

THE SOURCE

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Pier Pass at SoCal ports is changing, price rising

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FMC receives objections to PierPass changes by host of shipper associations

By Patrick Burnson, Executive Editor, Logistics Management 5/7/2018

The National Retail Federation, The National Industrial Transportation League, and the Agricultural Transportation Coalition all voice their objections

With considerable fanfare last month, PierPass announced plans to overhaul the model used by its OffPeak program for truck traffic mitigation at the Ports of Los Angeles and Long Beach. Industry analysts noted that this is designed to replace the current congestion pricing model with an appointment-based system that uses a single flat fee on both daytime and nighttime container moves. Sounds simple, doesn't it? And perhaps that's part of the problem. Widespread shipper resistance to the idea is now being voiced to the Federal Maritime Commission, which has yet to approve the change.

The National Industrial Transportation League (NITL) has filed comments noting that that it generally does not oppose terminal truck appointment systems, which can help manage truck congestion at marine terminals. "However, our members have concerns regarding the propriety of the proposed container fee, which eliminates the incentive for importers to move their cargo during off-peak periods and, thus, may result in an increase in congestion during peak terminal operations—contrary to the very purpose of the original PierPass program," the letter states.

The NITL letter also expresses concerns about how the container fee proceeds will be used and whether the appointment system will be able to accommodate the truck traffic.

The National Retail Federation (NRF) opposes this amendment, too, and is urging the FMC to disapprove it. Furthermore, NRF officials are advising the FMC to initiate further investigation into whether it is appropriate for marine terminals to impose fees on entities with whom they have no commercial relationships.

There may be no greater critic of the PierPass scheme than the man representing the interests of America's farmers and growers, however. Peter Friedmann, executive director of the Agriculture Transportation Coalition (AgTC) told LM in an interview that it has become "a public relations nightmare" for the San Pedro Bay ports. "Why has the fee been steadily increasing since 2005, even when night gates are not operating, or entire terminals are idled as carriers consolidate operations? So where is the money going?" Friedmann asks. Meanwhile, he notes that another major West Coast ocean cargo gateway has taken a more measured approach to clearing up trucking congestion. "The Port of Oakland came up with a sensible, collaborative solution to truck congestion by working with its stakeholders to create 'night gates,'" he says.

As reported in LM, An innovative strategy to alleviate congestion on San Francisco Bay free-ways, bridges, and cargo-centric arteries by extending nighttime operations was implemented by Oakland International Container Terminal (OICT) two years ago. According to the port, the solution has exceeded all expectations. More truckers now visit the Port of Oakland at night than at any time in its 91-year history. Oakland's largest marine terminal noted that it's conducting between 1,500 and 2,000 daily truck transactions after sundown. That's up from 800 a year ago.

The AgTC expects to gain greater clarification on the PierPass issue when it stages its annual conference in Tacoma, WA on June 12-15, says Friedmann. (click on this link for more info on the AgTC annual meeting/conference <https://agtrans.org/events/>)

U.S. Postal Service's plan to reinvent itself: popsicle-scented stamps

Will the scratch-and-sniff stamps encourage people to send snail mail? By Sally French, Social media editor & Drone Reporter, WSJ 5/22/2018 Courtesy U.S. Postal Service

In the wake of a tough few years for the U.S. Postal Service, the agency has come up with a new way to stay relevant: popsicle-scented, scratch-and-sniff stamps. The post office announced Monday that it would begin selling the stamps, called Frozen Treats Forever, next month. Each of the stamps features an image of popsicles in various forms, ranging from fruity to chocolate. The exact scent will be the same for all stamps, and will be announced with the launch of the stamps on June 20.



Truckers support ELD exemption bills for small-business motor carriers

By: AJOT 5/25/18

Grain Valley, Mo. – The Owner-Operator Independent Drivers Association, the nation's only organization exclusively representing professional and small-business truckers, supports a bill that would exempt motor carriers with 10 or fewer trucks from an electronic logging device mandate. "We're thrilled that Congressman Collin Peterson (D-MN) and Congressman Greg Gianforte (R-MT) introduced a bill to provide relief from the ELD mandate to small-business truckers. While the mandate is already in effect, it's never too late to do the right thing," said Collin Long, OOIDA Director of Government Affairs.

