

# THE SOURCE

## Trucking Companies Boost Big-Rig Orders on Rising Shipping Demand

Trucking fleets adding capacity for long-haul routes in anticipation of industry boom into 2018  
By Erica E. Phillips WSJ 12/5/17

**Inside this issue**  
**Cover Story:**  
**FREIGHT, FREIGHT, FREIGHT**  
Investment is being made throughout the Transportation Industry

◆ Trucking Industry is flush with freight	<b>2</b>
◆ Fuel Report ◆ Oil rising ◆ Trivia	<b>3</b>
<b>Small Plates—Maritime News</b> ◆ ILA walks out of talks ◆ China exports / imports rising	<b>4</b>
<b>Small Plates—The Economy and trucking</b> ◆ ATA Press Release ◆ Trivia Answers ◆ Density Pricing vs. Class	<b>5</b>
<b>Small Plates—Transportation TidBits</b> ◆ UPS: no signatures ◆ Rail Traffic up ◆ Quick confirmation for CBP head urged	<b>6</b>
<b>Small Plates—Transportation TidBits</b> ◆ FedEx Purchase ◆ Season's Greetings	<b>7</b>
<b>Special Feature: TRENDS</b> ◆ Rhode Island is taxing freight. Consumer prices will rise!!!	<b>8</b>

Trucking companies are bumping up orders for new big rigs, anticipating that 2018 will be a banner year for shipping demand. Trucking fleets ordered 32,900 Class 8 trucks, the kind used on long-haul routes, in November, according to ACT Research, which compiles industry statistics. That was up about 70% from a year earlier. The last two months were also the strongest since the start of 2015. Fleets are adding capacity as strong economic growth fuels surging volumes of freight through the nation's transportation networks. Trucks are in high demand to carry record imports from ports to distribution centers, move machine parts and heavy goods for manufacturers and merchandise during the holiday shopping season. Shippers are paying higher rates as capacity tightens, creating an incentive to put more trucks on the road.

"We're seeing a lot of volume...and rates are following suit," said Eric Fuller, chief executive of trucking company U.S. Xpress Enterprises Inc. "I think with increased rates people are feeling a bit more comfortable buying additional trucks."

Fleets tend to reserve new trucks from manufacturers in the final months of the year, so the surge in orders is a sign that they expect the market to continue booming deep into 2018.

Many of the recent orders appear to be intended to replace older trucks rather than expand fleets, said Mark Smith, vice president of financial operations at Cummins Inc, an engine maker, speaking at a recent conference.

Mr. Smith said Cummins customers are being more cautious about orders this time, which could set the stage for more stable growth. Research group FTR, which estimated November orders similar to ACT's, said that over the last 12 months, trucking companies have ordered 274,000 big rigs, up from 191,000 for the same period a year earlier. "The past couple months we've seen a kind of sea change," ACT analyst Kenny Vieth said.

Mr. Vieth estimated 2018 orders at 322,000. He said some truck manufacturers are offering deals on new rigs to win more business as the market improves. However, Navistar International Corp, a truck manufacturer, plans to raise prices amid strong customer demand, Chief Financial Officer Walter Borst said at a conference last week. For the past couple of years, freight demand has fallen short of industry forecasts. Some trucking companies pulled vehicles off the road and held off on ordering new big rigs.

For Mr. Fuller at U.S. Xpress, the real problem is finding enough drivers. Typically, he said his firm might have to turn away 1,000 loads a week, but since August Mr. Fuller said that figure has been more like 6,000 to 7,000. "It doesn't seem to be getting any better," he said. "As long as unemployment stays in that 4% range, I think we're really going to struggle to find enough drivers."

**"Leaders don't make excuses—they make improvements."**

Marina Barragan, Desert Mirage High School student, testifying during an EPA hearing on setting a more ozone pollution standard.

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## Tesla Reveals Price Range for Electric Semi



(Photo: Reddit)

Tesla Inc. said the expected price for its all-electric Class 8 truck will range from \$150,000 to \$200,000. The Tesla Semi, which is powered by a battery pack and four independent electric motors on the drive axles, will offer a range of 300 or 500 miles on a single charge, according to the company. The expected base price for a tractor with a 300-mile range will be \$150,000, while the anticipated base price for the version with a 500-mile range will be \$180,000, Tesla revealed on its website.

