

FEDERAL MARITIME COMMISSION

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MID-ATLANTIC AND NORTHEAST PORT CONGESTION

FORUM

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WEDNESDAY, OCTOBER 1, 2014

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The meeting of the Federal Maritime Commission convened in Baltimore, Maryland, pursuant to notice at 9:38 a.m., William P. Doyle, and Richard A. Lidinsky, Jr. Commissioners, presiding.

PARTICIPANTS:

Welcome:

WILLIAM P. DOYLE, Commissioner  
Federal Maritime Commission

RICHARD A. LIDINSKY, JR., Commissioner  
Federal Maritime Commission

Opening Remarks:

THE HONORABLE HELEN D. BENTLEY  
Former Member, U.S. House of  
Representatives

Port Authority, MTO & Shipping Association:

DAVID THOMAS  
Port of Baltimore

BAYARD HOGAN  
Ports America Chesapeake

1 PARTICIPANTS (CONT'D):

2 JOHN REINHART  
Port of Virginia

3 RICK LARRABEE  
4 Port Authority of New York & New Jersey

5 JOHN NARDI  
NY Shipping Association

6 JOHN ATKINS  
7 Global Container Terminals

8 U.S. Coast Guard:

9 CAPTAIN DREW TUCCI  
U.S. Coast Guard

10

Carrier:

11

HOWARD FINKEL  
12 China Ocean Shipping Company

13 DAVID DALY  
"K" Line America, Inc.

14

15 CLAUDIO BOZZO  
Mediterranean Shipping Company (USA) Inc.

16 AL GEBHARDT  
Maersk Line

17

Motor Carrier/Trucking:

18

SHIRLEY ROEBUCK  
19 Gilco Trucking

20 GERRY COYLE  
Evans Delivery Company

21

22 HECTOR ALVAREZ  
Owner Operator

1 PARTICIPANTS (CONT'D):

2 WAYNE GUAMER  
Lightning Transportation

3 Chassis:

4 BERNARD VAUGHAN  
5 Flexi-Van Leasing

6 BILL SHEA  
Direct ChassisLink, Inc.

7 KEITH LOVETRO  
8 TRAC Intermodal

9 DAVID MANNING  
NACPC

10 JON POELMA  
11 Consolidated Chassis Management, LLC

12 Labor:

13 LARRY BACHTTELL  
ILA

14 MIKE VIGNERON  
15 ILA

16 Shippers:

17 MARK JENSEN  
Target

18 BRYAN MOST  
19 Wal-Mart

20 DEAN TRACY  
Lowe's

21 LORI S. SMITH  
22 Johnson & Johnson Sales and Logistics, LLC

1 PARTICIPANTS (CONT'D):

2 Open Public Comments:

3 JEFF BADER  
4 Association of Bi State Motor Carriers,  
5 Inc.

6 JON GOLD  
7 National Retail Federation

8 TIM AVANZATO  
9 Lanca Sales, Inc.

10 RICHARD ROCHE  
11 Mohawk Global Logistics

12 DON PISANO  
13 American Coffee Corporation

14 FRANCIS M. SMITH  
15 Bridge Terminal Transport

16 TOM HEIMGARTNER  
17 Best Transportation

18 GEORGE BERRY  
19 For Truckers By Truckers

20 \* \* \* \* \*

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## 1 P R O C E E D I N G S

2 COMMISSIONER DOYLE: All right, good  
3 morning. Thank you for coming here today. It's a  
4 Mid-Atlantic Northeast Port Congestion Forum,  
5 hosted by the Federal Maritime Commission.

6 Importantly, in attendance today we have  
7 actually three former chairmen of the FMC. Steve  
8 Blust, I saw him, he's here. Of course we've got  
9 current Commissioner and former Chairman Richard  
10 Lidinsky, and we have Helen Bentley. And Ms.  
11 Bentley will be making a statement.

12 All right, let me just tell you how the  
13 forum's going to go and then I'm going to hand it  
14 over to Commissioner Lidinsky.

15 What we're going to do is we're going to  
16 have statements around the horseshoe. And the way  
17 it's going to work is we're going to go from this  
18 side all the way around and then stop at the  
19 shippers. We're going to stop right at Target.  
20 That should take us till lunchtime.

21 To make your statement, please come up  
22 to the microphone and speak here so that the crowd

1 -- this microphone is the only one wired into the  
2 ceiling, so we'll go from there on the folks  
3 making the statements. If you do have a written  
4 statement that we'd like to put on the FMC  
5 website, hand it to David Tubman who is sitting  
6 right here -- David, wave your hand -- and we'll  
7 get them up on the FMC website at some time. You  
8 can email it, as well.

9           So with that, I'm Commissioner William  
10 Doyle. I now hand it over to Commissioner Richard  
11 Lidinsky. Thank you.

12           COMMISSIONER LIDINSKY: Thank you.  
13 Thank you very much, Bill. Good morning,  
14 everyone, and welcome to Baltimore, the home of  
15 the American League East champion Orioles a day  
16 early.

17           (Laughter and applause) But the  
18 best to our New York colleagues.

19           Nobody's from Detroit, I think.

20           Anyway, Commissioner Doyle, Chairman  
21 Bentley, Chairman Blust, I want to begin by  
22 commending Chairman Cordero and you, Commissioner

1 Doyle, for holding this vital hearing. We thank  
2 our host port and thanks to all for attending.

3 When one reads or hears about the FMC  
4 today, it's usually in terms of dealing with  
5 global alliances and other complicated maritime  
6 issues. But in reality, the basic responsibility  
7 of our agency, since 1916, is very simple: It's  
8 to oversee the waterborne commerce of the United  
9 States. And the key to that commerce are our  
10 ports, whether we're talking intermodalism, 3PL,  
11 developments of larger vessels, it's the ports  
12 that are the key to this whole process. So today,  
13 as we examine our ports and the challenges that  
14 they face, we should keep in mind that they are  
15 not problems, but opportunities for us all to work  
16 together.

17 Thank you, Commissioner Doyle, thank  
18 you, Chairman Bentley for your leadership,  
19 support, and for being here today. And I look  
20 forward to this important session. Thank you very  
21 much. (Applause)

22 MS. BENTLEY: We could have made it a

1 little more complicated here today, but anyhow, I  
2 will reiterate the welcome that Rick Lidinsky just  
3 gave you. It's more my port even than his, so.  
4 But the Orioles are really the greatest.

5 (Laughter) We're going to win the World Series,  
6 guys. I am very, very pleased to send a warm  
7 welcome to the current Federal Maritime Commission  
8 sponsoring this targeted hearing regarding  
9 Atlantic ports congestion regarding the movement  
10 of imports and exports. But I also want to  
11 welcome the superb list of witnesses from the  
12 other ports in the North Atlantic and all of our  
13 maritime friends. As I look around the room  
14 today, I thought, my god, we have the "Crème de la  
15 Crème" of the industry all packed tightly in here.

16 And I'm going to say this as a former  
17 chairman of the FMC, and it was 45 years ago this  
18 month that I became chairman -- a long time ago --  
19 I was the first chair for my great Port of  
20 Baltimore, as well as the first female FMC member  
21 and chair. My commission had to wrestle with the  
22 problems far different than today. One of our

1 biggest problems were freight rates across the  
2 North Atlantic. Another major problem was  
3 treating -- American flagships getting fair  
4 treatment in Asian ports, and that has bubbled up  
5 once or twice since I've left. And then we had  
6 the big problem. You've got a merger problem. We  
7 had then the merger problem of Sea-Land and the  
8 United States lines. Unfortunately, we no longer  
9 have to worry about American flagships getting  
10 fair treatment in other ports because we don't  
11 have much of a Merchant Marine left, and I'm very  
12 sad to say that.

13           While I was serving as chair, another  
14 Baltimorean became engaged in the FMC's legal  
15 office, and he subsequently rose to the position  
16 of chairman. Of course, I'm speaking about  
17 Richard Lidinsky, who stepped down and allowed a  
18 new chairman to move into that position. And I  
19 want to welcome both Commissioner Doyle and  
20 Commissioner Lidinsky. He didn't have to go far  
21 this morning to go to work.

22           When we talked of congestion in the

1 '70s, we usually were referring to numbers of  
2 ships waiting to be assigned a berth. Chesapeake  
3 Bay anchorages frequently were full and vessels  
4 sometimes waited for many days down the bay in  
5 order to move into a loading dock. Today, with  
6 the international revolution resulting from  
7 Malcolm McLean's container world -- and I want to  
8 point out the day -- I was a maritime reporter at  
9 the time that Malcolm McLean first put on trial a  
10 box on a tanker. And I called him up and I said,  
11 sir, are you serious? And he said, little girl, I  
12 am very serious. (Laughter) And we became good  
13 friends after that.

14           Anyhow, when we think of those days,  
15 it's far different today when one ship transports  
16 the equivalent tonnage of 6 to 10 post-World War  
17 II vessels. That single vessel can and often does  
18 cause massive congestion at any marine terminal  
19 via the thousands of containers that must be  
20 discharged from the solitary ship while hundreds  
21 of thousands more TEUs are waiting to be lifted  
22 aboard.

1           I have heard the outlandish, but I think  
2 true, description that a cargo of 18,000 TEU  
3 containers laid out, stretched on out a highway,  
4 from Baltimore to Raleigh, North Carolina, one  
5 shipload. Think how even half of that quantity  
6 can jam up an ordinary port facility.

7           I was at the helm when that box  
8 revolution began changing the world's waterfronts.  
9 Although Malcolm McLean sparked the container  
10 movement, as I said, back in 1956, and that was  
11 the same year that President Eisenhower kicked off  
12 the interstate highways, it took nearly two more  
13 decades before the changes in personnel, types of  
14 ships, and global thinking began taking strong  
15 hold around the world. The West Coast labor  
16 negotiations opened the door and set the pattern  
17 in the United States and North America. Harry  
18 Bridges, who was then president of the ILWU, and  
19 Paul St. Sure, who was head of the Pacific  
20 Maritime Association, were ahead of the East Coast  
21 on mechanization and modernization. And I'm not  
22 going to tell you about the battles that Teddy

1 Gleason and I used to have, but it was a lot of  
2 fun.

3 As the U.S. lost most of its  
4 manufacturing capabilities and more goods have  
5 been produced, they've been produced abroad and  
6 they had to be shipped here in those containers on  
7 those mega ships. The ships have required not  
8 only deeper channels -- and I want to point out  
9 that Baltimore is only one of two East Coast ports  
10 that has a 50-foot channel and 50-foot container  
11 berth -- but these big vessels also require  
12 landside facilities. We in Baltimore are  
13 fortunate to have two national railroads plus  
14 Interstate 95 a stone's throw away from the gate.  
15 David Thomas, our operations director, will talk  
16 about the current situation in Baltimore, but I  
17 wanted everybody to know we are prepared here in  
18 my great Port of Baltimore and we do welcome you.  
19 Thank you. (Applause)

20 COMMISSIONER DOYLE: Boy, wasn't that  
21 great? Let's give Helen Bentley another round of  
22 applause, please.

1                    (Applause) We really do appreciate  
2                    you being here today. All right,  
3                    let's get this thing off. We're  
4                    going

5                    To start off first with a group of the  
6                    Port Authority, MTO & Shipping Associations. So  
7                    what I'll do is let's go with David Thomas from  
8                    the Port of Baltimore.

9                    MR. THOMAS: Thank you. The one person  
10                   that you don't want to follow to start off  
11                   hearings like this is Helen Bentley, but I guess I  
12                   was blessed this morning. For those who don't  
13                   know me, my name's Dave Thomas and I'm the  
14                   director of operations for the Maryland Port  
15                   Administration. Jim White, our executive  
16                   director, is traveling overseas today and unable  
17                   to join us. He does pass along his well wishes  
18                   and apologies for not being able to attend, you  
19                   know, these important hearings today.

20                   To Commissioner Doyle and Commissioner  
21                   Lidinsky, I'd like to thank the FMC for taking the  
22                   lead to organize this session and for allowing me

1 the opportunity to speak not only on behalf of the  
2 Maryland Port Administration, but on behalf of all  
3 of our maritime partners that contribute to the  
4 overall wellbeing of the Port of Baltimore.

5 And to our godmother, Ms. Bentley,  
6 Helen, thank you for being here this morning.  
7 It's always an honor to have you participate in  
8 industry forums such as this one, representing the  
9 fortunes of the men and women of the Port of  
10 Baltimore.

11 So we're here today to discuss an  
12 important topic of port congestion, to gather  
13 insights from various industry sectors in an  
14 effort to better understand, analyze, improve upon  
15 the key inhibitors that prevent our ports from  
16 reaching maximum productivity. It's a complicated  
17 issue in a fiercely competitive industry with  
18 differing agendas at a time when significant  
19 changes and growth are upon us.

20 The Port of Baltimore is a diverse port  
21 and a key economic engine, generating good-paying  
22 jobs and significant business revenue to the state

1 of Maryland and the surrounding region. Nearly  
2 15,000 direct jobs and over 40,000 jobs in total  
3 depend on a well-functioning port. We applaud the  
4 FMC's vision to bring critical sectors of our  
5 industry together in such a format to discuss the  
6 challenging issue of port congestion, an issue  
7 that will continue to challenge our industry in  
8 the near term.

9 As ship owners look to further control  
10 operating costs and gain critical economies of  
11 scale, vessel sizes are now poised to grow well  
12 beyond that of the 9,000 TEU vessels currently  
13 being serviced in our East Coast ports today.  
14 Alliances, such as the proposed 2M and O3, as well  
15 as existing CKYHE and G6 are all operating in  
16 major East-West trade lanes with larger ships,  
17 fewer port calls, all with larger port  
18 allocations, resulting in increased per vessel  
19 container volumes in each of our ports. Piers  
20 reported a 6.4 percent increase in U.S. East Coast  
21 imports through August of this year. These larger  
22 vessels and continued growth will further stress

1 the operating limits of our East Coast ports at  
2 our berths, in our container yards, at our gates,  
3 and on the port roadways surrounding our  
4 facilities.

5 One certainty that we can all agree on  
6 is that unless there are meaningful, focused, and  
7 collaborative solutions identified to address  
8 terminal congestion, there will be few winners  
9 amongst us this morning. It is critical to have  
10 an environment in place that promotes the  
11 necessary capital investment needed in  
12 infrastructure, technology, and equipment to  
13 maximize terminal productivity. If not dealt with  
14 effectively, the negative effects are not just  
15 felt at our gates, but the economic, social, and  
16 environmental impacts, the potential to be  
17 far-reaching and cross over various industry  
18 sectors. Port authorities, terminal operators,  
19 truckers, railroads, equipment providers, BCOs,  
20 labor, and the surrounding communities all stand  
21 to lose if the current model is not improved upon.

22 Although our container volumes in

1 Baltimore are modest when compared with the other  
2 ports represented here today, we are projected to  
3 handle approximately 750,000 TEUs in calendar year  
4 '14. This volume is handled primarily through a  
5 single facility. We have grown our container  
6 volumes over 140,000 TEU in the past 5 years.  
7 Thanks to the vision of Helen Bentley, we have our  
8 50-foot channel system in place since 1988. With  
9 the success of our private-public partnership with  
10 Ports America, Seagirt is ready to handle a 14,000  
11 TEU vessel today. With our large consumer market,  
12 we are well-positioned to capitalize on increased  
13 volumes as a result of these new alliances.

14 For these reasons, the MPA and Ports  
15 America remain focused on potential for congestion  
16 to impact our port. During the aftermath of  
17 Superstorm Sandy, we experienced increased port  
18 volumes, peaking factors that tested our current  
19 terminal models. While we fared well, it was a  
20 good test to stress our yard and gate systems and  
21 provide an opportunity for some valuable lessons  
22 learned. We utilized extended gate hours, worked

1       closely with CBP to streamline manifests and cargo  
2       release and inspection processes, communicate  
3       effectively with the New York trucking firms that  
4       needed to access our facilities. As a result, we  
5       were able to process the increased peak volumes  
6       while maintaining our current turn times.

7               While we are not currently feeling the  
8       same congestion pains that other ports are  
9       experiencing, as a result of Sandy we do recognize  
10      that with expected volume growth we need to stay  
11      ahead of the curve. For those of you that are not  
12      aware, 95 percent of our container terminal  
13      transactions are handled by trucks at our gates by  
14      the local harbor draymen. Without a doubt, we are  
15      a truck-dominant port. The harbor truck draying  
16      company servicing the Port of Baltimore are our  
17      lifeline. We recognize that unless we are able to  
18      service them in a manner that they can remain  
19      profitable, we put at risk our ability to be  
20      successful. We have focused our efforts in that  
21      direction.

22               Specific discussion topics, such as

1 terminal infrastructure, equipment, and  
2 technology, I will leave those discussion points  
3 to Bayard Hogans of Ports America as they  
4 currently Seagirt Marine Terminal.