The "Small Carrier Electronic Logging Device Exemption Act of 2018" or HR5948, would allow motor carriers that own or operate 10 or fewer commercial vehicles to record their hours-of-service on a paper logbook. It would also require the U.S. Department of Transportation to implement the exemption within 90 days after becoming law. "The ELD mandate currently in place continues to frustrate drivers and small businesses," added Long. "Our economy cannot afford to lose more of either. Technology that is truly beneficial doesn't have to be mandated – it is eagerly embraced!" said Long. "This is a great bipartisan bill, and one that hopefully can generate a ton of support from Congress and impacted stakeholders. We realize it has a long way to go, but we're encouraged that so many in Congress are still concerned about the negative impact the ELD mandate continues to have on our nation's small-business truckers," said Long.

Transport Topics Editorial: New FMCSA Chief Shows Vision

May 24, 2018

Ray Martinez, the newly installed head of the Federal Motor Carrier Safety Administration, made the rounds last week, speaking first to trucking executives at American Trucking Associations' midyear management meeting May 20 and then to lawmakers in the House of Representatives in Washington at a hearing by the Highways and Transit Subcommittee. In both appearances, Martinez demonstrated a willingness to address issues straight on, which we think is certainly praiseworthy but also a critical necessity for an agency that is poised to play a major role in resetting the parameters for regulating truck safety. "He cares deeply about our industry," ATA President Chris Spear said in introducing Martinez at a meeting of the ATA Safety Policy Committee in Marco Island, Fla.

In his remarks at the ATA event, Martinez said the transition from paper logbooks to electronic logging devices was "working," but he also vowed to provide updated guidance to specific segments of the industry — notably agriculture and livestock haulers — that were experiencing challenges in complying with the ELD rule.

He also raised the issue of truck parking, suggesting that Congress include provisions for additional truck-parking spaces in legislation that provides for infrastructure funding. This is a sound idea, and one we were pleased to hear Martinez offer. He said that safe truck parking is "something that needs to be addressed," adding, "I would hope that we could work with states to look at that." He also noted that a related issue, driver detention, is getting more attention at the agency.

According to Martinez, FMCSA has received 950 complaints about detention practices, and the agency has launched a dozen enforcement actions to protect drivers against coercion by shippers and carriers. He said there must be "major inefficiency" in the supply chain if drivers are being forced to wait six hours at a location.

It's encouraging to see Martinez address these issues, especially as the importance of improving highway safety remains key for the trucking industry.

According to a report issued last week by FMCSA, the number of large trucks involved in fatal crashes increased 3%, to 4,213 in 2016 from 4,075 in 2015. However, in 73% of those cases, factors outside of the driver's control were key contributors. This includes things such as another vehicle, person or object. Safety is, of course, at the forefront of FMCSA's mission, and these and other issues Martinez addressed all relate back to keeping the nation's roads safe. It's good to see that, with Martinez, we appear to have an administrator at FMCSA who is keeping his eye on the whole picture.

TRIVIA QUESTIONS

- 1) What percentage of “freight”, in the world, moves by rail?
A. 15 % B. 40 % C. 23 % D. 34 %
- 2) Which President (and when) was the first to ride on the railroad?
A. John Tyler, 1842 B. Millard Fillmore, 1850 C. Andrew Jackson, 1833 D. Abraham Lincoln, 1861
- 3) How many class 8 trucks (the tractor portion of our heavy duty 18 wheelers) are on the US roadways today?
A. 3.468 Million B. 4.2 Million C. 2.759 Million D. 5 Million
- 4) What shape is the pasta “farfalle” expected to be?
A. Tubes B. Bowtie C. Butterfly D. Squiggly
- 5) How many miles of roadway are in the USA at this point in time (in millions of miles)?
A. 3.932 M B. 4.85 M C. 3.78 M D. 4.12 M
- 6) Of those miles of roadway in the USA, how many miles what percentage are unpaved?
A. 28.4% B. 33.7% C. 18.9% D. 37.6%

Answers Later In The Newsletter

FUEL REPORT

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

	5/7/18	5/14/18	5/21/18	Change from	
				week ago	year ago
U.S. National Average	\$3.171	\$3.239	\$3.277	↑0.038	↑0.738

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Number of the Day

\$449

Price per metric ton for marine bunker fuel, a 20% increase from 10 weeks ago, according to Ship & Bunker.