The **base reservation** for the vehicle, which is scheduled to enter production in 2019, is listed at \$20,000. The company also lists a \$200,000 upfront price tag for a “founders series” edition of the truck. Tesla said its Semi will provide \$200,000 or more in fuel savings and a pay-back period of two years. The truck consumes less than 2 kilowatt hours of energy per mile, according to the company.

### Anheuser-Busch Orders 40 Tesla Semi Trucks

By Jennifer Smith Dec. 7, 2017

**Brewer hasn't yet decided whether to buy vehicles outright or lease them as it seeks to cut fuel costs and vehicle emissions**

Forget the Clydesdales. Anheuser-Busch has reserved 40 of Tesla Inc.'s all-electric Semi trucks, as the maker of Budweiser seeks to reduce fuel costs and vehicle emissions.

<https://www.wsj.com/articles/anheuser-busch-orders-40-tesla-semi-trucks-1512648180> (link to read full story)

**3<sup>rd</sup> quarter 2017 STATS FROM TIA (Transportation Intermediaries Association) published 11/29/17 in a larger story.**  
[http://www.supplychain247.com/article/tia\\_q3\\_report\\_shows\\_steady\\_annual\\_gains\\_in\\_brokered\\_3pl\\_shipments/news?mod=djemlogistics](http://www.supplychain247.com/article/tia_q3_report_shows_steady_annual_gains_in_brokered_3pl_shipments/news?mod=djemlogistics)

#### Key third quarter metrics by mode included:

- Truckload: shipments up 11.7% annually at 974,450, with invoice amount per load up 5.5% at \$1507, profit margin per load up 0.5% at \$221, and profit margin percentage down 70 basis points at 14.7%;
- Less-than-truckload: shipments up 15.8% annually at 140,177, invoice amount per load up 5.4% percent at \$394, profit margin per load up 9.6% percent at \$82, and profit margin percentage up 80 basis points at 20.7%; and
- Intermodal: shipments—at 246,330—were up 3.6 percent annually, with invoice amount per load down 11.7 percent at \$2,133, and profit margin percentage up 40 basis points at 10.4 percent

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# TRIVIA QUESTIONS

- 1) **Sputnik, the first satellite put into space, was as big as a \_\_\_\_\_?**  
 A. Baseball      B. Medicine Ball      C. Basketball      D. Punchball
- 2) **How many hours was Charles Lindberg's flight when he became the first person to fly across the Atlantic?**  
 A. 33      B. 27      C. 38      D. 23
- 3) **The first subway system opened in which city?**  
 A. Paris      B. London      C. Boston      D. New York City
- 4) **How many people are in the air flying at any one time?**  
 A. 2 million      B. 500 thousand      C. 1 million      D. 100 thousand
- 5) **The Pyrenees mountains separate which 2 countries?**  
 A. Italy/France      B. Austria/France      C. Greece/Croatia      D. Spain/France
- 6) **How did Nippon Airways combat sucking birds into their engines?**  
 A. Installed netting over their engines      B. Painted eyes on the engine intakes      C. Sound waves emanating from the engines

## Answers Later In The Newsletter

### FUEL REPORT

U.S. On-Highway Diesel Fuel Prices\* (dollars per gallon) <http://www.eia.gov/petroleum/gasdiesel/>

	11/20/17	11/27/17	12/04/17	Change from	
				week ago	year ago
U.S. National Average	\$2.912	\$2.926	\$2.922	↓ 0.004	↑ 0.442

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### Analysts Raise 2018 Oil Price Forecasts After OPEC Deal

By Tsvetana Paraskova Dec 06, 2017

The extension of the OPEC and allies' production cut deal through the end of 2018 is sending a stronger signal that the oil market rebalancing could speed up and send WTI oil prices to average \$54.78 a barrel in 2018, up from a previous projection of \$52.50, a Reuters poll of 30 analysts and economists showed on Wednesday.

The experts surveyed now expect Brent Crude to average \$58.84 a barrel next year, compared to a forecast of \$55.71 per barrel for 2018 in the previous Reuters poll conducted at the end of October.

At 07:02 am EST on Wednesday WTI Crude was down 1.18 percent at \$56.94, and Brent Crude was trading down 1.03 percent at \$62.21, after the American Petroleum Institute (API) reported on Tuesday a large draw of 5.481 million barrels of United States crude oil inventories for the week ending December 1, but a massive build of 9.196 million barrels in gasoline inventories, compared to forecasts of a much smaller 1.145-million-barrel build. The EIA inventory report is due out at 10:30 a.m. EST today.