5 From a port administration perspective,  
6 we not only focus our efforts on ocean carriers,  
7 BCOs, and truckers, which I will touch on in just  
8 a minute, but also the impacts that our port  
9 operations have on communities adjacent to our  
10 terminal facilities. As a truck-dominant port,  
11 the volumes of trucks on the local road system and  
12 the effect in our community needs to be  
13 continually monitored. But the potential for  
14 congestion does occur, for example, after holidays  
15 or a result of weather or vessel peaking, it's  
16 critical that we anticipate and plan for the spike  
17 and make the needed gate and labor and yard  
18 equipment adjustments. These issues, when they do  
19 occur, are quickly communicated to the local  
20 community leaders and politicians. From a social  
21 and environmental impact, respectively, we make  
22 sure to keep these concerns at the forefront.

1                   In an effort to communicate and stay  
2                   connected to our local port service provider, the  
3                   Maryland Port Administration chairs two critical  
4                   stakeholder meetings which are held specifically  
5                   to discuss current port issues. The first group  
6                   is held with the Maryland Motor Truck Intermodal  
7                   Council. The Intermodal Council represents  
8                   exclusively the port harbor truck draymen. This  
9                   group has been meeting regularly for the last 10  
10                  or 15 years; it's nothing new. The meeting brings  
11                  representatives to the table to focus on what  
12                  aspects of the terminal processes are working,  
13                  but, more importantly, what aspects are not  
14                  working and need attention. The number one goal  
15                  of this group is to shorten trucker transaction  
16                  times. Over the last 3 months, Seagirt is  
17                  operating at an average of 28 minutes for a single  
18                  truck move and 55 minutes for a double move, and  
19                  we measure that pedestal to pedestal, so I'm sure  
20                  we'll hear more about that in the future.

21                   We concentrate on improvements that need  
22                   to be made to shorten terminal turn times. In the

1 past, through these meetings, we have successfully  
2 addressed items such as terminal traffic flows,  
3 yard equipment allocations, flex hours, improving  
4 our e-notification systems for container  
5 availability, chassis pool inventory adjustments,  
6 and addressing the surrounding port roadways. All  
7 of these issues, if not working properly, will  
8 lead to trucker delays in congestion.

9 In discussions with the Intermodal  
10 Council it was our goal to have our local draymen  
11 making five to six turns a day in order to be  
12 profitable. Later this morning, you will hear  
13 about driver concerns such as hours of service,  
14 digital recorders, driver wages, that are all  
15 contributing to driver shortages. While these  
16 issues are real, they are out of the control of  
17 the Port Administration. All we can do is focus  
18 our efforts in maintaining and reducing those turn  
19 times to improve the economic viability of the  
20 harbor draymen.

21 Our second industry meeting is our  
22 container QCHAT meeting. QCHAT in Baltimore

1 stands for Quality Cargo Handling Action Team, and  
2 it's a program that started out in the auto and  
3 RoRo business that we handle and we've extended  
4 that into the container business. Held bimonthly,  
5 this unique meeting brings together more of a  
6 diverse group of port stakeholders, including reps  
7 from the ocean carriers, BCOs, the EPOs, terminal  
8 operators, the Intermodal Council, and heads of  
9 the ILA locals. This is an opportunity to hear  
10 from all parties on performance updates that could  
11 affect productivity and lead to congestion.

12 Subjects routinely addressed are pool chassis  
13 inventories, chassis operating models, facility  
14 construction progress, container availability, BCO  
15 forecasts, and, of course, any variances to  
16 productivity at the terminals.

17 The contacts that take place at this  
18 meeting have a significant value in that it takes  
19 the mystery out of what each group's role is to  
20 make the supply chain work. It has created a  
21 level of transparency and improved communications  
22 that has resulted in potential issues being

1 addressed before they have a chance to become  
2 bigger concerns. We also engage regularly the  
3 federal agencies, such as CBP and the Coast Guard,  
4 on a routine basis to ensure we maintain open  
5 communications and are aware of any potential  
6 changes to federal regs, local staffing issues, or  
7 any policy change that could negatively affect  
8 vessel or cargo operations.

9           And lastly, it is important to  
10 understand that as the ships grow larger and  
11 container volumes increase, the hours that a  
12 vessel is working alongside are being extended.  
13 In addition, the need for extended and  
14 uninterrupted gate and terminal hours become more  
15 important to the process with these peak volumes.  
16 We need to recognize not just the stress it puts  
17 on our facilities, but the challenge it puts on  
18 the local workforce.

19           We need to recognize and promote the  
20 value of a skilled and productive ILA workforce as  
21 an integral part of the equation. In turn, the  
22 ILA needs to be engaged and take ownership of

1 vessel and terminal productivity and recognize the  
2 challenges faced by the industry today. The role  
3 of the ILA is an important aspect of managing  
4 terminal congestion and controlling costs. We are  
5 fortunate that our workforce understands that role  
6 that they play in the supply chain. We  
7 communicate with each local on a regular basis and  
8 emphasize that their performance is a reflection  
9 of our overall efforts.

10 In closing, I want to thank you again  
11 for this opportunity and look forward to the rest  
12 of the session. Thank you. (Applause)

13 COMMISSIONER DOYLE: All right. Thanks,  
14 Mr. Thomas.

15 A couple points, and I think you set the  
16 stage pretty well: Find solutions, improve the  
17 common model, 14,000 TEU container ships, truck  
18 dominant port, shorten trucker transaction times,  
19 shorten turn times, chassis pool inventories,  
20 driver shortages, and the importance of the ILA.  
21 I think we're going to hear a lot about all of  
22 those today. Thank you very much.

1                   And let's go with Bayard Hogans from  
2                   Ports America Chesapeake.

3                   MR. HOGANS:   Great.  Thank you very  
4                   much.  I think Dave didn't leave me a lot to talk  
5                   about here, but I'll see what I can come up with.  
6                   Commissioners Lidinsky, Doyle, Ms. Bentley, thank  
7                   you very much for the opportunity to speak today.

8                   Good morning.  I would like to thank the  
9                   FMC again for the opportunity to talk today.  My  
10                  name's Bayard Hogans.  I'm with Ports America  
11                  Chesapeake.  We're a terminal operator and  
12                  stevedore here in the Port of Baltimore.

13                  As a terminal operator, we're faced with  
14                  many challenges in the evolution of our industry  
15                  today.  The economies of scale related to vessel  
16                  size and exchanges only continue to magnify the  
17                  issues of cyclical peaking, vessel bunching,  
18                  weather impacts, asset utilization, increased  
19                  infrastructure improvements, and demands on our  
20                  workforce.  The questions are, how do we  
21                  consistently manage the expectations of our  
22                  partners in the supply chain during this

1 evolution? How do we stay ahead of the curve?

2 We have all sought or are seeking  
3 necessary investments in infrastructure to handle  
4 larger vessels with bigger exchanges from a berth  
5 capacity standpoint. Dredging, berths, cranes are  
6 in some stage of development in every port, but  
7 how do we prepare to handle the terminal and gate  
8 capacity at our facilities? Do we have the  
9 necessary capacity in equipment, technology,  
10 assets, and resources to handle the peaking  
11 factors associated with the landside portion of  
12 our facilities? Do we have the transparency and  
13 communication with all the partners in the supply  
14 chain to support this increased capacity?

15 In Baltimore, with our partner, the  
16 Maryland Port Administration, we have made  
17 significant investments in cranes, berths,  
18 dredging, to support increased berths' capacity  
19 and increased exchanges, as many East Coast ports  
20 have done. We have used these infrastructure  
21 improvements to build upon and improve vessel  
22 productivity that approaches and exceeds 40 moves

1 per hour. We have worked with our ILA partners to  
2 continue to improve training programs and  
3 continually raise the bar with that group.

4 We have taken the necessary steps to  
5 increase our berths' capacity to handle larger  
6 vessels and consistently provide vessel production  
7 and supports, increased berth availability, and  
8 decreased vessel turnaround time. This provides  
9 value to our shipping line partners and the rest  
10 of the supply chain in goods availability and cost  
11 reduction.

12 We have also made significant  
13 investments in our gate technology and processes  
14 to support an average 30- minute turn time for the  
15 local trucking community. We are looking to stay  
16 ahead of the curve and build future landside  
17 capacity with additional gates, technology,  
18 equipment, and green lanes. We have operational  
19 processes to support peaking factors through  
20 dynamic gate and yard staffing as well as extended  
21 hours.

22 We have worked hard over the years to

1 improve our emergency plans and response times to  
2 weather events with equipment, operations, and  
3 processes to provide consistent service.

4 Transparency and rebounding from these events is  
5 critical to our supply chain partners. Working  
6 through extreme weather events, such as  
7 hurricanes, excessive snow, extreme cold and heat,  
8 have taught us how to develop plans that support  
9 continued operations or rebound from these weather  
10 events.

11 The Maryland Motor Truck is a true  
12 partner in the Port of Baltimore, and we value the  
13 transparency and regular meetings we have with  
14 this group. Our management team and the ILA  
15 workforce understand that truckers are one of our  
16 most important customers and providing them the  
17 best possible service is important to customers  
18 and providing to each and every employee. We  
19 understand how this industry has been challenged  
20 with labor, rates, equipment, and costs. We also  
21 understand the challenges they face to support  
22 peak times. And it is only working hand-in-hand

1 that we will be able to manage through these  
2 times.

3 As Dave Thomas stated previously, the  
4 programs and relationships we have in Baltimore  
5 with our shipping lines, BCOs, trucking companies,  
6 and broker forwarders is imperative in improving  
7 our processes and managing through these peak  
8 periods. We use technology, regular meetings, and  
9 communications to maintain transparency with these  
10 groups and set expectations on a daily basis. We  
11 involve these in our process changes at the  
12 facilities and look forward to feedback on  
13 operational improvements. This must be the model  
14 moving forward to address issues such as chassis  
15 availability during peak period.

16 All stakeholders need to be involved to  
17 fully realize a solution. Overutilization is  
18 everybody's problem. The evolution of the chassis  
19 models progress, but we need to understand if  
20 peaking factors can be managed amongst ports and  
21 providers. Can a sole source provide enough  
22 assets to support these large exchanges and how do

1 we improve upon the quality of the assets? All  
2 stakeholders must be involved in the solution and  
3 it should involve a pool of resources that  
4 provides a commercially viable product.

5 We are proud of the service levels we  
6 have been able to provide during peaking times and  
7 the level of transparency we provide with our BCO  
8 and trucking partners. Our service and production  
9 levels are something that we have always sought to  
10 be transparent and consistent in the Port of  
11 Baltimore. We will continue to drive change to  
12 stay ahead of the business as it grows and these  
13 peaking factors become magnified. Whether it is  
14 equipment, technology, or processes, our business  
15 needs to be dynamic to handle these growing  
16 demands.

17 Our supply chain partners have  
18 recognized that our truck turn productivity  
19 continues to grow the truck market we are able to  
20 serve. Every partner in the supply chain has  
21 expectations of service levels. It is up to us to  
22 provide those service levels consistently and

1 transparently while looking for ways to improve.

2 Thank you for the opportunity to speak  
3 today.

4 (Applause)

5 COMMISSIONER DOYLE: Thank you, Bayard.  
6 Next up we have CEO of the Port of Virginia, John  
7 Reinhart, my good friend.

8 MR. REINHART: Thank you, Commissioner  
9 Doyle. Commissioners, Helen, it's always good to  
10 be in your company. You started our day well and  
11 I know you'll keep us on target throughout the  
12 day.

13 I think the terms that were used so far,  
14 "supply chain," are an important part for us to  
15 recognize. We are not just ports. We are an  
16 integral part of the supply chain that serves the  
17 economy of this nation. We have BCOs that are  
18 sitting here who have businesses that can't be  
19 serviced because of the congestion that's going on  
20 in our ports.

21 The congestion issues aren't just a  
22 North Atlantic issue. The congestion issues are

1 all over the world. Part of it is the  
2 consolidations going on with the carriers, so that  
3 they can survive. The alliances that the carriers  
4 are putting in as they grow their ships are  
5 putting strain and challenges across ports all  
6 over the world. Here in the North Atlantic, I can  
7 say at our port we did not invest heavily enough  
8 soon enough. It was a failure of our vision to  
9 invest in the port infrastructure to keep pace.  
10 We've done a lot to improve the port this year,  
11 but we've got a long way to go.

12 The motor carriers that service our  
13 ports are challenged to even have a living because  
14 of the turn times that they're experiencing.  
15 We're focused on improving those daily. We're  
16 focused on improving velocity.

17 The two main terminals in Virginia are  
18 operating above optimal capacity. If you look at  
19 what we've done over the last 5 years, we've  
20 continued to grow at over 6-1/2 percent annually,  
21 and we haven't added any more land to support the  
22 ships as they grow larger. So when I look at some

1 of the things that are happening within our port,  
2 we have had six months out of the last nine that  
3 are record volumes. We're handling 54,000 more  
4 TEUs in a month now than we did 3 years ago, so  
5 the volume has continued to grow.

6 Now, in our port, we have the intermodal  
7 connections. As part of the supply chain, as the  
8 ships come in, we have to move large chunks of  
9 volume: 62 percent goes out of our port by truck;  
10 34 percent goes out by rail; and then 4 percent  
11 goes out by barge. As the volumes get larger,  
12 what we have to do is make sure the infrastructure  
13 that we're putting in place can move these slugs  
14 of volumes very quickly.

15 One of the things that we look at are  
16 rail turn times and we have done a pretty good job  
17 this year improving our rail services. On the  
18 import side, we're running 24 to 40 hours on  
19 import dwells. That's not where I want it, but  
20 it's a reasonable turn time. On the exports,  
21 they're running about four days, but that's more  
22 under the control of the carriers.

1           The average size of ships, as mentioned,  
2           in Baltimore, have moved to 9,000 TEUs. When some  
3           other improvements are done on the New York and  
4           other ports, we will see those go to 12,000. So  
5           we have to have the berth and the upland ready to  
6           handle the large volume.

7           Vessel pro formas have been miserable.  
8           There's bunching. There's schedule problems and  
9           those have been created through the supply chain.  
10          What that does to the terminal operator is put  
11          extra strain on your already challenged berth  
12          schedules and dump a lot of volume that  
13          consolidates the traffic coming out of the port.  
14          So schedule reliability has been a challenge for  
15          our port.

16          The consolidation, we have to stay  
17          nimble because as all these new alliances are  
18          created, we have to say do we have the port-berth  
19          configuration to service them as they come in with  
20          their new larger ships or their rotations? We've  
21          seen a lot of diversion of cargo because of the  
22          threats on the West Coast this year. Some of that

1 was not planned as early as we would like so that  
2 we could make the effective allocation of  
3 resources to service it better. It's a temporary  
4 phenomenon, but it was the same as a temporary  
5 phenomenon that happened with Sandy and some of  
6 the other temporary phenomena that moved cargo to  
7 Virginia when there were some challenges with IT  
8 in the northern ports.

9           So, fortunately, one of the things that  
10 we have going for us in Virginia is we have the  
11 ability to recruit and retain a talented  
12 workforce. The ILA has done a good job working  
13 with us to bring in new members, to train new  
14 members, and we're getting the capacity that we  
15 need by people to fulfill the jobs that we have to  
16 have to run the port.

17           But those solutions come at a cost, as  
18 well. When you look at our volume growth, because  
19 of the need for the personnel, our compounded  
20 annual growth rate in dollars for labor is 17.9  
21 percent. Our compounded annual growth rate in  
22 hours is 11 percent. Our volume is 6.5 percent.

1 So peak time, overtime, you know, premium time,  
2 and people to try to solve congestion problems.  
3 Congestion demands more labor. But I have to say  
4 that our workforce is responding well. We're  
5 getting the people we need and it's with  
6 appreciation to the ILA that they're bringing us  
7 the workforce for tomorrow.

8           Since February, we've started a lot of  
9 actions in the Port of Virginia to try to address  
10 congestion so that our BCOs can plan for the  
11 future. Some of our steps have been a motor  
12 carrier task force, but the solutions identified  
13 by the motor carrier task force are still many and  
14 not done, and we have to work together to  
15 implement them.

16           I saw George Berry walk in. He had a  
17 video the other day where he was sitting in the  
18 transfer zone for seven minutes and not a strad  
19 moved. I apologize. That's not acceptable. It's  
20 not a sustainable business practice.

21           So we created a motor carrier task  
22 force. We started to buy equipment. We've now

1 bought 50 hustlers to move and change the way we  
2 operate our rails. We've put in a new terminal  
3 operating system with N4 in June. We're reopening  
4 PMT last week. The first vessel calls this  
5 weekend. So May, something happened; June,  
6 something happened; September, something happened.