Definition: Bunker is the MARITIME term used for fuel

Quotable

“There is a huge emphasis being placed on finding talent that gets global trade and global enterprise.”

— Scott Luton of TalentStream LLC, a recruiting firm that works with manufacturers and logistics firms



U.S. Fines Cargo Ship Operator \$1 Million for Polluting Waters By Erica E. Phillips, WSJ, 5/11/18

Some ship operators are still looking for ways to skirt an international ban on the release of oily waste into ocean waters, in some cases using a tool known as a “magic pipe” to bypass cleaning devices, despite a crackdown on the practice. The U.S. Justice Department on Thursday said Japanese cargo-vessel company Nitta Kisen Kaisha Ltd. will pay a \$1 million fine after admitting its engineers poured pollutants into waters off North Carolina and tried to cover up the operation with false paperwork. Prosecutors said the ship carrying industrial materials to the state discharged the oily waste through hidden hoses that the U.S. Coast Guard discovered during an inspection in May 2017. Nitta and its chief engineer were placed on probation, and the firm was ordered along with the fine to implement a compliance plan that will be monitored for three years.

The conviction was the latest by federal authorities to bring criminal charges against shipping companies that violate the U.S. Act to Prevent Pollution from Ships, the domestic law enforcing International Maritime Organization conventions on ship pollution. Last year, the U.S. fined Princess Cruise Lines Ltd. \$40 million for using devices on five of its cruise ships to avoid time-consuming cleaning of oily waste and bilge water and then concealing the activity through falsified logs. It was the largest verdict of its kind against a ship operator, but that doesn’t appear to have deterred other companies from looking for ways to get around the restrictions.

Since the late 1990s, when the Justice Department first started prosecuting vessel owners for pollution crimes, 140 firms have been convicted and fined a total of about \$472 million in criminal penalties. Joe Poux, a deputy chief in the department’s Environment and Natural Resources Division, said his office consistently prosecutes 10 to 15 cases a year. But the Coast Guard inspects only 5% to 10% of ships, Mr. Poux said, so many operators take their chances.



Violations are committed by every kind of ship, from fishing boats to the newest giant container vessels. “We’ve seen brand new ships, straight from the shipyards in China, doing this on their way over here,” Mr. Poux said. “There’s been no kind of ship we haven’t seen doing this. We’ve seen brand new ships, straight from the shipyards in China, doing this on their way over here.”

The oily discharge is a byproduct of engine and other onboard operations, and it gathers in the bottom, or bilge, of a ship along with water from condensation and other sources. Ship engineers are supposed to filter the oil from the water by passing the waste liquid through a separator, but the process takes time and requires constant monitoring by a crew member. “There’s a natural inclination on the part of a shipping company to want to reduce cost and time as much as possible, and sometimes that does involve pumping stuff overboard that they shouldn’t,” said David Pettit, a senior attorney with the Natural Resources Defense Council. “The Coast Guard can’t be everywhere at once and their jurisdiction doesn’t extend to the middle of the ocean, so it’s a tough one to police.” Steve Roberts, a claims director for ship insurer London Club, said in an email, “Prevention of pollution of the environment is something most shipowners take very seriously in my experience but it can prove challenging to follow the commitment of their crew to follow their procedures.”

Quotable

“Costs are rising overall and becoming inflationary. That’s not what we are used to.”

— Maersk CEO Soren Skou

Spotted: CMA CGM Welcomes Second 20,000+ TEU Boxship

French container shipping company CMA CGM has added to its fleet a second 20,600 TEU containership.

The delivery and naming ceremony for CMA CGM Jean Mermoz was held at Subic Bay Philippines yard on May 25.

Featuring a length of 400 meters and a width of 59 meters, the ultra large container vessel (ULCV) flies the flag of Malta.

CMA CGM Jean Mermoz is the company’s second of three identical giant ships ordered at Hanjin Subic. The first ship from the batch, CMA CGM Antoine de Saint Exupery, was delivered to its owner earlier this year and the third vessel is expected to be delivered in September 2018, the shipbuilder said. According to data provided by VesselsValue, CMA CGM Jean Mermoz currently has a market value of USD 138.23 million. The newbuild will be deployed in French Asia Line 1 which connects Asia to Northern Europe.



