WCA LOGISTICS INSIDER

MANAGING LOGISTICS AROUND THE GLOBE

December/January 2012/2013

A freight transportation newsletter published by:
WCA Logistics, LLC
643 Bodey Circle
Urbana, Ohio 43078
(800) 860-7838

In this issue…

LEGISLATIVE NEWS

Alternatives To Highway Trust Fund Studied. In order to shore up the Highway Trust Fund, lawmakers are considering raising fuel taxes. An administration official warned against cutting transportation infrastructure programs because they could imperil public safety.

By having a modest fuel tax increase program, both economic recovery and fiscal stabilization could be enhanced. The National Transportation Safety Board feels highway safety needs must also be considered as lawmakers and President Obama negotiate financing the highway trust fund and reducing the federal budget deficit. They have called for 10 safety initiatives including a national inspection standard that raises the bar for bridge and roadway integrity. It was felt that support of the fuel-tax Increase would be approved by the hundreds of groups that maintain an active Capitol presence.

The fuel tax increase has been seen by the American Trucking Association (ATA) as the best way to solidify the Highway Trust Fund and improve the nation's infrastructure. ATA is currently studying options for infrastructure financing through a new internal committee.

Seventy billion dollars in general funds have been transferred to the highway account to keep it solvent. It is expected to be insolvent in 2015 partly due to more fuel-efficient vehicles cutting tax receipts and because the tax hasn't been raised in some 20 years.

All options need to be explored to identify the user-based sources that can provide the Highway Trust Fund revenues necessary to invest in our nation's surface transportation network. Three alternatives to higher taxes at the pump were a tax on trades by oil speculators, a per-barrel tax on oil at the refinery level or more federal borrowing underwritten by cancelling the payroll tax cut.

Another suggestion was to consider the Simpson-Bowles deficit reduction commission report of 2010 as a starting place for talks on generating money to save the highway fund and end emergency transfers from the general fund. The commission recommended phasing in a 15-cent increase in the gasoline tax by 2015 which would all go to transportation, not deficit reduction.

MOTOR CARRIER

Managing Chassis And Billing In A Changing Market. Many of the shipping lines serving the Port Of Virginia have announced plans to pull out of the business of providing chassis to haul customers' containers. The Virginia International Terminals (VIT), a subsidiary of the Virginia Port Authority (VPA) that operates its terminals and the Hampton Roads Chassis Pool (HRCP), had to find a way to bill port truckers for using the 11,400 chassis in the pool. Ocean carriers owing or leasing these chassis would be selling them or turning them back to the leasing companies that own them. These chassis would stay in the pool. Maersk Line had already turned its chassis over to DirectChassisLink. It is the A.P. Moller-Maersk subsidiary which is being sold to a private equity firm Littlejohn. All of these asset owners would want to get paid for use of their chassis and HRPC would have to bill truckers or those ocean carriers that still provide free chassis service.

When HRPC got into the chassis pool business in 2003-2004, it wanted to be service-oriented, simple and designed to provide a service to the motor carriers while providing efficiencies to VIT and VPA as the terminal operator.

The solution to the problem was found in a new service being developed by International Asset Systems (IAS), the Oakland, CA-based technology company that provides a global intermodal information network. HRPC, the first customer for the new IAS Chassis Manager Service, plans to roll out the IAS portal in November for use by motor carriers that will rent chassis from the pool's chassis owners, whether they are ocean carriers or leasing companies.

IAS and HRPC are signing up truckers around the port that handle 66% of all the containers moving in and out of its terminals while the rest of the containers move by rail. Some carriers that own chassis in the pool have stated they will sell the chassis they now provide to truckers for free as soon as the new system is ready. The port handled 1.1 million TEUs last year, up 2% over 2010. Through July 2012, volume is running 8.1% ahead of last year's pace.

The new service will provide the motor carriers the opportunity to manage the assets on a daily basis. The data is real-time and allows truckers to distinguish between merchant haulage, where they are responsible for paying for the chassis, and carrier haulage, where the lines still have responsibility from the financial perspective.