While some of the experts surveyed by Reuters expect OPEC to keep compliance high because the individual producers need higher oil prices to cut budget deficits, others express lingering doubts about the resolve of the group of non-OPEC nations to stick to pledges, especially the leader of that group, Russia. China and India will lead the non-OECD oil demand growth in 2018, the experts say, with Asia the key driver of demand growth. Apart from the production cuts, OPEC and its partners are hoping that robust demand growth would help them to cut down global inventories to their five-year average.



## **Dockworkers Walk Out of Labor Talks** By Jennifer Smith Dec. 7, 2017

**Union members rankled by discussion of automation; 'I was absolutely shocked'**

Labor negotiations between employers and unionized dockworkers at East Coast and Gulf Coast ports got off to a rocky start this week after union leaders walked out of contract-extension talks. The main point of disagreement was about how ports define automation, according to the International Longshoremen's Association. Earlier this year the union's president, Harold Daggett, said the issue of job losses due to technology would be central during negotiations to extend the current contract, which expires in Sept. 2018. He has pledged to prevent container terminals from automating to the same degree as many European ports.

The ILA and the United States Maritime Alliance Ltd., or USMX, which represents terminal operators and container shipping lines at ports from Maine to Texas, had agreed to meet Tuesday and Wednesday in Hollywood, Fla., but ended talks early on the second day. "They got upset about some discussions we were having around automation and then they left," said David Adam, USMX's chief executive. "I was absolutely shocked." This week's meeting was meant to pave the way for an extension. A deal would put East Coast ports on a more even footing with ports on the West Coast, which compete for some of the same freight. West Coast employers and dockworkers in August agreed to extend a separate labor contract through 2022, giving retailers and manufacturers more certainty that cargo shipped there won't get delayed by walkouts or slowdowns, which have dogged past negotiations. A union spokesman said the dockworkers' representatives disagreed with how USMX wanted to define what constitutes a fully automated terminal.

"ILA suggested language that any unmanned equipment would be considered automated," spokesman James McNamara said. The union was "definitely frustrated and not happy," he said. "We weren't able to get the assurances and the language we felt comfortable with to move forward," so Mr. Daggett instructed the delegates to go back to their ports and resume local bargaining. The breakdown follows tensions earlier this year at East Coast gateways like South Carolina's Port of Charleston, where a labor slowdown jammed truck traffic at one terminal. The head of the local union there also called for a one-day shutdown of ports from Maine to Texas so members could rally in Washington, D.C., over jobs lost to automation and the use of nonunion labor, though Mr. Daggett asked members to hold off on the proposed walkout.

USMX has issued a statement saying it expects the talks to continue "at some point in the future." It isn't clear when the next formal meeting will take place. There are about 10 months left on the contract, which provides for some wiggle room. "Typically the East Coast [union] is not as bad as the West Coast," said Frank Guenzerodt, chief executive of Dachser USA Air & Sea Logistics Inc., the U.S. subsidiary of German logistics firm Dachser SE. "I kind of trust in them to actually reach an agreement and not run into a strike." Still, the breakdown of talks increases pressure on East Coast port associations and terminal operators that saw more cargo flow their way during the earlier West Coast labor battle. "We strongly urge both sides to return to the bargaining table and reach an equitable agreement," a spokesman for the Port Authority of New York and New Jersey said in an email.

## **China Exports Jumped in November as Import Gains Signal Strength**

By: Bloomberg News | Dec 07 2017

China's exports unexpectedly jumped as global demand remained firm, while import growth in the world's second-largest economy continued to outpace sales abroad.

### **Key Points**

- Exports rose 12.3 percent in November, the customs administration said Friday
- That compares with a forecast of 5.3 percent in a Bloomberg survey
- Imports climbed 17.7 percent, leaving a trade surplus of \$40.2 billion

### **Big Picture**

Demand for Chinese products has proven robust as growth in major trade partners remains intact, and imports are stabilizing as the domestic economy has outperformed this year. The official factory gauge unexpectedly rose to near a five-year high in November, despite campaigns to clean up the environment and the financial system. Policy makers recently announced tariff cuts to help boost imports as China evolves to a more consumption-driven basis.

