

# THE SOURCE

JANUARY—MARCH, 2014

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## SPECIAL POINTS OF INTEREST:

- ARE WE DOING A GOOD JOB FOR YOU?**  
 If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- DO YOU SHIP WITH US SOME OF THE TIME?**  
 Become a Program Customer and we will guarantee savings of 10%.

**WISHING ALL OF YOU THE VERY BEST FOR A PEACEFUL, PROSPEROUS NEW YEAR!**

**PAUL KALITA  
 PRESIDENT, OUTSOURCE, INC.**

## U.S. DEPT. OF TRANSPORTATION PROPOSES KEY FREIGHT HIGHWAYS

The U.S. Department of Transportation put out a press release in late 2013, in which it proposed a series of key highways to serve as a highway Primary Freight Network (PFN), as required by the Moving Ahead for Progress in the 21st Century (MAP-21) law. Signed into law on July 6, 2012, MAP-21 funds surface transportation at over \$105 billion for fiscal years 2013 and 2014, and is the first long-term highway authorization enacted since 2005.

“Freight movement is the lifeblood of the American economy,” said U.S. Transportation Secretary Anthony Foxx. “To create jobs, remain competitive and strengthen the economy, we must develop a more strategic approach to moving freight, and identifying the highways that are most critical for freight is a key part of that effort.”

MAP-21 calls for the Secretary of Transportation to designate up to 27,000 miles on existing interstate and other roadways, with a possible addition of 3,000 miles in the future, as a PFN to help states strategically direct resources toward improving freight movement. The Federal Register notice identifies more than 41,000 miles of comprehensive, connected roadway that a Federal Highway Administration (FHWA)

analysis shows would be necessary to the efficient transport of freight to make up the highway PFN.

“Our highways are essential to commerce and the American traveler,” said FHWA Administrator Victor Mendez. “By identifying critical freight highways, we will focus more attention on the routes upon which America’s businesses rely.”

The PFN proposal is based on the origins and destination of freight movement, shipment tonnage and values, truck traffic volumes, and population. Under MAP-21, the highway PFN will become part of a larger highway National Freight Network (NFN) that includes all interstates and other rural highway routes designated by states that make up critical highway portions of the nation’s multimodal freight system.



## UPDATE ACT INTRODUCED TO FUND INFRASTRUCTURE

On December 4, 2013, Rep. Earl Blumenauer (D-Ore), introduced H.R. 3636 The Update, Promote, and Develop America's Transportation Essentials (UPDATE) Act. Garnering support from leaders in the fields of transportation, labor, commerce, and construction, this bill would phase in a 15¢/gallon tax increase over the next three years on gasoline and diesel.

Citing that the gas tax had not been increased since the Clinton administration, Blumenauer went on to say, "There's a broad and persuasive coalition that stands ready to support Congress, including the U.S. Chamber of Commerce, National AFL-CIO, the construction and trucking industry, cyclists, professional groups, numerous associations of small and medium businesses, local govern-

ments, and transit agencies."

In 2009, the Federal Highway Administration estimated that over \$70.9 billion worth of repairs were needed just to maintain safe infrastructure. That number has since increased; the American Society of Civil Engineers estimates that surface transportation in the U.S. needs over \$2 trillion of investment in order to remain economically competitive.

In recent years Congress has transferred over \$50 billion of General Fund revenue to the Highway Trust Fund in order to keep it afloat, but in order to maintain current funding the HTF will need almost \$15 billion per year in addition to current gas tax receipts or face a 30% drop in spending by 2024. The UPDATE Act would raise about \$170 billion over ten

years.

According to Rep. Blumenauer, "Instituting a reasonable gas tax increase now provides the revenues Democrats say they want with a form of a user fee, which historically has been acceptable to Republicans, including Ronald Reagan, who increased the gas tax by a nickel a gallon in 1982. Addressing the infrastructure deficit, stabilizing transportation funding, and helping America's all-too-slow economic recovery is critical if we want a livable and economically prosperous country in the years to come."

*SOURCE: Press release from website of Rep. Earl Blumenauer, 12/4/13*

## PREVENTING COLDS AND FLU

It's that time of year again, when it seems as though everyone around you is sneezing, sniffing or coughing. According to the CDC, the single best way to prevent seasonal flu is to get a flu shot every year. Along with that there are some simple steps you can take that can help fight the germs that cause colds and flu.