The transition to the new system will be relatively simple because HRPC will manage all the chassis at the Port of Virginia and handle billing on behalf of their owners. Between 300 and 400 motor carriers that regularly operate in the port are expected to sign up for the online portal.

The transition will be far less simple at most of the other ports that don't have chassis pools and where carriers have announced they are leaving the business. Every area, every ocean carrier and every setup is a little bit different.

IAS has a leg up in developing Chassis-Manager because it already had most of the motor carriers in North American as customers for its online Dispatch Manager service. Under that system, carriers continuously exchange information with motor carriers about where their containers are, whether it's gate-in, gate-out, a load discharge, a strip or stuff. IAS also provides an online service called Equipment Repair that alerts carriers about which of their containers need maintenance or repair.

IAS also realized that in the Chassis Manager Development phase that it couldn't solve the operational issues for motor carriers that have to rent chassis. They needed help in the changing market. They would like to have a clean invoice so that when there is a problem, there is somebody there who can work with them to solve it, so they are only paying what they're supposed to pay. They want an invoice that's timely and don't want to wait four to six weeks for an invoice only to find that it's incorrect.

The IAS service is expected to appeal to many of the small drayage truckers that serve the port since they have limited cash flow and can't afford to wait until billing disputes are settled. The IAS portal allows them to manage the process. Motor carriers can correct erroneous invoices online before they are billed through the software that resides in the IAS system. If that doesn't work, the company maintains a service center in Chicago that is staffed round-the-clock to settle billing disputes. The feature allows truckers to dispute the bill before it is sent so there is no erroneous billing going on.

(Article by Peter T. Leach from The Journal of Commerce) Provided by Alden Law
One East Livingston Avenue
Columbus, OH 43215-5700
www.aldenlaw.net

RAILWAY NEWS

Crescent Corridor Expansion in Alabama As part of the $2.5 billion expansion program known as the Crescent Corridor which will boost capacity between the Northeast and Southern states, Norfolk Southern Corporation has opened another intermodal terminal.

The $97.5 million facility on 316 acres in Birmingham, AL, replaces a smaller terminal. The facility will include features such as automated terminal gates as well as low emissions cranes and tractors. The Birmingham terminal will serve as a major gateway for trucking competitive freight moving between the South and Northeast. It will also enable Norfolk Southern to launch new service from Birmingham to the Northeast and to Mexico.

Four terminals are involved in the Crescent Corridor Plan. One new terminal has opened in Rossville, TN, and another is being built in Greencastle, PA, near the state border with Maryland and Charlotte, NC. Two existing terminals in Harrisburg, PA are being expanded.

The Crescent Corridor Project is being financed by a combination of public and private funds. It includes rail route improvements by adding track and upgrading signaling systems. The name was derived from a passenger train operated by a Norfolk Southern predecessor. No other intermodal project compares with the magnitude of this one in terms of job creation or environmental benefits.

MARITIME NEWS

New Orleans Upgrades Port The facility upgrades at the Port of New Orleans have helped it to capture its share of the expected swell in container cargo after the 2015 opening of the expanded Panama Canal. Port officials still feel that more can be done to help it take a bigger bite of the 5 million additional containers expected to come into the Gulf of Mexico by 2025.

Recently the port spent $36 million on two new gantry cranes and a 4.5 –acre marshaling yard that expanded its container-handling area to 115 acres. It is now expected to handle 640,000 20-foot equivalent units in container cargo per year.

When the Panama Canal opens its wider, longer and deeper locks in 2015, officials stated that in order to help boost their capability to 1.5 million TEU's per year it will be necessary to add upgrades costing an estimated $478 million. Although studies have indicated that most of the increase in container traffic will go to the East Coast (Baltimore, New York and Virginia), the influx of more container cargo into the Gulf will translate to an annual growth rate of about 7% a year between 2015 and 2025. The port plans to hire a firm to determine the current and potential value of the container terminal to attract outside investment.

In additional to these upgrades, the port is planning a $26.1 million upgrade of its intermodal rail yard next the Napoleon Avenue terminal.