7 We're putting in an automated gate at  
8 NIT on September 30th. We're putting in an  
9 appointment system, which is critical. If we're  
10 going to be able to reduce the times for the motor  
11 carriers and get the kind of service that the BCOs  
12 need, we need to have appointment systems because  
13 you just can't run an open table and give good  
14 service.

15 We're going with digital GPS and that  
16 will help us reduce wasted motion because what we  
17 want to do is continue the flow of the cargo  
18 through the port in the most efficient way. We  
19 have a TIGER grant that was announced. The Vice  
20 President came to our port last week. We're going  
21 to start construction in late spring on a new  
22 22-gate facility on our north end of NIT. It'll

1 be in place in spring of '16, but that's a year  
2 and a half away. We have to get there first.

3 Some of the others, we've hired a lot of  
4 staff because I felt that we did not have enough  
5 boots on the ground at the Port of Virginia, so  
6 we've been increasing our management focus and our  
7 management attention. We've increased the  
8 maintenance schedules and delivery of straddling  
9 carriers to service the facilities. So what we're  
10 trying to do is make the most of all of the assets  
11 that we have as we plan for the future.

12 One of the advantages that Virginia has  
13 is we do, as Baltimore, have 50 foot of water, but  
14 we have the ability to go to 55. We have the  
15 ability to double what we call the Virginia  
16 International Gateway, which is a former APMT  
17 facility, and that capacity can be brought in in  
18 three years. We have Craney Island that sits out  
19 for the future evolutions and modernization of  
20 NIT. So where we're doing 2-1/2 million TEUs this  
21 year, we can get up to 5- to 7-1/2 million TEUs in  
22 about 10 to 15 years, so we have long-term

1 capacity.

2 One of the challenges we've had, and  
3 I've heard it from others, is CBP, Coast Guard,  
4 sequestration. Funding of these critical  
5 activities has not been keeping step with the  
6 growth of the business. We're running businesses  
7 7 days a week, 24 hours a day, and we have the  
8 exact number of CBP officers that we had 6 years  
9 ago. They don't have the resources to say we're  
10 shutting down gates at certain hours, we're  
11 shutting down the rail at certain times. We need  
12 those resources, and that's a place I think you  
13 could help us.

14 We need to have two efficient  
15 double-stacked, Class 1 rail services out of  
16 Virginia. We have one. CSX is working on getting  
17 theirs upgraded, but until it gets upgraded, it  
18 creates congestion and complexity for operating  
19 the port.

20 So motor carriers. I'm worried. If we  
21 don't improve the effectiveness of these  
22 operations, we are going to lose a critical

1 component of your supply chain. So we have to  
2 make sure we're doing things to address the dwell  
3 time and make it more profitable.

4 And lastly, capital for investing. Over  
5 five years, the Port of Virginia lost about \$120  
6 million. How can you make an investment to  
7 improve your capital infrastructure when you're  
8 losing money? We're turning that tide and we're  
9 making a little money now and we have a robust  
10 planning going forward to invest hundreds and  
11 hundreds and hundreds of millions of dollars, if  
12 not billions of dollars, when we bring in the  
13 Craney Island. But you can't do it when you're  
14 losing money. So I think as a group we have to  
15 make sure that collaboration is honest and we get  
16 advance notice of changes, so that we can work  
17 together to create the solutions.

18 And with that, I'm sorry where we failed  
19 you. I'm dedicated to make it better. And we  
20 appreciate being here and the opportunity to  
21 speak. (Applause)

22 COMMISSIONER DOYLE: Thank you, John.

1 Well done. Well said.

2 Next up we have Rick Larrabee, Port of  
3 New York and New Jersey CEO.

4 MR. LARRABEE: Thank you. And Helen,  
5 despite the Yankees comments, I'm happy to be in  
6 Baltimore this morning. (Laughter) John Nardi and  
7 I are going to make a presentation jointly, and I  
8 think it represents the approach that we're taking  
9 these days on some of the problems we've already  
10 heard about. John and I chair a Council on Port  
11 Performance at our port, and I'll talk a little  
12 bit about that.

13 Like many of the ports not only here on  
14 the East Coast, but around the country, and  
15 actually around the world, we have been faced with  
16 the kind of congestion problems that nobody wants  
17 to live within the future. Clearly, there are  
18 things that are not completely in our control, but  
19 we recognize that infrastructure by itself is not  
20 going to solve our problem and port performance,  
21 making the process work more efficiently has  
22 clearly got to be a focus.

1           In the summer of 2013, the Port of New  
2    York and New Jersey basically melted down. It was  
3    for a variety of reasons: Shortage of labor,  
4    shortage of chassis, an operating system that  
5    failed our largest terminal operator. But all of  
6    that led to the kind of congestion that we've all  
7    talked about and heard about since then. Last  
8    winter, with record snow and low temperatures, we  
9    again faced the kind of congestion problems that  
10   we're going to all talk about today.

11           If there was anything good that came out  
12   of this painful experience, it was the fact that  
13   we all recognize that there were some of these  
14   things that caused these problems, but there were  
15   underlying issues, systems issues that we really  
16   needed to address. And we also came to realize  
17   that no one entity, in our port at least, could  
18   fix those problems. As a landlord port I don't  
19   have the advantage that John has of sort of having  
20   my hand on the tiller, and so we quickly realized  
21   that the less the port community as a whole came  
22   together, we were not going to be successful in

1 fixing some of the issues that we knew were there.

2 We created a port performance task force  
3 in December of 2013. Its mission was to provide a  
4 framework for constituents of the Port of New York  
5 and New Jersey to discuss the areas of common  
6 interest, identify challenges to the port  
7 efficiency and service reliability, and recommend  
8 potential solutions and key performance  
9 indicators. The idea that if you can't measure  
10 it, you can't manage it, I think is a sound  
11 principle that we adhere to.

12 We designed a six-month effort to look  
13 at the issues and to come up with recommendations  
14 and, at the same time, address some of the  
15 immediate concerns we had, particularly last  
16 winter with the weather. We really felt that it  
17 was necessary to bring everybody in, and the task  
18 force itself was put together with the idea that  
19 every stakeholder in the port would be  
20 represented, and that included the New York  
21 Shipping Association, the trucking community, our  
22 terminal operators, the ILA -- an important

1 ingredient in all of this -- shippers. And for  
2 the first time, I think, the comment we heard was  
3 that this was, at least for many of us, the first  
4 time that all of us had gotten together in one  
5 room. And as I look around this room, many of the  
6 people that formed that task force are here today  
7 and are going to have an opportunity to speak.

8 We created another five working groups.  
9 We brought in almost 100 people. We did it in a  
10 very collaborative way. The working groups  
11 included intermodal equipment, terminal  
12 operations, dredge operations, express rail, our  
13 rail facilities, and government and community  
14 outreach. The theme of the task force was a  
15 collaborative effort for collective change. And  
16 the notion of transparency and collaboration was a  
17 key hallmark to that.

18 The task force worked diligently and in  
19 June of this past year, we created a set of  
20 recommendations, 23 recommendations, that we  
21 actually tiered. We looked at the feasibility of  
22 the recommendation and its effectiveness on the

1 port in terms of improving efficiency. And as a  
2 result of that have now created four  
3 implementation teams. We're sort of reminded of  
4 the fact that these recommendations, although I  
5 think we did a great job with them, are really the  
6 first step. And the implementation of these  
7 recommendations is really the critical issue for  
8 us.

9 The task force as itself did not take on  
10 the responsibility for implementation. We  
11 recognize that that has to be done by the people  
12 that own those processes. And so from our  
13 perspective we're going forward right now and I'm  
14 going to let John Nardi talk a little bit about  
15 where we are and the progress that we've made.

16 The last thing I guess I would say is  
17 that we've talked a lot about infrastructure this  
18 morning, but I think from our perspective our real  
19 focus is on the next one and a half years. In the  
20 Port of New York and New Jersey, we are  
21 successfully raising the Bayonne Bridge. It will  
22 create an air draft of 215 feet. It will no

1 longer be an impediment to large container ships.  
2 It's a \$1.3 billion project that I'm proud to say  
3 our board has supported that and the project is  
4 moving forward. By the summer of 2016, that  
5 bridge will be raised. And I believe that once  
6 that bridge is raised, we will see a dramatic  
7 shift to larger vessels. If we're not ready in  
8 the Port of New York and New Jersey to handle that  
9 shift, we're going to have more problems than I  
10 think we have seen in the past. So for us, the  
11 deadline is real. And I think from our  
12 perspective we think we're on the right track.

13 John, I'll let you talk a little bit  
14 about where we are.

15 MR. NARDI: Thanks, Rick. I'm a Mets  
16 fan, so I'll be going to bed early as usual during  
17 playoff season.

18 (Laughter) But thank you to the FMC  
19 for this forum. We

20 Really appreciate the chance to explain  
21 what we've been doing in the port. My  
22 organization is the New York Shipping Association

1 and I represent the terminal operators and the  
2 ocean carriers that call the Port of New York in  
3 the contract negotiations and implementing that  
4 contract with the ILA. However, because we don't  
5 have an operating port, we also get involved in  
6 operating issues that span across all our members  
7 and our common interests.

8 Rick talked about the Port Performance  
9 Task Force. You know, 14 months ago, when New  
10 York was melting down, I was at a baseball  
11 tournament in Georgia and Rick called me. And we  
12 said how in the world are we going to handle  
13 bigger ships when that Bayonne Bridge gets raised  
14 if we can't even handle what we have today. And  
15 that really started discussions that we need to  
16 create a port-wide group to discuss how we're  
17 going to move this thing forward because, like  
18 Rick said, no one entity can do it on their own.

19 And really, the task force is about  
20 adding predictability and accountability to the  
21 whole supply chain in New York. I think the days  
22 of free flow are pretty much behind us because you

1 just don't have the infrastructure to do that  
2 anymore. So we put this group together and we  
3 asked everybody to look sort of inward and not  
4 say, well, you need to fix my problem by doing  
5 that. We asked everybody to look at what they can  
6 do to help solve their part of the supply chain.

7 So we came up with 23 recommendations.  
8 As tier one recommendations that have the biggest  
9 impact and, you know, the two big ones are chassis  
10 pool and a truck -- not appointment system, but a  
11 truck management system. So we have 23. We have  
12 them all tiered. We created a Council of Port  
13 Performance now on implementing because ideas are  
14 great, but how are you going to implement them?  
15 Okay. So we have four separate groups and in the  
16 back of the room later you'll find, if you're  
17 interested, you know, an overview on what the  
18 Council of Port Performance is. I believe Paul is  
19 going to put some on a table in the back.

20 But we're dealing with four major  
21 issues. Equipment, which is really chassis, how  
22 are we going to overcome our chassis challenges?

1 How are we going to improve the rail system? How  
2 are we going to improve gate information? And how  
3 are we going to improve customer care?

4 And I could say that there's probably  
5 about 15 people in this room who are involved in  
6 the task force and the Council on Port  
7 Performance, so there's a lot of dedication to  
8 this. There's a lot of interest in making this  
9 happen.

10 And, like I said, it's about attempting  
11 to implement what we've agreed to. Okay? And I  
12 think everybody's committed to it. We're going to  
13 advance the common interests, really promote more  
14 information sharing because we're really finding  
15 out that that's all most people are looking for is  
16 just more information so that they can manage  
17 their business better, and identify emerging  
18 issues, both something as simple as, well,  
19 winter's coming, folks. How are we going to  
20 handle this winter? So it's coming every year and  
21 I think we need to work better together to try and  
22 prepare better.

1           There are common people on each group  
2           because there is a lot of overlap of these  
3           committees, so we want to make sure everybody's  
4           heading in the same direction on common issues.  
5           But I thought a good example would be for me to  
6           explain what's going on with the chassis in New  
7           York. You know, chassis in New York have evolved  
8           like they have in every port. We have a unique  
9           situation in every port because they've evolved  
10          for whatever reason they've evolved. We have  
11          three pools in New York. We have a smattering of  
12          ocean carriers still in the chassis and we have  
13          truckers have their own business. So it's a real  
14          mish-mosh and there's no real sharing of chassis.

15                 And I think we all recognize that model  
16          is not sustainable, so we put together this group  
17          and we took together the findings of the Port  
18          Performance Task Force and we got the senior  
19          people at all these companies meeting on a regular  
20          basis. So far we've had three meetings in the  
21          last six weeks. We have three leasing companies  
22          in this group, five terminals, an ocean carrier, a

1 shipper, a trucking association, two Port  
2 Authority people. We have senior representatives  
3 from the ILA and we have the two labor  
4 associations. And we've been hammering this out  
5 for the last six weeks. We have separate meetings  
6 on what do we need to do with labor? How do we  
7 need to set the labor force up? What labor levels  
8 do we need to ensure that the chassis get the  
9 priority? And we're meeting again October 9th,  
10 and I think we're getting very close to making a  
11 decision on how we're going to go forward, so  
12 we're real close there.

13 Just one other point that I wanted to  
14 raise. Labor supply was not part of the Port  
15 Performance Task Force because clearly it's the  
16 New York Shipping Association's responsibility to  
17 get the labor in. You've probably read about the  
18 well-publicized dispute that we had with the  
19 Waterfront Commission in New York, but regardless  
20 of our issues, we're bringing people in. We have  
21 legal issues that are being sorted out, but while  
22 those are being tested in the courts, we're still

1 bringing people in.

2 From February of this year till now, we  
3 brought in 550 new people. Okay? We have 300  
4 people retiring, 200 of them have already retired,  
5 then 100 are going to be retiring in the next  
6 month. So we're still plus 250 people on the  
7 hiring side. So when you hear about labor  
8 shortages in New York, we're working real hard to  
9 get the labor force back up to where it needs to  
10 be.

11 We're also working very hard with the  
12 ILA. We had a pretty decent summer last year,  
13 probably the best summer we've had in a long time,  
14 and it wasn't by accident. You know, we worked  
15 hard with labor and we sat down, we limited  
16 vacations, we extended retirees into the summer.  
17 We changed our absentee policy. We changed how we  
18 assign jobs, that if you're a skilled worker you  
19 couldn't take a less-skilled job before you took  
20 that skilled job. We put the new people in the  
21 less-skilled jobs because they're in the process  
22 of training. So it was a real collective effort

1       between the ILA and the NYSA why we didn't have a  
2       problem this summer.

3               And, you know, we're just going to keep  
4       plugging away. We have the 23 recommendations and  
5       everybody's committed to fixing it, so thank you.

6                               (Applause)

7               COMMISSIONER DOYLE: Thank you, Rick and  
8       John. The FMC appreciates you when you came down  
9       to Washington, D.C., to meet with you, and I know  
10      that in those 23 recommendations there's probably  
11      room in there for about 9 of the 23 where the FMC  
12      could be of service.

13              And just so that everybody in the room  
14      knows, the FMC does have a consumer affairs and  
15      dispute resolution, and Jennifer Gartlan is one of  
16      the deputy directors there. She is here today.  
17      Jennifer, are you in attendance? She's in the  
18      back. So if anybody, as you're walking around and  
19      you're talking and you have some issues related to  
20      shipping and the ports, carriers, by all means  
21      reach out to her and she'll get it to the  
22      appropriate place and maybe we can find some

1 solutions.

2 With that, John Atkins from Global  
3 Container Terminals out of New Jersey. Thank you.

4 MR. ATKINS: Anybody notice how my  
5 fellow stakeholders in New York even treat marine  
6 terminal operators like the red-headed stepchild.  
7 They get up here, the two of them, and leave us  
8 out in the cold. (Laughter) Just kidding, guys.  
9 They've been great collaborators actually, with  
10 the port task force as we move forward.

11 Anyone doesn't know me, I'm president of  
12 GCTUSA. We operate global container terminals in  
13 Bayonne, New Jersey, and Newark container terminal  
14 on Staten Island. I'd like to thank the FMC for  
15 putting this group together to help work through  
16 our port congestion issues and the Port of  
17 Baltimore, obviously, for hosting us.

18 And to your point, Helen, you're right,  
19 it's a short drive down I-95 to see post-season  
20 play. New York can't even brag about their  
21 football teams this year, but that's another  
22 story.

1           Somewhere you're going to hear common  
2 themes as you hear from some of the port  
3 authorities and marine terminal operators. I  
4 mean, there is not one particular stakeholder in  
5 the supply chain that has caused this congestion  
6 issue. We all share elements of the congestion.  
7 Therefore, we all need to share the solution.

8           Some of the key factors impacting the  
9 congestion include -- and I'm more of a bullet  
10 point guy than my eloquent friend, Mr. Reinhart --  
11 but some of the key factors that have aided this  
12 is obviously carriers have introduced larger  
13 capacity ships and lower slot cost. It's rare  
14 that I disagree with Admiral Larrabee, but in New  
15 York we have seen larger ships. The shippers  
16 couldn't wait to reduce their cost and they've  
17 decided to use the Suez Canal versus the Panama  
18 Canal. So if they can get under the bridge or  
19 they can get to any facility outside the bridge,  
20 we're already seeing them in New York.