YRC Worldwide softens loss in Q1

The LTL holding company recorded a net loss of \$14.6 million, compared to \$25.3 million last year.

By Hailey Desormeaux 5/4/18

Overland Park, Kan.-based YRC Worldwide Inc. recorded a net loss of \$14.6 million for the first quarter of 2018, compared to a net loss of \$25.3 million for last year's first quarter as less-than-truckload demand holds strong. YRC Worldwide, which is the holding company for a portfolio of LTL companies, is broken down into two main segments: YRC Freight, with YRC Reimer operating the YRC Freight network in Canada, as well as the regional segment, which includes Holland, Reddaway and New Penn. Consolidated operating revenues at YRC Worldwide totaled \$1.22 billion for the quarter, up 3.8 percent year-over-year.

YRC Worldwide's loss on property disposals totaled \$3.2 million for the quarter. This was mainly due to equipment write-offs, coupled with a few property sales, YRC Worldwide Chief Financial Officer Stephanie Fisher said on the earnings call. Last year, the company's loss on property disposals totaled \$2.7 million.

Average shipments carried by YRC Worldwide were heavier during the quarter. At YRC Freight, total shipments per day fell 4.5 percent year-over-year during the quarter, while tonnage per day only slipped 2.4 percent. The regional segment saw total shipments fall 3.2 percent and tonnage pick up 0.2 percent. YRC Worldwide CEO Darren Hawkins said that during the quarter, YRC Worldwide took delivery of more than 500 tractors and over 400 trailers, with about another 400 tractors and 2,100 trailers expected to be delivered in 2018. YRC Worldwide expects this to help mitigate the use of short-term rentals, he explained.

In addition, YRC Freight had eight distribution centers become fully operational during the quarter, YRC Freight President TJ O'Connor said. YRC Worldwide closed out the quarter with outstanding debt totaling \$918.7 million, down 8.6 percent year-over-year. However, the consolidated operating ratio at YRC Worldwide totaled 100.4 percent, compared to 100 percent for the first quarter of 2017. In regard to driving down the operating ratio, Hawkins said during the earnings call that, as with any LTL operation, the yield platform is one of the largest levers to profitability.

Hawkins held a positive outlook, pointing out that both segments had the strongest yield increases since 2015. "When weight per shipment is rising like ours is right now and yield is coming along at a pace of 6 percent at YRC Freight and 5.3 [percent] at the regionals, its encouraging," he said. Revenue per shipment rose 8.3 percent year-over-year during the quarter at YRC Freight and 9 percent in the regional segment. In addition, customer contract negotiations increased an average of 6.2 percent during the quarter at YRC Freight and 6 percent in the regional segment.

Answers to Trivia

XPO Logistics advances to number 67 on ranking of largest U.S. employers

By: AJOT 5/25/2018

Company takes spot 186 on 2018 Fortune 500 list

GREENWICH, Conn. - XPO Logistics (NYSE: XPO), a leading global provider of transportation and logistics solutions, grew its employee population to more than 95,000 in 2017, earning the company spot number 67 on a ranking of the largest U.S. employers. The ranking was included as part of the 2018 Fortune 500 list of largest U.S. companies by revenue, on which XPO advanced to position 186.

Meghan Henson, chief human resources officer of XPO Logistics, said, "Every day, more than 95,000 people around the world come to work at XPO. Our growth in sales and reputation is directly attributable to our employees. As one of the largest U.S. employers, we take seriously our responsibility to maintain a safe, respectful and rewarding work environment in every community where we operate."

Earlier this year in Fortune magazine, XPO was recognized as one of the World's Most Admired Companies. XPO recently announced the creation of more than 5,000 new jobs at logistics facilities in North America by the end of 2018.



Manufacturers See Blockchain Tracking 3-D-Printed Parts Through Supply Chains

A distributed online ledger could help firms identify parts down to the machine that made them

By Steven Norton 5/15/2018

Just as blockchain technology can help trace food from farm to table, so too might it help manufacturers certify and trace 3-D-printed parts through their supply chains. Speaking at the Consensus 2018 conference, panelists described how distributed ledger technology could create an immutable data source that identifies 3-D-printed parts down to the machine that made them, the technician who worked with them, and the atmospheric conditions under which they were produced.

