access and Hours of Operations Programs

Scott Smith, APL, gave a presentation on the status and progress of the West Coast Pier Pass Program. Pier Pass is a program the west coast marine terminal operators instituted in Southern California to reduce congestion on supporting highway infrastructure. It remains somewhat controversial. Smith said it is possible that it might be expanded nationwide to port locations that face congestion issues. However, it may not work at all ports.

The basic tenet of the program is to shift certain amount of gate activities from traditional day shifts to evening and nighttime periods. Given that tonnage is expected to grow in the Los Angeles basin alone from roughly 5 million TEUs in 2005 to nearly 40 million TEU’s by 2020, something clearly needs to be done to expedite the movement of freight out of terminals and ramps.

Scott said the Pier Pass program was the creation of the West Coast Marine Terminal Operators Discussion Agreement, comprised of 12 terminal operators. The official name of the program is “Off-Peak” and the goal was to have all 12 terminals open at night at the same time using the same operating criteria and shift significant amounts of traffic to evening hours

Scott further explained, the system went live on July 23, 2005, and costs the industry about $160 million a year to sustain nighttime operations. 33 % to 34 % of current traffic is now at off-peak hours. In first nine weeks, the program serviced 460,000 trucks and over 690,000 TEU’s. Scott said that the Program appears to be moderately successful in terms of acceptance by the trucking community.

REZ-1 Presentation

Dick Coleman then introduced Luke Lefkowitz, from REZ-1, who due to time constraints, agreed to gave a brief presentation on the benefits, opportunities and efficiencies to the drayage community through advancements in the REZ-1 “Street Interchange” program. Luke outlined the benefits to drayage carriers, IMC’s and the railroads of a utilizing a bonafide street turn program.

Other Business/Adjournment

Dick Coleman requested if there were any other business issues to be discussed. As there were no additional items, the meeting was adjourned at 3:20 p.m.