21           The impacts of the larger vessel calls  
22 obviously stress the entire infrastructure of the

1 marine terminals. We've seen unprecedented vessel  
2 bunching with the size of the vessels. Shippers  
3 and BCOs looking for extended free time through  
4 service contracts leave boxes on the terminal  
5 longer, which reduces the velocity of moving boxes  
6 through the facility. Labor shortages, when they  
7 do happen, particularly in the summertime if they  
8 happen, that affects our vessel productivity, gate  
9 turn time, and chassis availability because you  
10 just don't have the people available to keep them  
11 turning; terminal gate capacity in hours and other  
12 element reduction and drayage power and the hours  
13 of service rules, which I'm sure our friends in  
14 the trucking community will speak to later; and  
15 then chassis supply and balance, as we'll hear  
16 from our IEPs. They're never in the right place  
17 at the right time with the chassis pools that we  
18 have now, so we'll work through that.

19           While most of these issues center around  
20 the larger economies of scale, though, one  
21 additional and important factor is the service  
22 level, that you're getting what you're paying for.

1 And that may be a bit controversial, but it speaks  
2 to what we heard earlier. Have rates kept pace  
3 with what the expenses are? In some elements of  
4 the supply chain, today's rates are cheaper than  
5 they were in the pre-recession rate level of 2008  
6 and 2009. Across the board, when the economy  
7 tanked in '08 and '09, there was downward pressure  
8 on everyone's rates. BCOs and shippers applied  
9 pressure to the carriers who were introducing  
10 larger capacity vessels at the time. They had to  
11 fill the vessels, so the rates got depressed.

12 The carriers put pressure on the marine  
13 terminal operators who were also seeking  
14 additional volume. Everyone put pressure on the  
15 truckers. Whether it is stored delivery or  
16 merchant haulage, everyone beat on the truckers to  
17 help get the rates down. And everyone's rates  
18 declined.

19 And, of course, since '08 and '09, we're  
20 all aware of the rate increases we've seen in  
21 labor, fuel, and just general expenses. So, to  
22 put it simply, with expenses quickly outpacing the

1 depressed rates, the margins aren't large enough  
2 for people to be nice guys and do the right thing  
3 anymore.

4           So what does it mean? It means  
5 collectively we need to make the entire logistics  
6 system more efficient and more productive. You've  
7 heard some of the elements that people are working  
8 through in various ports and terminals here today  
9 that will help get us to that. That leads us to  
10 the implementation phase of the Port of New York's  
11 Council for Port Performance. The recommendations  
12 in the port task force are based on input from the  
13 entire port community and the entire community  
14 will be working together to implement them.

15           Implementation must be done in a logical  
16 order. Some of the elements are going to be  
17 quicker and easier to put into place, whether it's  
18 a guidebook for the terminals or the PCS system,  
19 they'll be tackled immediately. With some of the  
20 longer, more twiney issues, we're going to take a  
21 little while longer to get through. Some of the  
22 more complex recommendations, what we call Tier 1

1 in New York, will require additional research to  
2 further refine the potential solutions and select  
3 a specific model to implement, such as chassis  
4 management.

5 We heard John speak to the fact that  
6 they've been meeting and, hopefully, in the next  
7 few months we'll be able to get a chassis  
8 management program out there. The use of an  
9 integrated port community system to optimize the  
10 logistics planning and information sharing,  
11 implement the truck management system that we're  
12 starting to work on, aligning terminal gate hours  
13 and coordinate extended gate hours to the fullest  
14 extent possible, bearing in mind that we have four  
15 major terminal operators in what is a landlord  
16 port in the Port of New York.

17 For the port's performance to improve it  
18 will take willingness on the part of everyone  
19 involved to make changes in the way they do  
20 business and show willingness to make some  
21 compromises, as evidenced by the work we've done  
22 in the past 10 months through unprecedented

1 collaboration. Just getting everybody to sit at  
2 the table and not kill each other has been a feat  
3 all to itself. We're well on our way to improving  
4 efficiency and service reliability in the Port of  
5 New York and New Jersey. Thanks. (Applause)

6 COMMISSIONER DOYLE: Thank you, John.  
7 Next up we have Captain Drew Tucci from the United  
8 States Coast Guard and he's going to offer his  
9 piece on what's going on out in the ports. Thank  
10 you, sir.

11 CAPTAIN TUCCI: Thank you and Ms.  
12 Bentley and the commissioners. Really appreciate  
13 the honor of being here and talking to you folks  
14 for a little bit about port congestion and the  
15 Coast Guard's role in that.

16 So, of course, the Coast Guard has been  
17 part of the port community for a long, long time  
18 and we take our responsibility to make ports safe  
19 and secure places to do business very seriously.  
20 And it's an honor to work with the port community.  
21 I've done it most of my career.

22 The Coast Guard really started looking

1 serious at port congestion issues probably after  
2 Hurricane Katrina, which had, of course, a big  
3 impact on the Port of New Orleans and the lower  
4 Mississippi River. And at the time, there was  
5 lots of pressure too. Hey, what can we do to get  
6 this port back open? What can we do to get  
7 commerce going again? It was certainly an issue  
8 that we had dealt with in the past many times,  
9 but, of course, that was a very, very large event  
10 so we started to really professionalize our  
11 approach towards how we looked at that.

12 So we set up during that event what we  
13 called, at the time, a Marine Transportation  
14 System Recovery Unit. Again, we were really  
15 focusing on, gosh, how can we get the ATON5  
16 Navigation going again? How can we get these  
17 terminals operating again? What does the Coast  
18 Guard need to do to essentially facilitate  
19 commerce and get this all sequenced and lined up  
20 so everybody can get back to business?

21 Shortly after that, Congress passed the  
22 Safe Port Act. It had a lot of security measures

1 in it, one of which dealt very squarely with the  
2 congestion issue and that required the Coast Guard  
3 to develop emergency salvage plans for port areas.  
4 Again, Congress and the maritime community and the  
5 Coast Guard all jointly recognizing that ports are  
6 so integral to the United States' economy, to the  
7 world supply chain, that we really can't afford to  
8 have major disruptions to that. And so, at the  
9 time Congress, mostly looking from a terrorist  
10 perspective, gosh, if there was this ship sank in  
11 the channel or something like that, how could we  
12 get things back together that would obviously  
13 create a congestion chute?

14 The Coast Guard took that and we looked  
15 at it really beyond simply the terrorist attack on  
16 sinking a ship, but from a broader port congestion  
17 perspective. And since that time, through all  
18 ports in the United States, probably most of you  
19 are familiar, we have these area Maritime Security  
20 Committees that are run by the Coast Guard captain  
21 of the port. So those committees have developed  
22 those salvage response plans and integrated them

1     into that overall area Maritime Security Plan  
2     across the country and that's been very  
3     successful.  And I run that program at the  
4     national level -- I'm from Washington, D.C., by  
5     the way -- but, of course, you've got local folks  
6     right there in the port that are collaborating on  
7     how to put that together.

8             So moving ahead a little bit towards  
9     Hurricane Sandy and the impact that had on not  
10    only the Port of New York and New Jersey, but  
11    other port communities, and, again, we look very  
12    carefully about what went right, what went wrong  
13    there?  How can we recover more quickly?  How can  
14    we get all of these folks together working to get  
15    things back moving again?  So not so much the  
16    day-to-day congestion issues, although we  
17    definitely recognize that, but the Coast Guard has  
18    a strong role in that emergency recovery phase,  
19    and I think that plays very well into a lot of the  
20    challenges you folks are trying to do.

21            So I went up to the Port of New Jersey  
22    and worked with the captain in port, Beth Ann

1     Rooney, and others from the area. I talked to  
2     them about, hey, what went right, what went wrong?  
3     We wrote some reports on that, like many other  
4     folks did, and we've been sharing our lessons  
5     learned on that aggressively with other captains  
6     in port throughout the Coast Guard to keep them  
7     involved.

8             An interesting thing came out of that,  
9     from my perspective, of course, there was lots of  
10    national attention not just on the Coast Guard and  
11    the port community, but the water energy issues,  
12    transportation issues. The Department of Energy  
13    got a lot of attention on that, as well. And they  
14    actually got tagged to look at, hey, how can we  
15    get energy flowing better again? Well, they came  
16    to us. They said, hey, Coast Guard, we were  
17    sitting there side by side with you over here in  
18    Washington, D.C., at the FEMA, and Ann there in  
19    the port areas, trying to get energy flowing back  
20    and forth and you guys seem to have picked up a  
21    few things.

22             And we said, great, we're glad to be

1 part of that, and we've been working with the  
2 Department of Energy since then. And the message  
3 we've been bringing to them, and it's a message  
4 I'm sure all of you folks will understand, that  
5 it's not just an energy issue, it's not a maritime  
6 issue. It's an energy and transportation issue.  
7 And so it's great to have the labor, the union,  
8 the truckers, the carriers, the port authorities,  
9 the railroads, all of these folks together. They  
10 all need to work together if you're going to have  
11 a safe, secure, and efficient, effective, and  
12 profitable transportation system in the country.

13 And so, again, my hat's off to all of  
14 you folks for doing that. That's a concept that  
15 the Coast Guard definitely understands. We're  
16 doing our best to bring other folks into that  
17 discussion. Glad to see you folks here. I'd  
18 really encourage all of you folks to work with  
19 your local area Maritime Security Committees.  
20 Work with your local captain of the port. Those  
21 folks do exercises on a regular basis that look at  
22 congestion issues, not so much per se, but usually

1 as part of, gosh, what if there was a storm, what  
2 if there was a terrorist attack, what if there was  
3 an oil spill, whatever. But a big part of that  
4 is, how do we get the port running again?

5 So we've got those Marine Transportation  
6 System Recovery Units set up at all ports and  
7 really encourage you folks to get with your  
8 captain at port, get with your air or Maritime  
9 Security Committee because we can absolutely be  
10 part of making this better for all of us. So  
11 thank you.

12 (Applause)

13 COMMISSIONER DOYLE: One thing I wanted  
14 to point out is that it's not just the folks that  
15 are sitting around the horseshoe here today. I  
16 know that we do have -- we just went through the  
17 marine terminal operators and the port  
18 authorities, but we do have folks from the Georgia  
19 Port Authority here today. And also, we have them  
20 from Texas Department of Transportation Maritime  
21 Sector. They have come up.

22 Right now we're going to get into the

1 carriers. And who we have representing the  
2 carriers today are the China Ocean Shipping  
3 Company, "K" Line, Mediterranean Shipping Company,  
4 and Maersk Line. On top of that, in the crowd  
5 today we have ZIM, OOCL, Yang Ming, Evergreen, CMA  
6 CGM, Independent Container Line, and NYK Line. So  
7 we're pretty well represented here in the crowd.

8 First, let's start out with Howard  
9 Finkel from China Ocean Shipping Company.

10 MR. FINKEL: Thank you very much. For  
11 those who don't know me, I'm Howard Finkel. I'm  
12 the executive vice president of COSCO Container  
13 Lines Americas, and I'm also vice president of  
14 COSCO Americas, Inc., which is the non-  
15 containerized portion of COSCO.

16 Ladies and gentlemen, on behalf of COSCO  
17 Container Lines Americas, Inc., I would like to  
18 discuss some issues facing the carriers regarding  
19 port congestion. The subject was brought to a  
20 head last winter, which some are calling the  
21 winter of discontent. Unfortunately, we have no  
22 control over the weather and when we have a winter

1     like we did last year, it becomes a perfect storm  
2     of disaster that starts at the ports and,  
3     unfortunately, carries on to the store door  
4     destinations. From COSCO's perspective, probably  
5     the worst port congestion problems were in the  
6     mid-North Atlantic here because it's an intermodal  
7     gateway. When you have problems starting at the  
8     port and then you have to deliver cargo into the  
9     interior of the United States, it becomes very,  
10    very problematic.

11           In New York, we personally had some  
12    problems with our major port. That was because of  
13    a new computer system. As most of you know here,  
14    if you put in a new computer system, COSCO's gone  
15    through it, most carriers have gone through it,  
16    there are glitches. I think, though, that the  
17    terminal we use in New York has done a great job  
18    and they're actually up to snuff right now, so  
19    we're very happy about that.

20           Absolutely everything gets backed up  
21    with congestion at the port, the trucking  
22    situation and the rail, making it almost

1 impossible to meet needed deadlines and delivery.  
2 I know it will be discussed in more detail later on  
3 today, but we have to acknowledge the fact that  
4 most of the carriers involved in container freight  
5 today have divested themselves of chassis. The  
6 U.S. was the only country involved in container  
7 transportation where the carriers were still  
8 responsible for supplying chassis. And to be  
9 perfectly honest, that was turning into a  
10 financial, as well as a logistical, nightmare, for  
11 the carriers.

12 I don't want to sit here and complain  
13 about the carriers' financial plight. However, it  
14 is well known that most carriers have had  
15 disastrous financial results the last few years.  
16 Add to this the fact that we are a capital-  
17 intensive industry with an incredibly small profit  
18 margin in the best of years and you're left with  
19 one solution: Contain costs.

20 It would be easy to say just raise the  
21 rates, but at that endeavor we have failed  
22 miserably. I know a lot of you are thinking how

1 can an industry that is granted antitrust immunity  
2 fail at raising rates? Well, the proof is in the  
3 results.

4 I could tell you I've been in the  
5 industry for 33 years. I started with Sea-Land  
6 and the training program. The first thing I did  
7 when they put me actually back in New York was  
8 they sent me on a conference meeting, the 8900  
9 Group. The 8900 Group guys found out that I was a  
10 sales type. They didn't let me sit in the  
11 meeting. They had me sit in the side room and  
12 read a tariff, which is probably the greatest  
13 thing that ever happened to me. At the end of the  
14 day they came out and said what did you do? I  
15 said I read most of the tariff. And they said we  
16 never really read the tariff.

17 But in those days, basically you had a  
18 conference system that was extremely strong and to  
19 take independent action was like almost  
20 impossible. In fact, I remember the first sales  
21 call I made. I went and spoke to actually a  
22 freight forwarder downtown New York, and he was

1 complaining about the rates that my company at the  
2 time, Sea-Land, was offering. And I said, well,  
3 did you ever think of asking them to take  
4 independent action. The guy literally got on a  
5 chair and started screaming at me to get the hell  
6 out of his office because no one takes independent  
7 action. (Laughter) Since OSRA, of course, that's  
8 completely changed.

9           The talking agreements a lot of us are  
10 members of have guidelines that are strictly  
11 voluntary. Gone are the days when conferences  
12 ruled with an iron fist and a carrier who wanted  
13 to act independently was shamed if they wanted  
14 take an IA. The members of these talking  
15 agreements compete aggressively for the same  
16 customers. At the end of the day, we try to avoid  
17 it, but you're ruled by the forces of supply and  
18 demand. Even when the demand side has been in the  
19 carriers' favor, the increases we have been able  
20 to pass on barely meet the very real rising costs  
21 of things like labor and fuel. I can tell you  
22 rates go down a lot quicker than they go up; just

1 the way it's been. We've had some years where the  
2 supply and demand were much more in our favor and  
3 we got minimal increases. Partially our fault,  
4 but it's an industry-wide problem because we all  
5 have to deal with the results.

6 The first carrier to divest themselves  
7 of chassis took this action in 2009. Most  
8 carriers followed suit a year or two later. My  
9 company, COSCO, started divesting ourselves of  
10 chassis in 2010, and that project is now complete.  
11 It probably would be better for the entire  
12 industry if every carrier took the exact same  
13 action, but the talking agreement, the deals with  
14 equipment, OCEMA, is also a voluntary agreement.  
15 OCEMA can set guidelines and foster communication  
16 on these matters. But at the end of the day, it  
17 is up to the individual lines what action they  
18 will take.

19 I've been involved in these OCEMA  
20 discussions even though I was more for a long time  
21 on the commercial end. But since I get involved  
22 with contracts, I'm involved in the OCEMA Free

1 Time Committee, and very, very difficult. I know  
2 a lot of shippers, there's some shippers here.  
3 There's one I'm looking at right now who thinks  
4 that the carrier should actually be on the same  
5 page with chassis. We probably should be, but, at  
6 the end of the day, carriers make their own  
7 decisions.

8           Unfortunately, in some cases, some  
9 carriers are doing different things and chassis  
10 become a commercial issue. It should never become  
11 a commercial issue. What happens, I can tell you  
12 what happens, is if a carrier still offering  
13 chassis and then a shipper negotiates a contract,  
14 they could say, well, your competition is still  
15 offering chassis, so you have to reduce your rate.  
16 And it becomes a very, very negative spiraling  
17 down, which doesn't help anybody.