Still, the world's largest exporter faces uncertainty. Trade frictions between the two biggest economies still appear to be on the horizon after the Trump administration recently argued that China is backtracking on the market principles that form the norm in globalized trade.

### **Economist Takeaways**

"The robust global economy—both the developed and developing economies—has lifted China's exports," said Yao Shaohua, an economist at ABCI Securities Co. in Hong Kong. "China's investment growth will slow slightly next year, weighing on imports growth."

"Imports are stable this year thanks to domestic recovery, and also rising commodity prices," said Liu Xuezhi, an analyst at Bank of Communications Co. in Shanghai. "Better export performance has driven up imports too."

Import growth has outpaced exports for more than a year and this will persist as domestic demand for commodities continues unabated, Moody's Analytics economists wrote in a recent note. Exports are growing amid a global tech boom ahead of the holiday season, they said.



**Many LTL Carriers Lean Toward Density-Based Pricing** 12/8/2017 Transport Topics

The use of dimensioners is expanding in the less-than-truckload industry, enabling carriers to more accurately calculate shipment density. In fact, many LTL carriers are leaning toward the adoption of a pricing system that is based on density alone. This is in contrast to the pricing method that has held sway in the industry for decades. Shippers and LTL carriers have been using the National Motor Freight Classification standard, which assigns rates based on handling, stowability, liability and density.

“The importance of density in transportation pricing is not disputed,” said Paul Levine, executive director of the National Motor Freight Traffic Association, which publishes the NMFC. “In fact, the primacy of density has long been, and remains, a guiding principle in the assignment of classes in the NMFC.” The argument made by Levine is that LTL carriers need to consider other factors besides density. “Density alone, we believe, does a poor job of reflecting the costs associated with the transportation of LTL freight,” he said.

To illustrate his point, Levine gave the example of two pieces of freight that have the same density — a palletized stack of boxes and a piece of construction equipment that is 9 feet long and tendered loose. While the pallet is easily handled, the piece of construction equipment requires special handling, which increases the cost associated with shipping. By having a mechanism to account for such disparities, the NMFC “more accurately reflects the costs associated with transporting the freight than does density-based pricing alone,” Levine said.

But for many, the debate is largely settled. “Clearly, the LTL industry is moving away from the outdated NMFC rating system,” said Sean Healy, senior vice president of transportation, international, planning and strategy at FedEx Freight. Healy said the challenge will be to find the proper pricing method that simplifies the process for customers and LTL providers. “FedEx Freight is committed to utilizing technology to find the right pricing solution for our customers and our business,” he said.

“The NMFTA is fully aware of the dimensioning revolution, and they are making changes to the NMFC in response,” YRC Freight President Darren Hawkins said. “More and more commodities go to a full-range density classification now.” Although many LTL carriers are pushing for density-based pricing, certain obstacles stand in the way. FreightSnap CEO -Michael Eichenberg said dimensioning technology is only now becoming affordable and practical. “I also believe there will be a trigger point that will push the industry the last mile,” Eichenberg said. “Dimensional pricing is already established outside the U.S., so it’s just a matter of time.” Dimensioning is now recognized as a standard LTL practice, according to Hawkins. “The fact that so many carriers are using it helps with the evolution of the process because all shippers are exposed to it, no matter what LTL carrier they use,” he said. “The majority of the LTL industry has fully adopted dimensioners and I would say are believers.”

**NUMBER OF THE DAY**

**10.9%**

**Increase in shipments per day in November at U.S. less-than-truckload carrier Old Dominion Freight Line Inc.**

**Q U O T A B L E**

**There’s every reason to believe this can last for several years**  
**Ellen Zente, chief U.S. economist at Morgan Stanley, on U.S. economic expansion**

**Answers to Trivia**

FOR IMMEDIATE RELEASE

December 7, 2017

**Large Truckload Driver Turnover Rate Rose in Third Quarter**

**Churn Rate Now Highest Since End of 2015**

Arlington, Virginia – The turnover rate at large truckload fleets rose five percentage points in the third quarter to an annualized rate of 95%, according to American Trucking Associations Chief Economist Bob Costello.