AIR CARRIER NEWS

Air Cargo Advancer Screening Program Expands. A general notice in the Federal Register was published by the United States Customs and Border Protection (CBP) that it is formalizing and expanding its Air Cargo Advance Screening (ACAS) pilot program. The program revises the time frame for transmission by pilot program participants of a subset of mandatory advance electronic information for air cargo and allows participants to submit a subset of the required data elements (ACAS data) at the earliest point practicable prior to loading of the cargo onto the aircraft destined to or transiting through the United States.

The data collected will help the Customs and the Transportation Security Administration to identify cargo shipments inbound to the United States that may be high risk and require additional physical screening. Pilot participants may benefit from automating the identification of high–risk cargo for advanced screening before it is consolidate and loaded onto the aircraft. This should also help with a reduction in the paper processes related to the screening requirements. The published notice provides a description of the ACAS pilot program and sets forth eligibility requirements for participation and also invites public comment on any aspect of the test.

MISCELLANEOUS NEWS

First Major Speculative Industrial Space For Central Ohio. A strengthening demand for distribution center space and industrial tenants' changing requirements have prompted an Exxcel Project Management-led partnership to build the first major speculative industrial space in Central Ohio in years.

Exxcel affiliate CP V LLC expects to start construction by November 1, 2012 on a 478,053 square-foot building at the CenterPoint Business Park north of Rickenbacker International Airport in Obetz. This project will serve a changing tenant base of manufacturers seeking to maximize the stacking of pallets and accommodate more employees to handle customized packaging services. There is more value-added services at the distribution center than in the past. Distribution centers that have been low (density) employment centers are now high (density) employment centers.

Exxcel's project will offer up to 320 parking spaces for tenants, a parking ratio about 28% higher than competing properties in the area. Many of those buildings maximize site coverage for the distribution center limiting the ability to accommodate the new tenant requirements. The building will feature ceiling heights of 32 feet 8 inches, compared with 30-foot clearances at other building in the park. The added height allows five 72-inch-high or 64-inch-high pallets to be stacked or six 56-inch pallets to sit atop each other.

The industrial contractor dipped into distribution centers this summer when it bought 127 acres on Toy Road from Kirco Development LLC. This Michigan-based company had developed two distribution centers at the park before deciding to leave the Columbus industrial market.

Playing into Exxcel's decision to build, the bulk industrial market recorded a net absorption of nearly 900,000 square feet during the third quarter. The larger transactions included a 248,000-square-foot deal for UPS Supply Chain Solutions and a 181,000-square-foot lease for fashion accessories retailer Stella & Dot. Because of the good activity, Columbus could now use a spec building. The hardest thing is to determine the right size to build. The traffic of potential tenants has slowed in the third quarter compared to the first half of the year. Many companies aren't making risky moves now based on the rise of economic and political uncertainly. Exxcel's decision to increase worker and trailer parking could prove insightful since a neighboring CenterPoint distribution center has employees parking along a nearby street.

Exxcel has three other sites in the park that could handle 1.6 million square feet of combined development. The speculative project could expand onto an adjacent site if a tenant with larger requirements emerges during construction. The project has the flexibility to take it out to 1 million square feet if someone comes along and needs it bigger.

(Article by Brian R. Ball for Business First) Provided by Alden Law
One East Livingston Avenue
Columbus, OH 43215-5700
www.aldenlaw.net

WCA announces opening of 2 branch offices

WCA Logistics, LLC founded and based in Urbana, Ohio since 1983, has opened two new satellite operations. A Denver, CO office began operations in October 2012 when WCA Purchased Armada Logistics. A Chicago office began operations in early November.

WCA has a history of providing dry freight transportation for both truck-load and LTL shipments. These new locations will allow WCA to expand services to include, refrigerated freight, flat-bed and also cross border shipments with both Mexico and Canada. Besides freight brokerage, WCA provides freight bill audit services, full service third party logistics management, and provides specialized IT programs for in house logistic departments. For more information, visit us @ wcalogistics.com.

Judge Finds R&L Carriers Wrongfully Fired Driver for Refusing to Drive in Bad Weather

In a decision issued on November 20, 2011, a Department of Labor Administrative Law Judge vindicated truck driver Rob Fink's decision to refuse to pull a double trailer set from Hagerstown, Maryland to Norristown, Pennsylvania due to hazardous weather conditions. Fink's attorney, Paul Taylor of the Truckers Justice Center, filed a claim for Fink with the Department of Labor under the Surface Transportation Assistance Act which protects commercial drivers from retaliation for refusing to operate a commercial vehicle in violation of a safety law or regulation, or for refusing to drive based upon a reasonable safety concern.