18           I think we are at a bit of an advantage  
19 here on the East Coast regarding congestion  
20 matters because the big ships haven't really made  
21 that much of an impact here yet with the delay of  
22 the widening of the Panama Canal, even though, of

1 course, a lot of shippers are using the Suez  
2 Canal. COSCO is really not big on Suez Canal.  
3 We're more of a Panama Canal carrier.

4 We here on the East Coast are being  
5 given some time so we get to work out the kinks  
6 before the Post-Panamax vessels start appearing.  
7 I can draw some kind of comparison to what's  
8 happened with the carrier with 9-11. Actually  
9 9-11 was a great wakeup call for the carriers  
10 because the airline industry, what they went  
11 through, the carriers had to form C-TPAT with U.S.  
12 Customs and look at ways of how we can strengthen  
13 our security. Right now, with the big ships not  
14 really hitting the U.S. in a big way yet, I think  
15 carriers are given a reprieve.

16 We all know that vessel-sharing  
17 agreements and consortiums are here to stay. It  
18 is nearly impossible for a carrier to operate  
19 entirely on its own today. And with the extremely  
20 low freight rates globally, the carriers must try  
21 to keep their slot costs as low as possible.

22 East Coast ports need to be able to

1 handle larger vessels. It is fairly certain that  
2 carriers will have to change their operating  
3 patterns when the big ships start calling the East  
4 Coast. The big vessels will call the ports that  
5 can handle them and the ports not deep enough will  
6 probably become feeder ports.

7 Carriers need to endorse common chassis  
8 pooling agreements and encourage these pools to  
9 meet the needs of the freight at terminals and  
10 rail depots. Again, as stated before, COSCO and  
11 many other carriers have divested themselves of  
12 chassis, we as an industry have to ensure that  
13 these needs are met. It is not just the carriers'  
14 responsibility any longer for chassis.

15 Congestion, of course, is worse during  
16 the peak season. As someone who has worked on the  
17 carrier side for over 33 years and was intimately  
18 involved in reviewing and writing contracts, I can  
19 tell you that trying to forecast enough space and  
20 equipment during peak season is a very imperfect  
21 science. We work tirelessly with our customers to  
22 get accurate forecasts, especially during peak

1 season. Some shippers do a fairly good job of  
2 forecasting their peak season requirements while  
3 some are extremely inaccurate. We even go a step  
4 beyond contacting our shippers to get forecasts.  
5 We have a group that contacts the shippers'  
6 suppliers on the other side and ask them to try  
7 and give us some kind of forecast of what weekly  
8 volumes will be. I think carriers have gotten  
9 better at dealing with these forecasts, but our  
10 customers have to be as vigilant as we are to try  
11 to solve these congestion issues as an industry.

12 Another thing that was mentioned before  
13 that is very, very important is in contracts today  
14 free time is a huge issue. I can tell you here  
15 there's nothing free about free time. Free time  
16 costs us money and, in the end, if it causes  
17 congestion, it costs the industry money.

18 Thank you for your time today. And for  
19 the FMC, Commissioner Doyle, Chairman Lidinsky,  
20 Former Chairman Bentley, this session was very,  
21 very timely. Hopefully, as an industry, we can  
22 reach some conclusions together on how to solve

1 these problems we all face regarding congestion  
2 issues. Thank you. (Applause)

3 COMMISSIONER DOYLE: Let's not forget I  
4 also wanted to say that, you know, the importance  
5 of the people in the crowd, if you want, get up,  
6 get a cup of coffee, grab some water. I'd also  
7 like to mention that my good friend Sean Mahoney  
8 is here from the Philadelphia Regional Port  
9 Authority.

10 Next up on the carrier list we have  
11 David Daly from "K" Line. David.

12 MR. DALY: Thank you. Good morning.  
13 I'm Dave Daly, vice president of liner operations  
14 and product management for "K" Line America. I am  
15 responsible for "K" Line's national liner  
16 operations in the U.S. and Canada, including our  
17 container and chassis inventories, our rail  
18 service from design to delivery, our vessel  
19 operations and vendor terminal services, and our  
20 domestic program.

21 I'm an operations person who sits on  
22 various industry boards and committees. My

1 comments here are not limited to "K" Line's  
2 situation, but our general assessment of the  
3 industry as a whole within the scope of this  
4 forum.

5 With volumes up, service levels are  
6 generally worse than previous years. The Mideast  
7 and -- excuse me, the Northeast and Mid-Atlantic  
8 are not exceptions, but seem to be better off than  
9 many ports in the world and, notably, recently  
10 Southern California for sure.

11 It seems clear that vessel sizes and  
12 cargo volumes are beginning to outpace capacity at  
13 many locations throughout the world. After cargo  
14 volumes plummeted in 2009, businesses have been  
15 more conservative about investing in capacity.  
16 The investments are still being made, but the  
17 return on investment needs to be assured and  
18 there's an expectation that resources will be  
19 fully utilized and not sitting idle. There's also  
20 an uncertainty on how much volume we should expect  
21 and where to expect it to come.

22 Companies are operating more leanly than

1 before the volumes dropped five years ago. While  
2 demand seems to be catching up with the supply, I  
3 believe it is still the case that the terminals,  
4 the truckers, the chassis providers, and everyone  
5 else is still working to get full utilization out  
6 of our current assets. I expect it is undisputed  
7 that the lines have been introducing more than  
8 enough vessel capacity to handle the growing  
9 volumes.

10           Seasonal cargo swings, holiday weeks,  
11 larger vessels, vessel bunching, drivers hitting  
12 the gate at the same time of the day, and so on,  
13 all create surges in demand which lead to poor  
14 service while resources sit idle at other times.  
15 This is the source of much of the pain we  
16 experience today.

17           That said, uncertain future volumes,  
18 surge demand, and even having enough resources in  
19 general are only part of the challenge we faced in  
20 this past year. The most severe problems we faced  
21 have been related to major events slowing down  
22 normal flows. We've experienced system issues,

1 restrictions on hiring enough labor, major weather  
2 issues which have lasted for weeks and months and  
3 I feel have been the most damaging to our service  
4 levels.

5 For example, the weather in the  
6 Northeast this past year kept containers out on  
7 the street longer. Yard operations slowed. The  
8 whole port complex was closed on different days.  
9 Chassis, truck tractors, and yard equipment were  
10 breaking down and could not be quickly repaired  
11 due to the cold. All of these factors reduced  
12 productivity substantially and had the effect of  
13 reducing capacity.

14 I've heard various plans from terminal  
15 operators and chassis providers on dealing with  
16 another cold winter. I'm sure that the impact  
17 related to this item is going to be reduced going  
18 forward, but I'm unsure of the next major event  
19 that will tie up capacity in another unexpected  
20 way. There are many parties involved in each  
21 operation which can impact the performance of the  
22 other parties. This past winter, chassis were

1 short. Not having enough chassis inventory may be  
2 part of the problem, I'm not sure. But terminal  
3 closures, equipment dwelling longer at the  
4 shippers' DCs, driver shortages, and yard  
5 operations hindered by snow and ice, all were  
6 significant factors which reduced the number of  
7 available chassis.

8           These are issues we faced. One of the  
9 bigger issues looming right now is driver  
10 shortages. My company and I believe the industry  
11 is very concerned about this issue. Increased  
12 regulation combined with slow turn times at  
13 terminals and drivers retiring have contributed to  
14 a shrinking driver base. I understand that  
15 attrition is outpacing new entries. We are  
16 experiencing the shortages in several parts of the  
17 country. I'm not certain about the outlook for  
18 the Northeast and the Mid-Atlantic, but believe we  
19 need to quickly work to reverse the trend and to  
20 avoid bigger problems than we face today.

21           In the past, reasonable returns on  
22 investment and an optimistic outlook brought

1 excess capacity to the market. The excesses have  
2 helped to maintain a lot of the variability and  
3 uncertainty we experience. I don't think we have  
4 that anymore. Stakeholder cooperative efforts,  
5 like this forum, like what the Port of Authority  
6 of New York and New Jersey has in place with the  
7 task force, and VIT's outreach in Norfolk are  
8 important. Changes are needed which consider all  
9 stakeholders and effectively resolve the problems  
10 we have.

11 I look forward to today's discussion on  
12 this. Thank you. (Applause)

13 COMMISSIONER DOYLE: Thank you, David.  
14 All right. Next, we have Claudio Bozzo from  
15 Mediterranean Shipment Line (MSC). I didn't see  
16 you sneak in.

17 MR. BOZZO: Buongiorno to everybody.  
18 When I get to the podium I have to do two things.

19 The first one is to lower the  
20 microphone, because everybody who talks before me  
21 is taller, and second, is to apologize for my  
22 English. It seems today I have to do it even

1 more. Everybody that spoke before me is  
2 apparently American pure and speaks beautiful  
3 English. So I apologize.

4 Second, I want to thank the  
5 commissioners. Alan, thank you for putting this  
6 together. It's great. We can maximize our time  
7 by listening to all the points of views in the  
8 same day and that's why I decided also to be here.

9 My name is Claudio Bozzo, and I am the  
10 president -- I have been the president for the  
11 last 10 years of MSC here in the United States.

12 Don't expect from me anything flamboyant  
13 or anything new because as we keep moving along I  
14 think it's going to be tougher and tougher for  
15 people to say something new.

16 What I would like to do is to give you  
17 just the impression of a carrier that has probably  
18 a unique view over the United States because we  
19 call at 18 different ports, and so we are probably  
20 the carrier that calls at more ports in the United  
21 States. Five in the Northeast, four in the South  
22 Atlantic, five in the Gulf, and four on the West

1 Coast. We have 3,000 vessel calls a year -- port  
2 calls a year, and we move 2.7 million full and  
3 empties inside the United States. So I think we  
4 can give a little bit of a view of what's  
5 happening nationwide.

6 First of all, I have to say honestly  
7 that if we're talking about the port congestion, I  
8 really don't see port congestion happening  
9 anywhere except maybe in two ports, maybe Norfolk  
10 and Oakland more than the others. We see  
11 congestion at terminals, yes, in many ports, or  
12 terminals working almost at capacity in many  
13 different ports. That actually is not -- I think  
14 we are all living with these consequences, even if  
15 we are all not happy about the consequences, but  
16 at least they are livable. The problem is that we  
17 are a little bit afraid of what's coming in the  
18 future.

19 First of all, everybody mentioned the  
20 weather. The weather is definitely a concern that  
21 nobody can control, and so that's probably one of  
22 the scariest things that we have to look at. The

1 second thing, for us, at least for MSC, and I'm  
2 sure also for my colleagues of other lines, is the  
3 growth in volumes. In MSC this year, we have  
4 grown on the East Coast, 15 percent, and in the  
5 Gulf and West Coast, 7 percent, so it's big  
6 numbers for us because we start from high numbers,  
7 and so we expect that to create problems to the  
8 terminals where we go, and actually, sorry to put  
9 it in a bad way, we hope to create problems in the  
10 terminals where we go because it means things are  
11 going well.

12 So we expect also that the terminals are  
13 ready to cope with our growth. And I have to say  
14 honestly that -- and the speakers that spoke  
15 before me said it very eloquently, they are  
16 getting ready. Maybe some a little bit later than  
17 others but we see a lot of good effort everywhere.  
18 But volumes from what we are concerned, are  
19 supposed to continue to grow, and so that creates  
20 for us another problem.

21 Yes, we share the concern about labor  
22 shortages. We experienced it at the beginning of

1 December last year. We hope this year it's not  
2 going to happen. Some of the words we heard  
3 before were reassuring. Still, we hope that  
4 nothing is going to happen. And the bottlenecks  
5 of the rails and the trucks we all know about, and  
6 we all share the problems of the bigger ships no  
7 doubt. Add to that some construction work that is  
8 happening in some ports. Some for good reasons.  
9 For example, for our terminal, PNCT New York, we  
10 are expanding in order to cope for the future  
11 growth that we are expecting to have and some in  
12 other places because there is necessary  
13 restructuring, for example, in Houston or New  
14 Orleans, and we are going through these phases  
15 right now.

16           The worst fear is obviously the  
17 combination of all of the above coming at the same  
18 time which would be a perfect storm and would  
19 certainly create problems in the industry. So one  
20 thing we don't have to do is we don't have to look  
21 at others to solve these problems. Each of us has  
22 a piece of the solution, and so as MSC, we looked

1     inside -- like somebody said before me, you have  
2     to look inside and see what you can do to solve  
3     the problem. So we did do certain things for the  
4     short term and we're hoping other things will be  
5     done in the long term. In the short term, we made  
6     investments in the past years. PNCT is an  
7     example, but also New Orleans is another and  
8     (inaudible) is another in which we made  
9     investments, very big investments, in order to  
10    increase let's say the space and the availability  
11    that we have at our terminals. If you come right  
12    now to our New Jersey terminal, and Admiral  
13    Larrabee knows this very well, you will see a big  
14    construction site because our terminal is  
15    basically almost doubling its capacity when we end  
16    everything. And we have looked at the  
17    diversifications of cargo inland. What do I mean?  
18    And I'm sorry again, my English is what it is so  
19    you have to bear with me.

20                 What I mean is the following. In the  
21    Northeast, for example, let me take that as an  
22    example, we are calling at Boston, New York,

1 Philadelphia, Baltimore, Norfolk. So I don't  
2 think there are many callers that are calling at  
3 all five ports at the same time. This gives us a  
4 perfect opportunity, and this was done on purpose  
5 to create alternatives. So if one of the ports is  
6 in trouble, like it happened in the last month,  
7 what we can do -- obviously, with a reasonable  
8 delay because some of the cargo was already in  
9 route -- we can reroute the cargo to one of the  
10 other ports that has rail service, and so we  
11 reroute the rail services to other ports. We did  
12 it through Philadelphia. We did it through  
13 Baltimore, and we did it through Norfolk, for  
14 example. Everybody knows that our main route is  
15 New York. Still, we were able to differentiate.  
16 I don't know how many other people have this  
17 possibility, but we did because we looked inside  
18 and we tried to find a solution. The solutions  
19 are still there and they apply also in other parts  
20 of the country because that was one of our  
21 strategic plans to cope with these type of  
22 problems in case they emerge in the future.

1           We actually chose to have new ports of  
2    call in order to prepare ourselves for these  
3    situations. So some of you may have wondered why  
4    if we're already going to New York and Baltimore,  
5    why did we decide to go to Philadelphia?  
6    Philadelphia represented for us a great  
7    opportunity. I think it's a great port. We are  
8    growing cargo over there and it represents a very  
9    vital alternative for us for cargo that goes to  
10   lower New Jersey and in case of emergencies New  
11   York to reroute some of the New York cargo without  
12   too many problems being created.

13           We definitely looked at how to manage  
14   our imbalance of equipment. This year it is even  
15   a more serious a problem because you know very  
16   well that imports are growing much more than it  
17   was, so obviously an imbalance of containers is  
18   going to be an issue right now in the United  
19   States. So what we did is if you take the  
20   statistic -- we started this program of reducing  
21   imbalance already one year ago, and if you look at  
22   the statistics of the JOC, just take the JOC. You

1 know, they show the top lines exporting and top  
2 lines importing, and you actually do the  
3 calculation of how many containers we import and  
4 we export and you do the same comparison with  
5 every line, you will see that their imbalance was  
6 probably one-third of the best second carrier  
7 you're going to find there on the list. This has  
8 a big impact on the terminal.

9 Now, there are some terminals that are  
10 still suffering from imbalance. There is no  
11 doubt. Probably if they had a different carrier  
12 going there, which was our side, we would have  
13 even bigger problems today. So that was a planned  
14 strategy that we had to reduce the imbalance in  
15 order to eliminate problems at the ports. We  
16 actually chose consciously the cargo mix that we  
17 have in port. Cargo mix has a huge effect on the  
18 amount of work time you're going to have at the  
19 terminal or the amount the people are going to  
20 keep containers or hold containers, and we have to  
21 pick wisely in order to make sure also that we  
22 don't create problems to our terminals or to the

1 entire supply chain that we have.

2 And finally, for example, we embarked on  
3 a program of free time reductions. It was said  
4 before free time is not free. It is not free, and  
5 it creates a lot of problems. I know that every  
6 time I talk with my friend Bill Bellicho, he  
7 always tells me that we give too much free time.  
8 He's right. Absolutely. We shouldn't. We should  
9 give much less. This year we have reduced --  
10 we're keeping track -- we reduced dramatically our  
11 free time so the customers that do have a  
12 concession for free time, it is a real concession  
13 that was something special. And in the future, we  
14 plan to do even more of that, to reduce even more  
15 of their free time.

