



MINUTES

OPERATIONS COMMITTEE

INTERMODAL ASSOCIATION OF NORTH AMERICA

TUESDAY, MAY 2, 2006

10:00 a.m. – 12:00 p.m.

**Prince of Wales Room
OAK BROOK HILLS RESORT
OAK BROOK, ILLINOIS**

Committee Chairman Dave Ware, CSX Intermodal, welcomed members and guests of the Committee and called the meeting to order at 10:03 a.m. He noted that the room was extremely crowded (approximately 140 people in attendance) and provided safety and emergency guidelines for evacuating the room if necessary. He then introduced IANA Chairman Mike Wilson, Hamburg Sud, to the group.

Following self-introductions, Tom Malloy, IANA staff, reviewed IANA antitrust guidelines. Malloy then called the committee roll and it was determined that a quorum was present to conduct business.

Approval of Minutes

Vice Chairman Ed McQuillan, Hanjin Shipping Company, recapped the last committee meeting, held on November 11, 2005, in Anaheim, California. After his update, McQuillan requested comments or questions. No comments were made on the minutes as presented; therefore a motion to accept the minutes was made by Ted Prince, seconded by Joe DeCapua, and unanimously approved by the Committee.

Intermodal Freight Technology Working Group Update

Tony Furst, director, Office of Freight Management and Operations, Federal Highway Administration, provided an update on the U.S. Department of Transportation's Intermodal Freight Technology Working Group (IFTWG). (*The IFTWG held a concurrent meeting at Oak Brook Hills hotel during the IANA Seminar*). Furst is the IFTWG public-sector co-chair. Ben Shelton, Union Pacific, is the private-sector co-chair. Furst explained that the IFTWG, established in 1998, was a public-private partnership to review how technology can be used to improve freight transportation operations.

Furst outlined several IFTWG initiatives, noted that the group meets twice a year in conjunction with IANA's meetings (Operations & Maintenance Seminar and Intermodal Expo), and holds monthly webcast meetings and occasional Round Tables on topical issues. Tom Malloy noted that IANA had executed a partnership agreement with the IFTWG and that meetings would be

co-located for the next several years. Malloy also advised that the IANA website has an IFTWG information section, similar to the IANA Committee area, for anyone that is interested in obtaining additional details about the group and its efforts.

Legislative/Regulatory Update

Tom Malloy provided an update on state legislative and regulatory issues. He noted that Earl Eisenhart would provide a full update on federal activities at the Seminar's Opening General Session at 1:00 p.m., later that day. Malloy then provided a state regulatory activities update. He said 24 pieces of legislation in 16 states were of note.

Malloy said bills had been introduced in several states seeking to void indemnity agreements in motor carrier transportation contracts, specifically in intermodal interchange agreements. He said this was of particular significance given that IANA administers the Uniform Intermodal Interchange and Facilities Access Agreement (UIIA). He also noted that certain bills expressly stated that the UIIA was exempted for the law. Laws impacting indemnity provisions have been passed in Indiana, West Virginia and Virginia. Similar bills are pending in Kansas, Missouri and South Carolina.

Another issue gaining momentum at the state level, Malloy said, relates to equipment idling and emissions activity. He said at least six states have undertaken approximately nine pieces of legislation governing idling of commercial vehicles, and in some cases apply to rail locomotives and ocean vessels.

He said IANA is monitoring idling legislation in Connecticut, Illinois, New Jersey, New York, Rhode Island and Vermont. Additionally, Malloy commented on Illinois House bill 4782 which provides that a vehicle using diesel fuel with a gross vehicle weight rating of 8,000 lbs. may not have an engine idling for more than 10 minutes within a 60 minute period. The bill was sent to the Governor on April 26, 2006 and he has 60 days to sign or veto, or it becomes law without signature. Malloy stated that such a law could adversely affect motor carriers that operate in the colder climates, as many require engine power to heat cabs and run supplemental equipment.

Malloy noted since there is much interest in the latest status on roadability, he would provide some additional information that may also be covered at the General Session. He said IANA had reviewed an "unofficial" draft of the Notice of Proposed Rulemaking (NPRM) and anticipates its publication in the Federal Register in July or August, 2006.