“Since bottoming out at the end of 2016, the turnover rate at larger fleets has steadily risen – a function of an improving economy, rising demand for freight transportation and fierce competition for drivers,” Costello said. “The tightening of the driver market has raised fears about the driver shortage, which will hit an all-time high this year.”

Also in the third quarter, turnover at small truckload fleets – those with less than \$30 million in annual revenue – dipped slightly, falling one percentage point to an annualized rate of 84%, two points higher than the same period in 2016. The rate also fell at less-than-truckload fleets, dipping two points to 7% for the quarter, the lowest the rate has been since the second quarter of 2016.

“Fleets continue to tell us that competition for good, safe and experienced drivers is fierce, pushing wages higher in hopes of attracting the best talent,” Costello said. “However, unless steps are taken to make it easier for individuals to pursue careers in trucking, demand for drivers will continue to outstrip supply – eventually even leading to supply chain disruptions.”

In October, ATA released its latest update on the shortage, pegging it over 50,000 by year’s end – with the potential to rise to 174,000 by 2024. In order to find a solution, ATA also launched a workforce development effort, focusing on recruiting and retention strategies for the trucking industry.



## **Put Down That Pen: UPS Ditches Signatures for Business Drop-offs**

AJOT | Nov 30 2017

A little slice of office life—signing for packages from the UPS driver—is starting to disappear. Not that most people will miss it. United Parcel Service Inc. last year began testing a program called Simplified Commercial Delivery, corporate speak for skipping the signature on office deliveries. Instead, its brown-clad legion of drivers speaks with someone at the business and enters the person’s name into their handheld devices.

This fall it’s rolling out the program much more broadly, spokeswoman Peggy Gardner said. Gardner bills it as a win-win for everyone: UPS shaves a few seconds off each delivery, and people don’t have to drop their phones or step out of meetings to sign for packages. UPS stopped requiring signatures for most residential deliveries years ago, Gardner said. The company will still offer to collect signatures as a special service to businesses.

## **Rail Traffic for November and the Week Ending December 2, 2017** By: AJOT | Dec 06 2017

WASHINGTON, D.C.- The Association of American Railroads (AAR) today reported U.S. rail traffic for the week ending December 2, 2017, as well as volumes for November 2017. Intermodal rail traffic remains on pace to set a new annual record in 2017 with strong gains in November and last week marking the best intermodal week in history, surpassing multiple records set earlier this year. U.S. railroads originated 1,307,521 carloads in November 2017, down 0.9 percent, or 11,442 carloads, from November 2016. U.S. railroads also originated 1,369,160 containers and trailers in November 2017, up 3.8 percent, or 50,029 units, from the same month last year. Combined U.S. carload and intermodal originations in November 2017 were 2,676,681, up 1.5 percent, or 38,587 carloads and intermodal units from November 2016.

Total U.S. carload traffic for the first 11 months of 2017 was 12,479,958 carloads, up 2.9 percent, or 356,660 carloads, from the same period last year; and 12,945,869 intermodal units, up 3.7 percent, or 467,141 containers and trailers, from last year. Total combined U.S. traffic for the first 48 weeks of 2017 was 25,425,827 carloads and intermodal units, an increase of 3.3 percent compared to last year.

<https://www.ajot.com/news/rail-traffic-for-november-and-the-week-ending-december-2-2017>

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## **Retailers urge swift confirmation of McAleenan to lead customs agency** By: AJOT 12/8/2017

WASHINGTON – The National Retail Federation today welcomed the Senate Finance Committee’s approval of U.S. Customs and Border Protection Acting Commissioner Kevin K. McAleenan’s nomination to serve as the permanent head of the agency, and urged the Senate to move swiftly on his confirmation.

“We’re pleased to see Mr. McAleenan’s nomination for this important position finally moving through the process,” NRF Senior Vice President for Government Relations David French said. “As major importers, retailers rely on CBP to facilitate legitimate commerce and enforce our trade laws, which is essential to our nation’s global competitiveness. Mr. McAleenan has the proven leadership and experience needed to continue overseeing these critical responsibilities, and we urge the Senate to move swiftly on his confirmation.”