16 Now, in the long term. In the long  
17 term, we cannot really look inside that much, so I  
18 told you some of the things we are doing looking  
19 inside. On the long term, we can only look also  
20 at the outside and how people can sell. The  
21 reason was not the vessels when they get in the  
22 ports and they travel is 24/7, 365 days a year,

1       they go back and forth and they work. The problem  
2       is still there are too many terminals in which the  
3       gate hours are not sufficient to cope for the  
4       growth if you are looking at growth. I know I'm  
5       touching a maybe touchy subject, but that's the  
6       purpose of this meeting, so we need to look at  
7       extending the gate hours whenever possible, and  
8       obviously looking at what is necessary to do it,  
9       to accomplish it. Second, it's important in my  
10      opinion to go to an appointment system as much as  
11      we can everywhere because the appointment system  
12      will help the terminals that right now are not  
13      making money also. The lines are not the only  
14      ones making money; the terminals, too, are  
15      suffering, and so it would be great for them to  
16      organize their labor accordingly, and it would be  
17      good also I think for the tracking companies  
18      because sometimes the long lines for sure are very  
19      painful for them and it touches their pocket, too.

20                   For what concerns other things in the  
21      long term, I'm not going to touch about  
22      infrastructure because that's something the ports

1 have touched about but it's important, but maybe  
2 we could look at solutions that have to do with  
3 incentives in order to use barge services to  
4 remove some of the cargo outside of the terminal,  
5 not using the gates. For example, that's one of  
6 the solutions new tried and we actually did  
7 everything we could to use it in Oakland to solve  
8 one of the big problems that is there, and we  
9 didn't receive that much help. We were surprised  
10 because we were trying to be a little bit creative  
11 and innovative. It was not possible. We actually  
12 would like to see the communication in the supply  
13 chain improving even more. I think that New York  
14 -- I'm sitting there, that's why I'm sorry I speak  
15 more about New York -- New York has done a great  
16 job about that, improving the dialogue between all  
17 the participants in the chain, and that's a secret  
18 for the future, too.

19           There is no doubt that part of the  
20 secret is also receiving proper forecasts from the  
21 customers. There are certain countries around the  
22 world where forecasting is actually a master and

1     it's done as a science. I think here we have to  
2     improve a little bit on the forecasting because  
3     it's unfortunately necessary if we want to deliver  
4     a good service, and finally, since I think I took  
5     enough of your time and enough of your attention  
6     to try to understand through my heavy Italian  
7     accent, the thing is we can choose if we want to  
8     be on the fast lane or the traffic lane. I hope  
9     we all choose together to be on the fast lane  
10    because it's necessary for the future of this  
11    country; otherwise, some other cargo may even go  
12    through Canada to reach some places, taking away  
13    maybe jobs and opportunities. Thank you very  
14    much.

15                                    (Applause)

16                    COMMISSIONER DOYLE: Claudio, your  
17    English is great.

18                    So it's a little bit warm in here. If  
19    you guys want to take -- ladies, folks, ladies and  
20    gentlemen, if you want to take your jacket, your  
21    sweater, something off, by all means, go ahead and  
22    do it.

1           From the federal agency perspective, we  
2 do have some other agencies in the room. We have  
3 the secretaries -- representative of the  
4 Secretary's Office of the U.S. Department of  
5 Transportation. We have folks from the Maritime  
6 Administration, National Oceanic and Atmospheric  
7 Administration, FMCSA, and Army Corps. So please  
8 get to know those folks if you see them.

9           Could those folks please stand up please  
10 -- DOT? (Applause) NOAA? From NOAA? (Applause)  
11 FMCSA? (Applause) And the Army Corps? All right.  
12 Okay. We're putting the pieces together. We're  
13 hearing it as we go along. So now we're going to  
14 get to probably a group that's affected the most,  
15 and we're getting to the -- oh, I'm sorry. I had  
16 to check. Maersk Line. We're going to go with  
17 Maersk Line from the carriers and then we'll get  
18 to the motor carriers and the trucking industry.

19           So, Al Gebhardt, please.

20           MR. GEBHARDT: Thank you very much. I  
21 know with the number of carriers speaking, it's  
22 going to be difficult to come up with something

1 new. I think it's actually very striking that the  
2 common themes from the ports, the terminals, the  
3 carriers, we're all hitting the same notes.

4 But first, I'll introduce myself. I'm  
5 Al Gebhardt. I'm the head of liner operations for  
6 Maersk Line in North America, and I run basically  
7 all the vessels, terminals, and the things we're  
8 talking about basically today.

9 I want to thank the commissioners for  
10 bringing everybody together to talk about this  
11 important issue, and Ms. Bentley and the Port of  
12 Baltimore for hosting this.

13 Just a little perspective, back in 2006  
14 and 2007, the biggest concern in the North  
15 American market was how we were going to deal with  
16 infrastructure issues with the double-digit growth  
17 in cargo volumes that we were facing. Then came  
18 the Great Recession. Volumes dropped to record  
19 lows and with them the issues that we were facing  
20 in 2006 and 2007 went into hiding, but they didn't  
21 go away. We don't need to look any further back  
22 than this winter when we had one of the most

1 challenging weather situations that we've had in a  
2 long time. The truth was it was not just the  
3 weather but it was our infrastructure that could  
4 not handle that, and we're still trying to make up  
5 for that today.

6 Now we're looking today, while it's  
7 convenient to talk about vessel bunching, big  
8 ships, decline in truck drivers, and the severe  
9 rail car shortages in most terminals that's  
10 causing these challenges, but the reality is that  
11 the core of what we're dealing is the fundamental  
12 issue of our markets' aging port, rail, and  
13 highway infrastructure.

14 In 2009, we realized that we were no  
15 longer going to see double-digit growth; that  
16 there were new trading patterns that were going  
17 on. As a result, the capital investments to  
18 prepare for that growth ceased as the industry  
19 went into the lowest cost model. Now, what's old  
20 is new again, and the infrastructure investment  
21 needed in 2006 and 2007 is still very real. Now,  
22 we're starting to catch up. We're heard

1 investments that are being made now, but as John  
2 Reinhart mentioned, we're talking one and a half,  
3 two years away before they're in place. So we  
4 need to get from here to there.

5 One significant roadblock in all of this  
6 is that the industries are not making the returns  
7 needed to spur that investment. Freight rates  
8 continue their deflationary trend, while variable  
9 costs, such as wages, benefits, health care, and  
10 fuel continue to go up.

11 There are clear tradeoffs in operating  
12 in this environment. While the cost associated  
13 with possible short-term fixes are going to  
14 increase, providers have less and less of an  
15 appetite to absorb those costs.

16 We're simply in a vicious circle. The  
17 only way out of it can be found if we're all  
18 working together. The questions that we should be  
19 asking ourselves are how do we work together over  
20 the short-term to improve with what we have  
21 available to us today? How do we do that with one  
22 industry segment carrying the financial burden of

1     those fixes?  And what do we do when consumer  
2     confidence and consumption increases even further?  
3     And how do we build a sustainable solution for the  
4     future?

5             Our current challenges, as you've heard  
6     just about everybody speak so far are labor  
7     availability constraints in some ports and lack of  
8     skilled labor.  John already mentioned we've hired  
9     additional ILA labor in New York but we're still  
10    having challenges keeping up with the additional  
11    demand.

12            Truck drivers don't want to enter the  
13    business anymore; they can make more money  
14    elsewhere.  Therefore, we have a declining number  
15    of truckers, and truck rates are rising as a  
16    result as higher pay is the only lever available  
17    to recruit new drivers.

18            The Intermodal Network has a finite  
19    capacity, which has essentially reached its max,  
20    causing severe railcar shortages.  The priority of  
21    railroads has recently been on the energy trade  
22    and not so much on the intermodal trade.

1           Year-to-date import growth has outpaced  
2       export growth, which has further aggravated the  
3       natural imbalance that we see. The downstream  
4       impacts of these challenges and others are hitting  
5       the rail, terminal, and truck operations and  
6       frustrating our customers as cargo delivery delays  
7       are mounting.

8           Terminal capacities, as we have heard,  
9       are nearing and in some cases have reached their  
10      max operating capacity. This is a result of  
11      several lingering and more recent issues. I  
12      mentioned the import market being up in 2014 as  
13      the export market has actually declined slightly.  
14      As a result, the intermodal network is congested,  
15      making it difficult to get equipment back to the  
16      terminals to make sure the cargo moves off in an  
17      efficient manner.

18           The congestion is also impacting the  
19      gate and truck operations as our turn times for  
20      trucks have increased from 5 to 22 percent on  
21      average in North America. Trucks are simply  
22      spending more time waiting in line and making

1 fewer moves in the process.

2 Terminals also continue to struggle with  
3 productivity issues. The U.S. ports are some of  
4 the least productive amongst those in the  
5 developed world, falling short in comparison to  
6 Asia and European ports. As a carrier, the vessel  
7 productivity is very important to us, but it's  
8 also the rail productivity, the yard productivity  
9 turning the trucks around that become very  
10 important in clearing that cargo out.

11 Further complicating the situation, when  
12 one gateway becomes clogged collectively, we line  
13 up at the next gateway. And John Reinhart  
14 mentioned that earlier in the winter. Everybody  
15 flocked down to Norfolk when we had the issues in  
16 New York, and as a result, Norfolk became very  
17 congested.

18 Ocean carriers do take action. We've  
19 spent a lot of money to offer shipping options.  
20 Claudio mentioned different routings. We've also  
21 added late gates during the winter.  
22 Unfortunately, a lot of these opportunities go

1 largely underutilized. We need the whole industry  
2 to get behind this if we're going to extend gate  
3 times and extend operations. Opening the gate  
4 does not help if there's no place to take the  
5 cargo and we don't have the truckers in order to  
6 pick the cargo up.

7           The other part will actually add to our  
8 labor issues because to keep these gates open for  
9 24 hours or even second shifts, we're going to  
10 need more labor to do that. I know the NYSA has  
11 been addressing that. We've increased the labor  
12 but we need to get ahead of this and get that  
13 skilled labor in place.

14           Our rail operations are also suffering  
15 due to the inability to get equipment back to the  
16 terminals fast enough. It is partially due to the  
17 exaggerated imbalance that we've seen this year,  
18 but more so a result of the cost associated with  
19 moving empty equipment back to the terminals.

20           Trucking has experienced an extreme  
21 crunch on resources with the number of available  
22 drivers decreasing and an inability to get new

1 drivers to come into the industry for several  
2 factors, most of which is earnings potential. The  
3 issue of truck power is going to stay unless  
4 something is done to address the cross pressures  
5 impacting their ability to get drivers into seats.  
6 We are actually using 21 percent more truckers to  
7 handle 10 percent more business because the  
8 availability is just not there.

9           The downstream impact of the challenges  
10 facing truck power and a lot of congestion has  
11 been mentioned several time. As has chassis  
12 availability. With fewer turns being made by the  
13 truckers, the chassis turns are fewer, they're  
14 sitting out longer, and the asset is actually  
15 going underutilized. When we talk about lack of  
16 availability, chassis are still the least utilized  
17 asset in our industry. If you look at most port  
18 complexes, you'll see stacks of chassis in the  
19 yards waiting to be used. A big challenge in that  
20 is keeping them in good order and having the labor  
21 in place in order to get them repaired and get  
22 them back on the street and being used.

1                   We talked about the model of chassis  
2 provision. It's still evolving, and until we get  
3 to a point where we have a consolidated Gray pool  
4 to get the most efficiency out of that asset, we  
5 are going to continue to see issues in that area.

6                   So at Maersk Line, we are operating in  
7 an environment that demands the lowest possible  
8 costs. We've been very transparent in our  
9 communications that the more pressure that is put  
10 on rates, the more difficult it is to maintain the  
11 service levels. When you combine rising costs and  
12 the inflationary rate environment, there is bound  
13 to be tradeoffs and only with the lowest possible  
14 cost are we able to offer competitive prices to  
15 our customers, make new investments in fleet and  
16 equipment, and withstand large price fluctuations  
17 and ultimate delivery of value to our  
18 shareholders. That said, we are proud of the  
19 investments we have been making in order to  
20 improve our service offerings and the impacts  
21 they're having on our customers, and we're working  
22 hard to drive down our own internal operational

1 costs, ensuring that we continue to invest in our  
2 fleet, our equipment, and our people.

3 We also recognize that we play a role in  
4 the scenario. For Maersk Line, we recognize that  
5 sticking to our performance schedules is a must to  
6 ensure the terminals can execute as designated.

7 Collectively, the impact of vessel  
8 bunching as we mentioned on terminals is adding to  
9 the overall issue. We don't plan for our vessels  
10 to arrive off-schedule, but the impacts of  
11 weather, congestion in other ports, in foreign  
12 ports, often interrupt our best laid plans. The  
13 additional expenditure of being on time at all  
14 costs is no longer a sustainable business model.  
15 We can't continue to spend millions on additional  
16 fuel only on schedule liability.

17 That being said, we still are globally  
18 the most reliable carrier in the industry, and we  
19 strive to continue to be so for our customers, our  
20 terminal partners, as well as our rail and  
21 trucking partners.

22 In conclusion, thank you very much for

1 the opportunity to speak at this.

2 (Applause)

3 COMMISSIONER DOYLE: Thanks, Al. I do  
4 want to point out that as somebody who graduated  
5 from Massachusetts Maritime Academy and sailed as  
6 an officer in the United States Merchant Marine,  
7 the United States does appreciate Maersk Line.  
8 You have the largest U.S. fleet -- oceangoing  
9 fleet in the United States, and we really  
10 appreciate the support that Maersk Line Limited  
11 gives the United States. Thank you. (Applause)  
12 Okay. Next, we're going to go -- we're right on  
13 time, by the way. Right on schedule here, so  
14 we're going to go to the motor carriers.

15 First, we're going to go with Shirley  
16 Roebuck from Gilco Trucking.

17 MS. ROEBUCK: I'm honored to be here  
18 today and to speak to you all. Most of you have  
19 covered just about every subject that we could  
20 possibly cover. We have not found any solutions  
21 yet.

22 SPEAKER: We can't hear you, Shirley.

1 MS. ROEBUCK: Well, I'm right on it.  
2 I'm sorry. I have a very low voice and sometimes  
3 it really creates a problem. Can you hear me now?  
4 Okay. What I'd like to do is I would like to talk  
5 about how the congestion has impacted the trucking  
6 industry. I've been doing this for 39 years and I  
7 have never, ever been as impacted as we are today.

8 I have to say one thing following my  
9 leader before me. We talked about we needed to  
10 extend the hours. Gentlemen, that would be great  
11 if we could find enough trucks that could work the  
12 hours. Our hours are restricted by regulations.  
13 We can work 12 hours a day driving and there is  
14 just absolutely no way that we can get through the  
15 congestion and then still work later on into the  
16 night. We're out of hours before we ever close  
17 the gates of the port.

18 I think that if we could just --  
19 someday, I don't know we could do it -- but if we  
20 could just someday figure out a way that we could  
21 bring more trucks in. We are losing trucks at the  
22 rate of like at least one or two a week. In 2009,

1 I had 48 trucks. Today, I am running 25, and it's  
2 nothing for me to walk in the office on Friday  
3 afternoon and somebody else is laying their papers  
4 on their desk. And they are not just leaving the  
5 port; they are leaving the trucking industry. And  
6 I have miles and miles of advertisement out trying  
7 to recruit. I have offered big money. There are  
8 people in our port that have offered as much as  
9 \$10,000 sign-on bonuses, and we still cannot get  
10 trucks.

11 So saying that, the current shortage,  
12 adding hours to the port is not going to help us.  
13 What we do in the port working together is what's  
14 going to help us. I really have had a major  
15 problem sitting in lines really long, and we do  
16 have some long lines, and we all apologize for  
17 that and we just can't quite get a hand around it  
18 at this point in time. Our goal is to get shorter  
19 turn times. With shorter turn times, our trucks  
20 will be able to make the five or six roundtrips a  
21 day that they have in the past which they can live  
22 comfortably on and we can get trucks. Without the

1 shorter turn times, we are now currently doing  
2 four, up to -- on some days I've done nine-hour  
3 turn times. It is just up and down, and it's  
4 very, very difficult to keep people working for  
5 you in this position.

6 Our trucks start to work -- usually,  
7 most of the local fleets start to work at 4  
8 o'clock in the morning. Now, that seems to sound  
9 a little bit funny, but the first thing they do is  
10 to inspect their truck and that takes them 30  
11 minutes, and then they're on the road to get to  
12 the port that opens at 5 o'clock. So they're in  
13 line, but depending on where they live, there are  
14 a vast amount of trucks ahead of them. By the  
15 time they get to the port, there's usually 100  
16 trucks in line at 5 o'clock in the morning. And  
17 it is steady increasing behind us as we just go  
18 through the day.