Firms throughout the supply chain could use that data, shared on a common, unalterable ledger, to certify the provenance of parts, ensure they were manufactured properly, and quickly identify the source of any defects. "Right now it takes companies months to go through papers to distill where the fault is," said James Regenor, business unit director for transformative technologies at Moog Inc., which manufactures systems and components in the aerospace, defense and industrial sectors, among others. A distributed ledger could create a trusted — and ideally unbiased — source of information for manufacturers and their customers throughout the supply chain. "Because we have audit trails, we don't have to have the part in front of us to trust that it was built the right way," Mr. Regenor said.

Large firms are experimenting with blockchain to track food through the supply chain. The technology could prove especially helpful during recalls or other food safety scenarios, allowing firms to figure out the source of an offending item during a recall. FedEx Corp. on Monday said it was developing technology that would allow it to monitor shipments beyond its own tracking systems. Panelists Tuesday noted that useful blockchain systems will require all parties involved to agree on how data is stored and shared across the network, a governance challenge that will take significant time to complete. They also noted potential security issues, as well as the need to be able to move data among blockchains while preserving immutability.

Quotable

"The consequences of investing in this aren't very high. The consequences of not investing are extremely high."

— FedEx Chief Information Officer Rob Carter, on blockchain technology.

Transportation Management

- Multi-modal Service
- Carrier Management
- Auditing Services
- Supply Chain Coordination

Supply Chain Management

- Supply Chain Engineering;
- Collaboration;
- Leadership
- Strategic Management
- Consulting



Profit Improvement Plan

- Leverage Opportunity Analysis
- Baseline Measurement
- Profit Improvement Measurement

Reducing project permitting time would be for the common good... but will it happen?

By: Matt Miller

Common Good...mused Common Good chair Philip Howard, in a telephone interview. “All these people go clashing headlong, without any order and without any clear lines of authority to make decisions. You get a lot of heat and noise and no action.” Common Good has proposed legislation that acts to reduce permitting times. According to a study the group released in 2015, “a six-year delay in starting construction on public projects costs the nation over \$3.7 trillion, including the costs of prolonged inefficiencies and unnecessary pollution. This is more than double the \$1.7 trillion needed through the end of this decade to modernize America’s infrastructure.”

Key, Howard said, is the ability of the federal government to preempt state and local permitting if these extend past a mandatory deadline, which would be tied to the timetable the federal regulatory authorities take.

“Otherwise, the NIMBY [Not in My Back Yard] interest blocks something that’s important for society as a whole,” he said. Howard cited the case of CSX attempting to build a second rail line through Washington DC, designed to lessen rail congestion. The rail company owned the property and complied with all the rules and regulations. “But the city of Washington used the fact that [CSX] had to go through a formal pro forma process to extort all kinds of promises that made no sense,” Howard said. “It’s empowering the people who want to drag their heels.”

That’s because, the Common Good report maintained, “permitting decisions are balkanized among dozens of different departments, at different levels of government. Environmental review has become a litigation quagmire, as supporters and opponents argue over thousands of pages of details. Opponents must be mollified—often by monetary payments having little to do with environmental effects of the project.” These kinds of blockages can mean that necessary infrastructure doesn’t get built, even when funding is in hand. Howard cited the stimulus package that was passed after the financial crisis in 2008. “We had the money in 2009, and we didn’t use most of it for infrastructure because of the bureaucratic obstacles,” he said.

But bureaucratic delays and regulations cause price jumps of necessary infrastructure projects, which in turn diminish their attractiveness. Common Good cited New York State’s 19th Century “Scaffolding Law,” which requires a heightened level of general liability insurance on construction projects. The group estimated this alone will raise costs of the proposed Gateway Tunnel project by \$180 million to \$300 million. Those on the left need to be convinced that long, drawn-out permitting isn’t a utopian solution to protecting the environment, while skeptics on the right need to be nudged to do something about the country’s aging infrastructure. “There’s an obvious deal to be made here,” Howard believes. Create environmental reviews that can be finished in a year instead of five to ten years and get more to sign off on the proposition that it isn’t a waste of money to build the infrastructure that the country sorely needs. “Every big infrastructure is political,” Howard said. “But if you have lines of authority to make decisions, then decisions get made. Because [decision-making] goes on forever, it gives much too much power to whoever is opposed to it.”

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