This "unofficial" draft of the rulemaking contains the following specific definition of what constitutes an "Intermodal Equipment Provider (IEP)" – *"Intermodal equipment provider means any person that interchanges intermodal equipment with a motor carrier pursuant to a written interchange agreement or has a contractual responsibility for the maintenance of the intermodal equipment."*

The draft specifically requires IEPs to:

- Register and file with FMCSA an "Intermodal Equipment Provider Identification Report" (A variation on the MCS-150 form), updated every two years

- Display a US DOT Number, or other unique identifier, on each intermodal container chassis offered for transportation in interstate commerce (The draft seeks comment on what other unique identification numbers could serve the same purpose as the US DOT number)
- Establish a systematic inspection, repair, and maintenance program to ensure the safe operating condition of each intermodal container chassis intended for interchange;
- Engage in periodic inspection of equipment intended for interchange;
- Establish procedures to respond to driver and motor carrier reports concerning chassis mechanical defects and deficiencies
- Establish procedures, and provide sufficient space, for drivers to perform pre-trip inspections of tendered intermodal equipment
- Develop and implement procedures to repair any equipment damage, defects, or deficiencies identified as part of a pre-trip inspection, or replace the equipment, prior to the driver's departure. (The repairs or replacement must be made in a "timely" manner after being notified by a driver of such damage, defects, or deficiencies)
- Maintain a system of driver vehicle inspection reports submitted by motor carriers
- Maintain a system of inspection, repair, and maintenance records
- Refrain from placing intermodal equipment in service on the public highways if the equipment has been found to pose an imminent hazard, as defined in § 386.72(b)(1)

Malloy said a key point to consider was the requirement of IEPs to maintain vehicle inspection reports from motor carriers for each interchange would be significant. He said IANA's UIIA intermodal driver database currently has records on more than 325,000 drivers, with that number expected to reach 400,000+ drivers this year. Malloy noted that if each driver made just one turn a day, the paperwork and system retention burden on the industry would be staggering, and could conservatively reach over 30 million interchange transactions per year.

Task Force Updates

Dave Ware reviewed the list of four issues prioritized by the full Committee at the November 2005 meeting to be addressed through Committee task forces.

These top 4 Issues were:

1. Need for common chassis pool –Pat Valentine, Maersk, Task Force Leader
2. Implementation of inspection improvement measures at the gate, including OCR and AGS aspects– Ben Shelton, Union Pacific, Task Force Leader
3. Identifying ownership and control of private equipment – Ted Prince, Optimization Alternatives, Task Force Leader
4. Operational data information gathering (lack of aggregated operational data for industry benchmarking) - terminal throughput (as measured by motor carrier in-gate/out-gate) – Ted Prince, Task Force Leader

Dave Ware requested an update on the domestic chassis aspect of common pools and called on Dave Howland, Schneider National, and Chairman of a recently established IANA Private Domestic Container Working Group to provide a status update. Dave Howland stated that the Working Group is comprised of representatives of Truckload carriers, IMCs, and railroads. He

said the group sought to create resolution of two main points: determining the most effective chassis management methods for domestic containers and maintaining the greatest amount of street flexibility for box owners.

He said the Working Group had met face to face or via conference calls monthly, and that OCEMA had shared areas of progress and areas of problems with their international chassis co-op program. A “good composite list of issues” from chassis suppliers and from those who are managing chassis has been compiled. The list includes multiple issues such as terminal congestion, ramp access, M & R etc. He said the group was “very close to having some resolution on moving forward.”

Operational Data – Gate Processes & Identification of Private Equipment Task Force(s)

Task Force Leader Ted Prince gave a presentation updating the combined efforts of the task forces on “Identification of Private Equipment” and “Operational Data – Gate Process.”

He said that surveys were mailed to a total of 13 organizations, which included railroads, marine terminals and leasing companies, with a primary focus on railroads. The response to the survey was limited, making the results useful but not statistically significant.

The survey sought to focus on three issues:

1. What data is being collected going in and out the gate.
2. What is being done Vis a vis equipment inspections.
3. To what extent are automated or self-service gate portals being used and how.

Several slides focused on specific statistics gathered through the survey effort. Ted noted that while Operations Committee members had voiced support for the data gathering effort at the November 2005 meeting, it took a significant effort to get companies to respond to the surveys. He stressed that if IANA is going to move forward on gaining a better understanding of the issues at hand, the response was a good beginning but it needs to be better. He urged companies to provide more timely, prompt and thorough responses to future surveys.

Discussion ensued on a variety of related topics including the use and accuracy of various tools such as cameras and OCR data gathering devices at terminal gates, types of information being collected by various terminal operators, the extent of use of biometric identifiers, and the efficacy of using automated gate systems. Ted Prince stated that while the surveys did not produce sufficient information on which to base recommendations, they were a starting point on which to build.

In shifting towards the issue of identification of ownership and control of private equipment aspect, there was lengthy discussion on problems associated with how to determine who is actually controlling equipment at any given time. Ted Prince noted that leasing companies operate data systems that keep track of equipment and suggested that leasing companies could exchange information through a neutral forum with daily updates.