Earlier this year, NRF sent a letter to members of the Finance Committee urging full support for McAleenan’s nomination. Retailers view CBP as a vital partner in their global supply chains and work closely with the agency on multiple fronts to improve supply chain security and trade enforcement as well as movement of goods across borders. NRF is the world’s largest retail trade association, representing discount and department stores, home goods and specialty stores, Main Street merchants, grocers, wholesalers, chain restaurants and internet retailers from the United States and more than 45 countries. Retail is the nation’s largest private-sector employer, supporting one in four U.S. jobs — 42 million working Americans. Contributing \$2.6 trillion to annual GDP, retail is a daily barometer for the nation’s economy.



### Textron Aviation Announces Cessna SkyCourier 408 Aircraft With Launch Partner FedEx

Source: Textron Aviation Posted On December 8, 2017

With launch partner FedEx agreeing to receive up to 100 aircraft, Textron Aviation announced in late November the release of a new Cessna SkyCourier 408 aircraft. Expected for a 2020 release, the clean-sheet high-wing, light-utility turboprop will sport two 1,100 shp Pratt & Whitney Canada PT6A-65SC engines and Garmin G1000 NXi avionics. Wichita, Kansas-based Textron Aviation is a division of Textron, which also owns the Hawker, Beechcraft, and Bell Helicopter brands.

Textron Aviation will manufacturer both cargo and passenger versions of the SkyCourier. Early aircraft specifications include a 6,000-pound max cargo payload, 5,000-pound maximum commuter payload, 200 ktas cruise speed, and 900-nm maximum flight range. The aircraft will sport a 72-foot wingspan, stand 19.9 feet high, and measure 54.10 feet long.

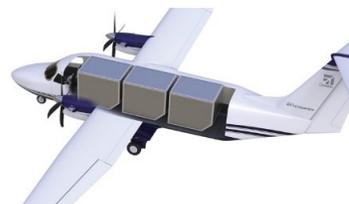
The Memphis, Tennessee-based FedEx has previously used Cessna Caravan aircraft as part of its feeder aircraft fleet for more than 30 years, Textron Aviation states. The SkyCourier deal will see the transportation company initially receiving 50 cargo aircraft with an option for 50 more.



Cessna SkyCourier cargo variant.



Cessna SkyCourier passenger variant.



A FedEx-branded SkyCourier.

(Photos courtesy of Textron Aviation.)

### SkyCourier For Cargo

The cargo version of the SkyCourier will include a flat floor cabin that can hold three LD3 shipping containers. The aircraft will also include an integrated roller system and an 87- x 69-inch cargo door. The 19-seat passenger version, meanwhile, will include separate crew and passenger doors and large cabin windows.

At a reported \$5.5 million per unit for the SkyCourier, the FedEx deal could potentially be worth \$550 million to Textron Aviation. In a statement, Scott Ernest, Textron Aviation president and CEO, indicated the SkyCourier will fill a gap “in this market segment with its superior performance and low operating costs in combination with the cabin flexibility, payload capability, and efficiency only a clean-sheet design can offer.”

David Cunningham, FedEx Express president and CEO, meanwhile, stated that the SkyCourier will play a significant role in a modernization strategy by FedEx concerning its feeder aircraft. “The Cessna SkyCourier 408 offers a number of significant features that will enhance our long-term feeder strategy,” he said.

From **OUTSOURCE FREIGHT** to all of our readers and their families, both immediate and extended family members

Merry Christmas



Happy Hanukkah



Joyous Kwanzaa



Happy Festivus



FOR IMMEDIATE RELEASE

December 6, 2017

## RIDOT Publishes Inadequate Environmental Assessment of Impact of Truck Tolls

Trucking Organizations Call on Federal Government to Reject Flawed Assessment

Arlington, Virginia – Today, the American Trucking Associations and its state affiliate, the Rhode Island Trucking Association called on the Federal Highway Administration to reject the Rhode Island Department of Transportation’s assessment of the environmental impact of the state’s proposed RhodeWorks truck-only toll scheme.

“The Rhode Island Trucking Association and the American Trucking Associations have identified dozens of errors in RIDOT’s Environmental Assessment, which was published last month,” said RITA President and CEO Chris Maxwell. “We are calling upon the Federal Highway Administration to reject the EA and instruct RIDOT to publish a corrected report or to immediately order RIDOT to conduct an Environmental Impact that addresses the issues we pointed out in our analysis.”

RIDOT published the Environment Assessment on November 1 and FHWA can now either make a Finding of No Significant Impact, giving RIDOT the green light to move forward with tolling, or order further study through an Environmental Impact Statement. The EA’s faulty analysis cannot and should not justify issuance of a FONSI.