On the afternoon of January 11, 2011 Mr. Fink observed heavy blowing snow near his home. Weather reports sources forecasted heavy, blowing snow, icy road surfaces, with wind gusts up to 30 miles per hour along his scheduled route of travel. When Mr. Fink drove his four-wheel drive vehicle a short distance that afternoon the roads were slippery, with heavy winds and snow. When he returned home from the store he continued to monitor weather reports which called for conditions to worsen overnight. Reports advised drivers to stay off the roads that evening.

Mr. Fink was fired after he told his supervisors that he would not be taking his assigned run that evening due to hazardous driving conditions. Due to the loss of his job Mr. Fink and his family experienced financial difficulties resulting in the loss of his home

Labor Department Judge Linda Chapman found that R&L unlawfully retaliated against Mr. Fink by firing for his refusal to drive due to reasonable concerns over safety stating that "the right of the Respondent [R&L Carriers] to conduct its business over the interstate highways, must be balanced against the safety of its employees, and the public that travels on those interstate highways. That is precisely why the Act permits a driver who has a reasonable concern that weather conditions are too hazardous to take a truck on the highways to refuse to do so, without fear of reprisal."

Judge Chapman ordered R&L to reinstate Mr. Fink as a driver, to pay him in excess of $30,000 in back wages, his attorney fees and $100,000 for the mental pain and emotional distress. Fink's attorney, Paul Taylor, indicated that this is the largest award ever for mental pain and emotional distress under the Surface Transportation Assistant Act.

Judge Chapman also ordered R&L to pay fink punitive damages in the amount of $50,000 stating that R&L's "conduct reflects a degree of conscious disregard for how its practices obstruct Congress's mandate in the Surface Transportation Assistance Act, and that punitive damages are appropriate to correct and deter this conduct."

'Trucking at a Crossroad' excerpts from the ATA speech from president Bill Graves

"I honestly do believe that anyone who is operating in the trucking industry is at a crossroads – in fact you're facing an entire series of crossroads – each one a decision point sending you in directions that will ultimately determine success or failure, profitability or loss, growth or stagnation," Graves said in his address.

In identifying trucking's challenges, Graves pointed his finger squarely at Washington.

"Three of our nation's biggest problems are the sluggish economy, a very dysfunctional federal government and the people of this nation who lack confidence that the economy will get better and that our government as its currently assembled in Washington isn't capable of getting the job done," he said.

In looking at Washington's challenges for trucking, Graves pointed to CSA, the federal government's safety monitoring program as a prime example. "We still believe that CSA is fundamentally the program that will make travel on the nation's highways safer, but it must be implemented and managed in such a way as to instill confidence with the industry that our 'buy in' to the program will make our companies stronger and not be penalized by inaccurate data or misrepresentation by the shipping community or the media."

Graves also pointed to the administration's pursuit of a new hours-of-service rule as another example of Washington providing a challenge to the trucking industry. "The rule was working just fine," he said, "and second I have no doubt that the changes were the result of political pressures brought to bear from the White House and not the result of FMCSA professionals believing that further change was necessary or could be justified."

Despite those challenges, and others like the driver shortage, the weak economic recovery, insufficient federal support for infrastructure and the rise in tolling and rising fuel prices, Graves said trucking was still well-positioned for the future. "The essentiality of the industry and the demand for freight movement by truck – a growing demand for freight movement by truck – is unquestioned, the long-term macro outlook for trucking has never been better, but the near-term micro view continues to be very challenging."

To overcome those challenges, as trucking sits at the crossroads, Graves said it was important for companies to adapt and change. "Those unwilling to embrace change will not survive. As unpleasant as that option may be, it's simply a truth that has always confronted the industry," he said. "Any of you who know the history of de-regulation, know that the folks who embraced the changing operational landscape of the trucking were at the vanguard of the industry we know today.