Barry Michaels, UP, initiated discussion on the AAR's UMLER (Universal Machine Language Equipment Register) system, noting that private equipment owners have rejected its use, which complicates railroads' ability to track privately owned equipment.

Ted Prince noted that the four railroads that responded to the surveys currently all maintain proprietary databases. He suggested those four railroads should adopt a single standard. Several individuals argued that that the UMLER register is the standard, however there was acknowledgement that there are issues with reporting accuracy within UMLER. Steve Vicary, ABF, noted that in his company's operations, many trailers, might enter the railroad intermodal system one time and then go into over-the-road use, never to hit the railroad again. From that perspective for trailers, he said, registering every ABF trailer in UMLER was impractical. Ted Prince suggested that 80 percent of the data in the UMLER registry isn't necessary for intermodal purposes and that 20 or so data elements would give the intermodal industry all the information needed for operational efficiency.

In response to a "where do we go from here" question posed by Dave Ware, Ted Prince called for creating a prototype intermodal equipment register/ database of six organization equipment files between now and the next Operations Committee meeting (November 2006). Barry Michaels and Dave Ware agreed. Ted asked for volunteers to provide data and the following organizations and contacts agreed to participate:

American President Lines	Scott Smith
Hanjin Shipping	Ed McQuillan
Schneider National	Dave Howland
Trac Lease	Alan Messing
GE	Doug Hoehn
UPS	John Shortridge

Terminal Efficiencies Task Force

Task Force leader Ben Shelton, UP, gave a presentation on recent actions of the Terminal Efficiency & Gate Process Improvement Task Force." He, too, indicated disappointment at the limited response to a survey developed by the group. With the number of responses, he said, the data was a bit skewed and should not be relied upon for any conclusions.

Shelton said the use of technologies including biometric systems, RFID tags and Optical Character Readers (OCR) have generated significant gains in efficiency at terminals where they have been deployed, both domestically and worldwide. Additional efficiencies have been gained through gate process improvements such as:

- Elimination of Equipment Inspections at Gate
- Centralizing Gate Functions
- Installing Security Bolt(s) at Origin Dock Location
- Allocations/Reservations systems
- Shipping Documentation Provided in Advance
- Centralized Driver Registration by Motor Carriers

Despite concerns over the accuracy of OCR systems, Shelton said UP has implemented a standard of 95% OCR accuracy for automatic ingress and egress at terminal gate. He also commented that RFID tagging requirements have expanded beyond initial applications and have led to increased visibility of equipment, road power units and hostling tractors and have improved real time terminal inventories and eliminated physical yard check requirements. Additionally, the new generation of biometric capabilities has improved transaction process times by 90 %.

Shelton said there are more technology advances in the pipeline that are expected to permit further improvements in terminal operations, including:

- Electronic/GPS Seals
- GPS Tags on All Equipment
- New Yard Design for Stacking Operations
- Pick-Up Appointments
- Box Location at Time of Notification
- The adaptation of E-ZPass systems applications for freight use

Dave Ware thanked Ben Shelton for the presentation and said that if Committee members have suggestions for other items the task forces should work on, they should send an email to Dave Ware or Ed McQuillan with suggestions. Ware also requested that IANA place all Committee Chairman and Vice Chairman email address links on the IANA website so Committee members can contact them directly.

OTHER BUSINESS

Scott Smith, APL presented a proposal on OCEMA's proposed Overweight guidelines for cargo intermodal containers. Smith said the draft guideline charts would be available on the OCEMA web site (<http://www.ocema.com/>). Tom Malloy also stated that they are posted on the IANA site under the Operations Committee section.

Smith said the draft guidelines were formulated by the OCEMA Heavy Cargo Committee and take into account the average empty weight of intermodal containers and chassis, the average weight of the power units that pull the equipment, and the weight of packing and bracing materials within the containers to arrive at what the working group deemed to be a realistic maximum allowable cargo weight. While compliance will be voluntary, Smith said OCEMA hopes all intermodal carriers and shippers will be able to use the guidelines as a reference. Tom Malloy noted that OCEMA had formally requested IANA to review the proposed guidelines. Malloy said Operations Committee members should email him with their comments and feedback.

There being no further business to discuss, Dave Ware stated that the next meeting of the Committee would be held Nov. 10, 2006, in Fort Lauderdale, Florida. Ware asked for a motion to adjourn the meeting, which was made by Ted Prince and seconded by Bob Huffman, Norfolk Southern Corp. The meeting was adjourned at 11:58 a.m.

**Operations Committee
Action Items**

Subject		Item Description	Name	Due
Start a prototype IANA equipment registration file	1	Obtain equipment ownership and control data from six companies to determine what data points are common and required for intermodal operations	Ted Prince	11/06