“This extortionary truck-tolling program will hit Rhode Island trucking companies significantly harder than out-of-state carriers, contrary to RIDOT’s claims when the RhodeWorks bill was approved by the legislature,” said ATA President and CEO Chris Spear. “Given the national precedent that this initiative would establish, ATA will exhaust every legislative, regulatory and legal avenue to defeat the implementation of the tolling portion of RhodeWorks and prevent this cancerous proposal from spreading around the country. This effort is still in the early stages and we intend to fight this battle for as long as it takes.”

### Among the issues ATA and RITA identified with RIDOT’s report were:

1. RIDOT ignored constitutional issues surrounding state border tolls: While RIDOT has indicated its intent to toll trucks at 14 locations, it is asking for FHWA permission to first toll at only 2 locations on I-95 near the Connecticut border, thereby avoiding a full reckoning of the effects of diversion once all toll gantries are activated. This flawed methodology clearly ignores the cumulative impacts of full tolling and it raises Constitutional issues surrounding border tolls.
2. RIDOT’s Berger Report Underestimates traffic diversion: The EA only looks at a single alternative route (Route 3) and ignores other feasible alternatives. This means that the full extent and impact of diversion is not fully explored. The Berger Report assumed that RIDOT would impose access restrictions on tractor-semitrailers to prevent through trucks from avoiding tolls by using alternative routes. The report assumed that enforcement of these restrictions would reduce traffic diversion by 50 percent. However, on August 17, the Rhode Island State Traffic Commission rejected RIDOT’s request to impose these restrictions. Since the EA based its estimates of impacts on the Berger Report’s underestimated diversion figures, all of the impact assessments that are adjustable according to the number of diverted vehicles are inherently erroneous.
3. RIDOT falsely claimed most of the toll costs would be borne by out-of-state businesses: When it was pushing the RhodeWorks toll proposal to the public and General Assembly, RIDOT claimed that most of the costs would be paid for by out-of-state businesses. However, according to the state’s own figures, 94% of toll payments will be made by trucks traveling entirely within the state or picking up or delivering to a location in Rhode Island and just 6% of payments will be made by trucks crossing the state without stopping.
4. RIDOT ignored the potential impacts of litigation: The EA ignores the probability of a legal challenge to the daily cap rates on tolls and imposition of tolls only on tractor-semitrailers, which both favor intrastate over interstate travelers, again raising Constitutional issues. The analysis should have looked at a scenario under which caps are lifted and all vehicles are tolled. It should also include a legal analysis looking at these issues.
5. RIDOT overstates revenue projections by nearly \$20 million: Furthermore, as a result of the adjustment identified in item #3, the projected revenue is lower than RIDOT claims is needed to meet the purpose and need of the proposal. According to a sensitivity analysis that excluded the enforcement actions, gross revenue would be reduced by approximately \$10 million per year under this scenario. When toll capital and administrative costs are factored in, ATA estimates that net annual average revenue over the first 10 years of the program is \$27.48 million, not the \$46 million RIDOT claims.

“Implementing truck tolls will increase the cost of goods for every consumer in Rhode Island, which makes the accuracy, transparency, and reliability of RIDOT’s public reporting obligations critically important to every Rhode Island family. Given the profound, long term, costly burden on the citizens of our state, RIDOT’s fatally flawed EA report cannot be relied upon to make such a critical decision,” Maxwell said.

**Editors Note:** Why is this article about tolls in Rhode Island in this newsletter that goes to folks across the USA? Because it is a trend of rising consumer prices due to increased costs to service providers AS WELL AS our being in a “plentiful freight” environment within the economy today. Re the tolls.....freight doesn’t vote so legislators believe that there aren’t consequences to raise taxes on it but as the transportation providers costs go up so do their rates.

Look at the articles in this newsletter.....Truckers are on a purchasing spree, driver shortages, dockworkers walk out of negotiations, Budweiser reserves the RIGHT to purchase Tesla electrics for \$20K each....+ the price of the truck, and rail traffic is up.

What’s the TREND? Prices are rising and won’t be going down anytime soon. Be ready....be honest about your business needs, understand the industry and how it is functioning currently. The TREND is rising rates. Why? There is so much freight to choose from. **Outsource Can Assist** by using proper freight management principles to your logistics program.