19 We typically will make it to the zone in  
20 about two -- maybe two hours. We'll be in the  
21 zone over an hour, sometimes an hour and a half,  
22 and it'll take us another 30 minutes to get out of

1 the port. So arriving at the port at 5 o'clock in  
2 the morning, sitting in lines waiting to get  
3 mounted, we are five hours into our work day and  
4 we've accomplished absolutely nothing, not made a  
5 dime. It will take us another hour, hour and a  
6 half, sometimes even longer than that to get to  
7 our customers, because a lot of our customers are  
8 in Newport News or Williamsburg or the surrounding  
9 towns of Suffolk, and with that, the traffic, we  
10 are not in the greatest -- we're trying to be New  
11 York as far as traffic is concerned, I think. So  
12 our turn times -- it makes it longer to just get  
13 to our customers over there, maybe as much as two  
14 hours -- an hour and a half to two hours. We're  
15 usually there -- most of my customers are drop and  
16 hook or very, very short unload process, so we're  
17 really not there more than 45 minutes to an hour,  
18 and then we get back into the traffic and come  
19 back to the port. Normally, we arrive back at the  
20 port about 12:30. Well, that's right in the  
21 middle of the meal hour, which creates another  
22 problem because everybody has to eat, so it's a

1 little bit slower at the meal hour getting back  
2 in. So we are another three hours or better  
3 before we get rid of this first container and have  
4 made our first round trip. And then we have to  
5 wait to pick up the next containers, and we go  
6 back through the whole force. We may leave by  
7 2:30 or 3 o'clock if we're lucky, but at 3  
8 o'clock, we are right beside the world's largest  
9 naval base, and with the traffic coming from the  
10 naval base, with the trucks, with the colleges  
11 around us, the traffic starts at 3 o'clock and it  
12 lasts up until 7:00. And going through that to  
13 get back to another customer, getting out in time  
14 to go through to that is virtually impossible.

15 So just thinking about this as this is  
16 what it's costing us and our drivers. And I think  
17 that there's just a couple of things that the  
18 truckers have talked about. I feel that -- and  
19 I'm not talking against you, John, because I love  
20 you, but I believe that there are some things that  
21 could be done on the port that could help shift  
22 this a little bit. I know that the ships are the

1 most important thing, because if we didn't have  
2 the ships, we wouldn't need the port and we  
3 wouldn't have the freight. And working the ships  
4 is very, very important, but it's very, very  
5 important that we have the actual number of  
6 straddle carriers to work the ships, the rail, and  
7 the trucks at the same time. Because they can't  
8 continue to shift them away from the different  
9 sections and just leave the trucks sitting there  
10 sometimes as much as an hour, hour and a half.  
11 It's just not working. And until we can get to  
12 the point that we can bring these hours down and  
13 we can move this freight in and out of that port,  
14 we can't grow.

15 And pretty much, that's about all I've  
16 got to say because I think most of you have said  
17 the rest of it. Thank you.

18 (Applause)

19 COMMISSIONER DOYLE: Thank you, Shirley.  
20 Next up we have Gerry Coyle from the Evans  
21 Delivery Company. Gerry?

22 MR. COYLE: I think Shirley was right

1 when she said a lot of the ground has been covered  
2 today.

3 You know, one of the things I liked  
4 hearing, and I've heard it in several  
5 presentations, are the words "collaborative,  
6 solutions," things like that which we talk about  
7 stakeholders, people who are involved in the port,  
8 that there needs to be this ongoing collaboration  
9 to try to solve some of these problems.

10 Evans Delivery Company is a national  
11 provider of drayage services. We currently  
12 operate a fleet of about 2,200 owner-operators.  
13 We service, excuse me, all the ports on the East  
14 Coast and the Gulf Coast.

15 So when we look at the congestion  
16 issues, here are some of the things that from a  
17 motor carrier-drayage perspective that we look at.  
18 Marine terminal operating hours.

19 If we look at New Jersey, just to pick  
20 on them for a while -- if we look at New Jersey,  
21 the terminals are open on average between 22  
22 percent and 28 percent of the time. That's a

1 percentage of the total available hours that they  
2 could be open. So one of the things we look at,  
3 and Shirley said it, is let's look at extended  
4 hours. Let's look at how we extend hours within  
5 the framework of having available equipment. As  
6 you know, truck drivers have to operate under  
7 fairly stringent hours of service rules, so we  
8 need to make sure that what we do is not only  
9 workable with the fleet but also is consistent.  
10 Once you have consistency in the operation, then  
11 you have -- the motor carriers have the ability to  
12 schedule drivers within the constraints of the  
13 hours of service operations or the hours of  
14 service rules. So you have to have that  
15 consistency.

16 If we look at marine terminals, they're  
17 generally open between 6:00 a.m. and 5:00 p.m., in  
18 that range, which also creates putting trucks on  
19 the highway during critical peak rush hours. So  
20 that adds to congestion. If you use something  
21 where you're going to look at putting the trucks  
22 -- trying to put them out off-peak, it's going to

1 ease congestion.

2           The other thing that we deal with is  
3 inconsistency of hours. Some terminals are open  
4 certain hours, others are open other hours. From  
5 a motor carrier standpoint, what we would like to  
6 see is standardized hours so that we can deal with  
7 planning and scheduling drivers and scheduling  
8 loads and scheduling deliveries and pickups  
9 because we know what the hours are going to be.  
10 We do see situations where terminals will say,  
11 "Oh, well, next week these will be our hours."  
12 Those kinds of practices are really tough to deal  
13 with.

14           One of the goals that we have and we've  
15 talked about a lot as a motor carrier is we would  
16 like to see measurement of turn times. We know  
17 that every driver that goes into a terminal gets a  
18 ticket. He has a truck card. He has a sea leg  
19 card. He's got some other kind of identification.  
20 He may even have in a lot of cases an RFID tag on  
21 his truck. So the terminals know who comes in,  
22 when they come in, and when they leave. And they

1 know who it is that's driving. But what we don't  
2 see is a transparent reporting back to the motor  
3 carriers, back to the public in general as to what  
4 these turn times are. We just see sort of  
5 anecdotal evidence. Well, it took me this long.  
6 It took me that long.

7 I went back and looked at some of our  
8 records and looked at turn times. And here are  
9 what I would consider some of the more egregious  
10 abuses of the system.

11 October 1st. I won't mention any  
12 terminal names. October 1st. It was on a  
13 Tuesday. The truck entered the terminal at 6:21  
14 a.m., left the terminal at 8:15 p.m. In the  
15 terminal 13-1/2 hours. I don't pretend to know  
16 why they were there 13-1/2 hours, but that is very  
17 difficult to deal with.

18 So let's look at August 26, 2014. It's  
19 also a Tuesday. Entered -- this is a different  
20 terminal -- entered at 8:39 a.m. Departed 5:49  
21 p.m. Nine hours 10 minutes.

22 So these are things that as Shirley said

1 make life miserable for the motor carrier. They  
2 don't get the cargo to the BCO on time. They're  
3 delayed. It creates havoc in the system.

4 So one of the things we need to do, as  
5 Peter Drucker said, "If you can't measure it, you  
6 can't improve it."

7 So one of the things we need to do is  
8 look at a system, which that's open reporting of  
9 turn times.

10 The second thing that comes along with  
11 that is we need to measure the queue outside the  
12 terminals. You know, we all know that sometimes  
13 terminals have been known to close gates and let  
14 the trucks sit. So what we need to do is we need  
15 to have a rational and logical system, which is  
16 particularly easy to do when you have RFID tags on  
17 trucks, and we'll see the proliferation of RFID  
18 tags around the ports.

19 Measure the queue. And if you do this  
20 so that trucks can see the queue and see what  
21 they're dealing with, they have the ability to  
22 make some changes. So if, for example, you make

1 this public and trucks see, hey, terminal A is  
2 backing up, it's an hour and a half in the queue,  
3 terminal B has a 15 minute queue, let's see if we  
4 can't switch. Maybe we'll talk to our customers  
5 and pick up some loads that we may have sitting in  
6 terminal B. So I think those are the things that  
7 need to be done. The technology is there.

8 There's no reason, no logical reason. I  
9 understand there are some business reasons, but  
10 there is no logical reason that that can't be  
11 done.

12 When we look at turn times and queue  
13 times, there is an economic impact on the trucking  
14 community. Not only on Evans Delivery and our  
15 independent contractors, but on the community in  
16 general.

17 I took a look at the Port Authority of  
18 New York and New Jersey's statistics for 2013.  
19 They moved about 3.2 million containers that year.  
20 If you translate that and say, okay, let's look at  
21 an hour in the queue, for every hour in the queue,  
22 the financial impact on the motor carriers in that

1 port is equal to \$269 million. It's a huge  
2 number.

3 So now if you say, well, maybe the  
4 average is two hours in the queue. That's \$500  
5 million. It's a huge impact. Those are the  
6 things that if we want to make the port more  
7 efficient we need to improve.

8 The other thing that we talked about,  
9 we've had plenty of conversation about over the  
10 years, is the environmental impact. So when you  
11 look at all the hours of idling and you apply the  
12 same things, and if you say for every hour that  
13 trucks idle to pick up 3.2 million containers,  
14 they emit 276 million pounds of CO2. So we take  
15 the same two hours and come up with the emissions  
16 553 million pounds of CO2, now, if you look at  
17 that and you couple it with if they're outside for  
18 two hours or inside for two hours, it's over a  
19 billion pounds of CO2. A lot of that can be  
20 reduced. A lot of that can be reduced through  
21 terminal efficiency.

22 I happen to serve on the U.S. EPA

1 Federal Advisory Committee for Ports Initiative.  
2 We met in this building about a month ago, and one  
3 of the things that we discussed is, well, how do  
4 we reduce emissions? How do we do this? And  
5 everybody points at the trucks. You know, get  
6 brand new trucks, get electric trucks, get all  
7 that stuff. One of the ways that we can do that  
8 and reduce environmental impact with ports, and  
9 many of the ports are under what they call  
10 nonattainment, one of the ways that we can improve  
11 it, increase the efficiency, reduce the flow time,  
12 reduce turn times. That will make a huge  
13 difference.

14 I've heard chassis mentioned a bunch  
15 here this morning. How do we deal with chassis?  
16 So I'm kind of a nuts and bolts guy, so I went  
17 back and I pulled all the -- the two largest  
18 chassis providers in the Port of New Jersey and  
19 New York and looked at them for last week. And on  
20 average, there were 1,145 chassis available each  
21 day. This comes from the daily email that they  
22 send out saying here's what's available at which

1 terminals -- 20s, 40s, et cetera. So on average,  
2 20s and 40s, there were 1,145. But think about  
3 they have to move 13,000 loads a day. How does  
4 that work? There needs to be a major sea change  
5 in how chassis are made available, how they're  
6 managed, how they're made available to carriers.  
7 So that's an important issue.

8           What goes hand-in-glove with that is the  
9 trucks need roadworthy chassis. It's  
10 inconceivable to me that you go into a terminal,  
11 you pick up a chassis, you put your container on  
12 it, go to exit and they say, "Oh, no. This  
13 chassis needs this or needs that. You have to go  
14 back. Back to road-ability."

15           It doesn't make any sense. If a chassis  
16 is made available to a driver, that chassis should  
17 have a sticker, a tag, something that says this  
18 thing is ready to hit the road. This thing is  
19 ready to go out on a highway and be safe. There  
20 should be no inspection at the gate. It just  
21 doesn't make any sense. Everybody has rented  
22 cars. You don't go get in a rental car, drive to

1 the gate and they say, "This car is due for an oil  
2 change. Take it back and get another one." It  
3 makes no sense.

4 So those are some of the things we need  
5 to see. We've also heard here this morning,  
6 people talk about labor shortages. You can't run  
7 a business without an adequate supply of labor. I  
8 don't care whether you're running a marine  
9 terminal or a lemonade stand. You have to have an  
10 adequate supply of labor. So that issue needs to  
11 be addressed.

12 So here are some, what I thought could  
13 help as solutions. Make marine terminal hours  
14 extended in some rationale, logical manner. Make  
15 them uniform through a particular port, so the  
16 motor carriers know what they're doing and know  
17 how to schedule. Measure the queue and measure  
18 the turn times, and make that data transparent and  
19 public. We've heard about the so-called  
20 appointment systems, which I would rather call a  
21 "truck management system." You know,  
22 "appointment" says to me, I make an appointment

1 with my dentist and it's for 9 a.m. I just don't  
2 show up between 9:00 and 4:00.

3 So what we need to see is a  
4 technological approach to how do we manage the  
5 flow of chassis? That's going to involve not only  
6 the motor carriers but the cargo owners, when they  
7 want their cargo. So, and we need to make that  
8 available both to the larger motor carriers like  
9 us who have the technical ability to interface our  
10 computer systems with the marine terminals, but  
11 also to the smaller carriers who don't have that  
12 ability, who may be running on an iPad or a  
13 smartphone. So we need to do that. Provide  
14 road-worthy chassis, upgrade labor.

15 We also, and there's a system in place  
16 where terminal congestion could lead to demurrage  
17 charges. It doesn't make any sense to me, but a  
18 terminal can charge you because they can't deliver  
19 your container. We need a system in place where  
20 if a terminal is not achieving their turn times,  
21 then they have to automatically waive demurrage  
22 charges.

1           So these kinds of things I think would  
2     help. I think would lead towards major  
3     improvement.

4           I'm getting the hook. So would lead  
5     towards major improvement. And thank you very  
6     much.

7                           (Applause)

8           COMMISSIONER DOYLE: Thank you, Gerry.  
9     All right. Next up we have an owner-operator,  
10    Hector Alvarez. Hector?

11           MR. ALVAREZ: Good morning, everyone.  
12    I'm happy I'm not the only Mets fan here.

13           I'd like to thank the Commission here,  
14    Commissioners Doyle, Lidinsky, Ms. Bentley. I  
15    appreciate the opportunity to speak to you today.

16           I represent -- I'm an owner-operator. I  
17    also represent -- I'm a public relations  
18    communicator for Port Driver. It's a  
19    comprehensive system of communication via social  
20    media that maintains a free and open line of  
21    communication between all of its members, some of  
22    which include owner-operators, company drivers,

1 registered companies, legislators, some union  
2 members, and some shipping terminals which use our  
3 site for daily communication.

4 Please excuse, I'm a little nervous.  
5 First time doing this.

6 We're here to discuss some of the issues  
7 within the ports, okay, that really have become a  
8 real heavy burden on owner-operators. Long wait  
9 times -- wait times frequently surpass three hours  
10 which impact the overall efficiency and cost of  
11 those deliveries. Some of the drawbacks  
12 experiences have been excessive fuel expenditures,  
13 additional wear on vehicles, undue driver stress,  
14 local traffic, additional expenses due to delays  
15 absorbed by the drivers, ineffective port  
16 management. Because of the results of the way  
17 that the current traffic is managed, drivers are  
18 skeptical about supposed efficiencies that would  
19 be gained by implementing a system called an  
20 appointment system. We would like to see a pilot  
21 program in smaller numbers and measure results  
22 illustrating the benefits of such systems. Some

1 of the concerns that some of our members have  
2 relayed to us are who do we call to confirm an  
3 appointment? Are we the ones to call or the  
4 shipper? If there's a long line at the gate, will  
5 we be able to bypass everyone just because we have  
6 an appointment? What if I get stuck working the  
7 line and miss my appointment? Will I have to  
8 reschedule? Will I get there in time with my  
9 appointment and will the container be there? Will  
10 I have to reschedule another appointment no matter  
11 what the case?

12           These are some of the concerns that were  
13 actually addressed to us. Terminal space  
14 management, lanes assigned for movement of  
15 vehicles are often blocked or in the staging of  
16 containers causing the inability of the driver to  
17 get to the location designated to pick up his or  
18 her container. These blockages have also been so  
19 disruptive that it forces the shutdown of the  
20 ports until management and security, who are  
21 frequently understaffed, can alleviate the log  
22 jam. This also results in loading delays due to

1 the driver turn away, therefore, compounding the  
2 issue.

3 We've heard about the chassis problems  
4 in the depot. Well, I'm a driver and this is what  
5 we have. A shortage of chassis. There is a  
6 dearth of out-of-service chassis and non-federally  
7 compliant equipment within the port. This adds  
8 not only to the delays in the shipment pickup,  
9 sometimes up to two hours, but increases liability  
10 to the driver. The unjustified increased risk is  
11 also a risk to the general public utilizing the  
12 same roads we do. At times, 300 or more chassis  
13 sit out of service, waiting to be brought into the  
14 standards, which represents upwards of about 70  
15 percent of the total equipment outside any given  
16 day.

17 Some of these we reflected and were  
18 witnessed by some legislators that actually took a  
19 look at these chassis to back up our claims.  
20 These chassis were being brought back into  
21 service, often with defective recap tires. Those  
22 tires have lost chunks, even blown out after 30

1 miles from leaving the port.