1. **AVOID CLOSE CONTACT** with people who are sick. And when you are sick, keep your distance from others to protect them. While those M&M's in the open office candy dish may look tempting, you would be wise to avoid popping them in your mouth.
2. **STAY HOME WHEN YOU ARE SICK.** If possible, stay home from work, school, and errands when you are sick to help prevent the spread of germs.
3. **COVER YOUR COUGHS AND**

**SNEEZES** with a tissue, then discard the tissue in the trash.

4. **CLEAN YOUR HANDS** often and well with soap and water. Antibacterial soap is not necessary, and the temperature of the water doesn't matter—what's important is that you scrub them long enough. How long? As long as it takes you to sing "Happy Birthday" twice through. If soap and water is not available, an alcohol-based sanitizer can be used.
5. **AVOID TOUCHING YOUR EYES, NOSE, OR MOUTH.** Germs are often spread when you touch something that may be contaminated with germs and then touch your eyes, nose, or mouth, giving those germs a free ride into your system.
6. **PRACTICE OTHER GOOD HEALTH HABITS.**

- Get in the habit of cleaning and disinfecting frequently-touched surfaces at work, home, and school, like door knobs, faucet handles, computer keyboards/mouse, phones, etc.
- Make sure to follow good general health practices, including getting plenty of sleep, getting regular exercise, managing stress, drinking plenty of fluids, and eating a healthy diet.
- If you smoke, the New Year is a great time to quit; if you don't smoke, don't start.
- Controlling allergies is also very important, because if they are out of control then your upper respiratory system is already inflamed, which sets it up to more easily acquire a virus.

## TO INSURE OR NOT TO INSURE, THAT IS THE QUESTION

Should shippers assume the cost of their own cargo insurance for goods moving by rail or motor carrier? This is a question that arose in a recent Q&A in the *Journal of Commerce*. In theory, the question of who is liable for the full value of goods transported by common carrier should be very simple and straightforward; it is addressed in the Interstate Commerce Act (ICA) under the Carmack Amendment.

The Carmack Amendment of 1906 was enacted to protect shippers and consumers against the natural tendency of rail carriers to attempt to limit and evade responsibility for loss and/or damage of goods in transit, back at a time when corporate abuses by the railroad industry were such common practice that they led to regulation of the industry in 1887. The language of the amendment was later expanded to include motor carrier transportation and freight forwarder service. In a nutshell, the statute requires carriers to assume liability for full actual value of the goods lost or damaged.

Recent court decisions, however, have

allowed carriers to limit their liability by tariffs without regard to rate reductions. These rulings have, in effect, rewritten the law and stripped shippers of their right to recover the full value of their goods without paying a premium rate. These courts have allowed carriers to escape from the Carmack requirement that they assume full liability in the absence of a “super agreement” to trade lower rates for lower liability. This has not been universal, but some courts have ruled thus, and many carriers have been able to benefit from these rulings in their tariffs. Therefore, until such time as the Supreme Court weighs in on this issue, the question of liability limitation will remain a grey area in practice.

So, back to the original question—to insure or not to insure? That is entirely up to the individual shipper; but as long as courts disagree about whether liability limits imposed by tariff fiat are or are not enforceable, and continue to apply the law inconsistently, shippers should be aware that these limitations may exist and



*“...as long as the courts remain divided about whether liability limitations imposed by tariff fiat are or aren’t enforceable, prudent shippers would be well-advised to be aware of all such limitations and to take out insurance of their own to cover any shortfall in value.” - Colin Barrett, Barrett Transportation Consultants*

that it may be to their benefit to take out additional insurance of their own in order to cover any shortfall in value.

*SOURCE: Journal of Commerce, December 5, 2013; Text of the Carmack Amendment.*

## THE RESIDUALS PROGRAM EXPLAINED

You may have noticed on the front page of each issue of *THE SOURCE*, tucked over on the left-hand side under Special Points of Interest, a reference to our residuals program. The print is small, so you may have only given it a glance and moved on to the articles and Trivia, or you may have wondered what it is but haven’t asked. You may even have missed it entirely.

Allow us to explain. At Outsource, our goal is to keep our customers’ costs down and to tailor a program that suits the needs of each individual customer. Our commitment to customer service is

the cornerstone of our business, what sets us apart. We are confident that we do a pretty good job, and we hope you agree. As a matter of fact, we hope that you not only agree but that you also feel comfortable telling others—your business associates, your vendors, your friends—about us.

The way the program works is this: If your company recommends our services to another company, leading to an introduction and successfully culminating in a new business relationship, then we would like to show our appreciation by sharing a percentage of the gross sales

with your company — not for a week, not for a month or for a year, but for as long as that business relationship exists. The way we see it, this is a win-win-win situation, one in which all parties gain something. Outsource gains new business, the new business gains an all-around better freight experience, and your company gains a tangible “thank you” for your vote of confidence.

For more details on the program, contact Paul Kalita.



VISIT US ON THE WEB!

[WWW.OUTSOURCEFREIGHT.COM](http://WWW.OUTSOURCEFREIGHT.COM)

*Delivering Results... Not Promises*

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## TRIVIA

1. What is the 3-word motto of the Olympic Games?
2. What was the first Disney animated film that was NOT based on an already existing story?
3. Triskaidekaphobia is the fear of what?
4. This is the oldest capital city in America. It was originally a Native American village, was settled by the Spanish around 1539, became the capital of its territory in 1824, and today it is the capital of its state. What city is this?

*[Click here for answers to Trivia questions.](#)*

## ABOUT US

Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you improve control and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

Air, sea, rail and truck—we can handle all of your domestic and international shipping logistics and transport needs, freeing you to do what you do best.....grow your business.