2 The University of Michigan did research  
3 regarding studies about blowouts for the United  
4 States Department of Transportation, and it showed  
5 that between 1995 through 1997, there were 118,853  
6 fatalities, of which 16 percent of those, actually  
7 .16, we reported because of blowouts and what we  
8 call gators on the street. We've all seen chunks  
9 of tires all over the highway, and people swerving  
10 around to try to miss them.

11 Well, the corporation Dunlap did its own  
12 study and challenged this and said it's as high as  
13 .52 percent of crashes involving fatalities were  
14 caused by debris on the roadway due to tire  
15 blowout. It says the vehicle causing the debris  
16 are normally long gone. Police reports usually  
17 just call it just debris and not tire debris.

18 Drivers are forced to bear the burden of liability  
19 for the subpar equipment provided by the port and  
20 are far too often having to choose between safety  
21 and the road, and timely delivery for the cargo.

22 Ladies and gentlemen, I spent two years

1     doing port deliveries. I have seen this  
2     firsthand. Many years ago I was a member of the  
3     ILA. I also worked at the port as a worker when  
4     the BMW Company was in Port Newark -- Port  
5     Elizabeth, actually. I elected about three months  
6     ago to leave the port. Just like me, many drivers  
7     are choosing to make the same decision. You  
8     cannot make any money at the port if you have to  
9     sit around for six or seven hours. Sometimes you  
10    make \$50 for the move, \$100 if you do a full turn.  
11    You can't make any money like this, and drivers  
12    are moving out by the jowls. I made the decision  
13    to leave the ports and a lot of drivers are doing  
14    it.

15                 So you have a decision to make. Will  
16    you take off the suit, get in a truck, and drive  
17    to get the container? I think we are a very  
18    important part in this moving machine here. We  
19    represent a very important card here. And if we  
20    don't take actions to remedy this situation,  
21    what's to become of the industry?

22                 I thank you for your time. Thank you

1 very much, everyone.

2 (Applause)

3 COMMISSIONER DOYLE: Thank you for that,  
4 Hector. Next, we have Wayne Gaumer from Lightning  
5 Transportation.

6 MR. GAUMER: I need to bring this down a  
7 little bit myself.

8 Good morning, everyone. Commissioner  
9 Doyle, Commissioner Lidinsky, we appreciate your  
10 time in putting together a forum like this, like  
11 you have this morning. It's long overdue, and we  
12 appreciate the opportunity to be able to speak  
13 here today.

14 Helen, I am proud to be from Maryland  
15 and to see your energy and your concern and  
16 continued caring for the industry. So we all owe  
17 you a great gratitude for what you've done in the  
18 past and your continuing concern for the industry.

19 My name is Wayne Gaumer. I'm president  
20 of Lightning Transportation from Hagerstown,  
21 Maryland. I've been in the industry -- I've been  
22 in the trucking industry for 48 years, LTL, on the

1 drayage side. Our company operates terminals in  
2 Baltimore, Charleston, Savannah, Norfolk and  
3 inland, and Charlotte. We run about 265 trucks in  
4 those operations. Not quite as large as Evan's,  
5 but we still have the same problems.

6 My comments today are truly not intended  
7 to be negative towards any of the stakeholders or  
8 the parties in the room. When Curtis asked me to  
9 speak, I did it out of concern for our industry.  
10 My wife keeps asking me when I'm going to retire.  
11 I'm not sure about that, but I've been talking for  
12 years that the perfect storm is coming. It's not  
13 quite the perfect storm yet, but it's getting  
14 awful close from a trucking standpoint. And I did  
15 it -- Curtis, thank you for the opportunity, and I  
16 did it out of concern for our industry, and  
17 especially our drivers.

18 As we have heard this morning, there is  
19 a tremendous shortage of drivers in our industry.  
20 The drayage industry is probably losing more  
21 drivers than any other mode of transportation.  
22 The ATA predicts a shortage by 2022 of 239,000

1 drivers. Projections say with retirements,  
2 churning, the need will be for an additional  
3 100,000 drivers a year for the next 10 years. It  
4 is not an industry that people are interested in  
5 coming in to, and I can speak for ours on why I  
6 feel that is, but it's just not as interesting a  
7 business as it used to be.

8 Our industry has had many changes with  
9 hours of service, restart rules, and the court  
10 delays can have a major impact on all those  
11 things. If conditions do not improve for drivers  
12 doing drayage, those drivers will continue to  
13 leave the drayage business and will not have a  
14 problem getting jobs in other modes of  
15 transportation. We were receiving more requests  
16 in our company that we could probably start  
17 another company on the business that we are  
18 turning away daily and have a pretty large  
19 company. I've not seen the amount of business  
20 that comes through requests for additional  
21 services of our company every day, and we're just  
22 not able to handle most of that. We help where we

1 can, but we can't help everyone. And again, the  
2 time the drivers spend delayed at the port is a  
3 major reason for so many of them leaving.

4 First of all, I want to talk about truck  
5 gate and wait times. The ports we operate total  
6 turn time, including wait time before entering the  
7 gate on an average day is normally one hour or  
8 less. That's from the time they arrive, before  
9 the gate, until they get through the exit gate and  
10 on the highway, one hour or less. Another port we  
11 operate at -- I will say ports we operate at on a  
12 daily basis -- total turn time is approximately  
13 one and a half hours or less. That is not turn  
14 time from gate to gate; that is the time that  
15 we're counting for from the time the drivers hit  
16 the -- they come into the port until they exit the  
17 port. And one of our ports, the time from gate  
18 arrival until the driver leaves the gate averages  
19 on certain days three or four more hours per day.  
20 In some cases, many more.

21 Many delays happen before the trucks  
22 enter the gates. Long delays can make it

1       difficult to service our customers when the hours  
2       of service guidelines depending on the length of  
3       haul. The length of haul makes a big difference  
4       because we, at Baltimore, for instance, are kind  
5       of all things to everybody. We do local, we do  
6       midrange, we do long haul, but certain ports were  
7       more midrange to long haul. So it depends on the  
8       mode of what your book of business is. It can  
9       vary very greatly on the delays at the port.

10               We've been losing drivers at the port  
11       that have lengthy delays. Delays need to be  
12       measured from the time a driver arrives in line at  
13       the gate until the driver exits. I talked to one  
14       of our drivers at a port recently, and his comment  
15       was, "I don't know how much longer I" -- and he's  
16       a really good driver. He'll tell it the way it  
17       is. You may not like what he has to say, but  
18       you'll get the truth, and he'll tell you the way  
19       it is. He said, "I am tired of working 15 to 20  
20       hours a day, the normal half a week of most  
21       people's work week, and not getting compensated  
22       one cent for the 15 or 20 hours that I'm sitting,

1     waiting, and that is not fair. He is an  
2     independent contractor, and again, is not  
3     compensated for his time.

4             If there are multiple stops for a driver  
5     -- for instance, if they have to go turn in an  
6     empty at one location, go to another port, that's  
7     all time that needs to be measured on delays. I  
8     know that some of those configurations cannot be  
9     helped, but it's still time that a driver has to  
10    accumulate towards his hours of service.

11            In order to keep drivers in the drayage  
12    business, we must get the total time spent at a  
13    port, including, again, waiting before going  
14    through the gate to an hour I feel we need to get  
15    to. If this does not happen, drivers will  
16    continue to exit the business.

17            Ocean carrier -- the bunching impact --  
18    and it's become a major issue I think for all of  
19    us. For instance, last week, at one of our ports,  
20    some vessels were supposed to arrive on a  
21    Wednesday, be unloaded by Thursday. The vessels  
22    slipped, they all bunched over the weekend, half

1 of our drivers did not have work on Thursday or  
2 Friday. You talk about leading to disharmony. I  
3 mean, you have to pick and choose who you're  
4 running on that particular day. Somebody is not  
5 happy. If we had an even flow and those vessels  
6 would have arrived on time, we would have had an  
7 even flow for our drivers, and what it's going to  
8 compact us going into this week, is we're not  
9 going to be able to move all the cargo off the  
10 ports. And because of the compression of the free  
11 time that has taken place over the years and the  
12 daily cost of that free time, we have taken some  
13 tremendous financial hits this year because of the  
14 bunching and the delays. I don't think that's  
15 fair. I think we should be getting additional  
16 free time when the vessel slips.

17 Another thing I think we've lost through  
18 the years is the multiple container rule. I don't  
19 even know where it applies any longer, but I  
20 remember the days of -- either on bill ladings or  
21 so many containers per vessel. There were  
22 multiple days given in addition to the normal four

1 or five days free time that we have to deal with  
2 today. That would certainly help. I don't know  
3 if it helps the port, but it certainly helps us in  
4 being able to control some of the demurrage cost  
5 and the congestion of so many drivers having to  
6 get in in a couple of days to clear the cargo out  
7 of the ports.

8 Chassis ownership in what I call a Gray  
9 pool -- it's been described that way earlier today  
10 -- the Gray pool model, I feel, can be very  
11 beneficial and helpful with port congestion. If a  
12 provider does not have enough chassis to cover all  
13 the lines containers who are still providing  
14 chassis, this means delays for drivers. When  
15 shortages of chassis exist, the drivers have the  
16 following option: (1) as Gerry alluded to, they  
17 can deal with a red-tagged out-of- order chassis.  
18 I feel those chassis on port should be roadworthy  
19 when the drivers arrive and be ready to go. I  
20 don't think a driver should have to do the work of  
21 what should already have been done with those  
22 chassis on port. But in order to keep drivers

1 moving, they might have to take a red tag chassis,  
2 they go to M&R, they spend time there. They  
3 should not be having time in dealing with it.

4           The second choice they have is to wait  
5 for a pool chassis, provider chassis to come in,  
6 and who knows when that's going to happen. And  
7 that actually impacts some of the terminals, some  
8 of the ports that we operate at. Well, that  
9 driver on that port waiting for that chassis, it  
10 could even make a port's turn time on port look  
11 worse than what they possibly are. Chassis are  
12 critical. We can't let the chassis shortage tie  
13 up the drivers on the port. And one of our ports  
14 that we operate at, we get a blurb each morning  
15 from the chassis providers. From September 2nd to  
16 September 25th, the average at all rail and port  
17 location was 46 chassis. That's at the beginning  
18 of the morning. This port is probably turning  
19 1,300 boxes a day, and for the month of August it  
20 was even worse. The entire month of August,  
21 taking it off the snapshot that's sent to us in  
22 the morning, there were 39 chassis available to

1 handle 1,300 moves. Where does that put the  
2 driver? We're stuck in the middle because some of  
3 the lines. And I understand all the dynamics of  
4 this. I truly do. There's no easy answers to  
5 this all this.

6 But for the lines that are still in the  
7 chassis pools, we got admin to deal with in trying  
8 to contact our customers to see whether truckers'  
9 wheels can be used. That all times time. In the  
10 meantime, the drivers are waiting. Not good.

11 Infrastructure, I think we've hit on it  
12 well enough today, and I think everybody has been  
13 honest and candid on what they've said. Our  
14 drivers feel that a lot of their delays just deal  
15 with not enough help on the ports, productivity  
16 may not be great enough on the ports, and the  
17 volumes are just too high and the ships take  
18 priority in a lot of cases to get unloaded and let  
19 the truckers sit. I'm speaking for our drivers,  
20 and again, I'm not trying to be negative, I'm just  
21 painting it the way we have to look at it every  
22 day.

1           Trucker gate appointment. I'm a novice  
2     at this. I understand the concept of how it's  
3     supposed to happen, but I do challenge whether the  
4     three ports that we deal with who don't have  
5     appointment times, why are their turn times in  
6     pretty good shape today when I don't see the  
7     appointment system working where it's in place? I  
8     don't know enough about it to be able to pick that  
9     apart, but it seems funny that where there are no  
10    appointment systems, our turn times are pretty  
11    good, close to acceptable.

12           And that is it. I'm right on time.  
13    Thank you, everybody, for your time. I appreciate  
14    it very much.

15                           (Applause)

16           COMMISSIONER LIDINSKY: Thank you,  
17    truckers. As we approach the noon hour, Bill  
18    wanted to shake things up like the Academy Awards,  
19    so we have a different presenter so everybody  
20    stays awake for the next segment.

21           We have two members of the FMC staff  
22    here I want to introduce you to. Gary Kardian,

1 stand up. Gary is a veteran of Yang Ming before  
2 he came to the FMC, and Mike Gordon, who is at  
3 APL. Stand up, Mike. Where are you? APL and  
4 Lykes. They both are in the Bureau of Trade  
5 Analysis and they specialize in service contracts.  
6 So if anyone needs to speak to them, please feel  
7 free.

8 We come now to the chassis portion, and  
9 as someone -- Wayne or someone just said what a  
10 vital tool the chassis is in the movement of the  
11 cargo. If we went outside this building and  
12 stopped the first 10 people in the street, nobody  
13 would know what a chassis is. So it's part of the  
14 industry's job to educate the public and to come  
15 to grips with these issues. And when I was in the  
16 private sector, the company that I worked for, the  
17 Container Leasing Company, was in and out of the  
18 chassis business five times over 10 years. So  
19 there's a vision that you can make money out of  
20 chassis. Then you see the reality and you get out  
21 and then you come back in, so we know that chassis  
22 are a vital tool.

1           First to speak this morning to us on  
2 chassis will be Bernie Vaughan of Flexi-Van  
3 Leasing.

4           MR. VAUGHAN: Thank you. Good morning.  
5 I'd like to thank Commissioner Doyle and  
6 Commissioner Lidinsky for inviting me to  
7 participate in this panel. I was on a similar  
8 panel in the Port of Los Angeles two weeks ago  
9 with Chairman Mario Cordero, and I thought it was  
10 a very effective structure to have all the  
11 stakeholders air out their concerns and we've  
12 already seen some positive impact from that. I'd  
13 also like to thank the Port of Baltimore. I've  
14 spent a lot of time here and Commissioner Bentley  
15 -- I have Commissioner Bentley to blame for being  
16 in this business. When I was a law student in  
17 Washington and a legal intern at the Department of  
18 Justice, I was invited by the Commissioner to come  
19 up to the Port of Baltimore, and we got on this  
20 yacht and traveled around in the middle of the day  
21 and had great food and liquor. And I said, "Gee,  
22 this is a great industry. I've got to get in

1     this." I either have to thank you or serve you  
2     with process because this is probably -- I've been  
3     the Chief Legal Officer of Flexi since 1986 and I  
4     can tell you without a doubt this has been the  
5     most challenging of times for our company, but  
6     there are also lots of opportunities.

7             In addition to being the Chief Legal  
8     Officer, I'm also the Executive Vice President of  
9     Administration, and I have all the maintenance and  
10    repair responsibility for the company. We're a  
11    little bit unusual for a leasing company. Since  
12    the 1960s, we've run 10 service centers to repair  
13    our own equipment. We currently repair roughly 55  
14    percent of our own equipment. Now, that's not in  
15    the pool environment; that's the traditional  
16    leasing off-hire, on-hire.

17            So I'm here today to talk about some of  
18    the challenges and some of the opportunities. I'm  
19    giving the perspective of Flexi-Van from really  
20    three viewpoints. We're an intermodal equipment  
21    provider, we contribute chassis to the pool, we're  
22    a pool manager, and then we're also in the repair

1 business.

2 So what are the challenges? I think  
3 everything to exacerbated in some large measure  
4 because -- and we're still in a period of  
5 transition and certainly still in a period of  
6 transition with the pools, but what I'm talking  
7 about is from a larger issue, the transition of  
8 chassis ownership and operation in America, and  
9 everyone knows that the ocean carriers have exited  
10 the business of owning chassis, with most of those  
11 chassis being purchased by Flexi-Van and my  
12 distinguished competitors who are also going to  
13 speak. And the ocean carriers at the same time  
14 also wanted to exit the business of providing  
15 chassis, so it really was a sea change in how we  
16 operated, and I think that only intensified the  
17 problems that we faced here.

18 One point I want to make is this is a  
19 national problem. Currently, the problems seem to  
20 be more exacerbated in LA-Long Beach because,  
21 number one, the size of the port, the larger  
22 ships, and this concept -- this novel concept that

1 we'll come into terminal A in week one and  
2 terminal B in week two and you run around like a  
3 psychopath repositioning chassis, which is just an  
4 added cost to the whole equation.

5 But in any event, I would say the  
6 largest single challenge for us is to get -- we  
7 are pleased to spend money keeping the chassis.  
8 Everyone wants a good road able chassis when the  
9 trucker hooks up to get it out of the gate. We  
10 are spending as an industry an absolute fortune in  
11 maintaining the equipment. However, there is a  
12 huge disconnect between cutting a check for  
13 maintenance and repair and having effective  
14 control over post-repair inspections, estimating.  
15 That whole process has created tremendous  
16 challenges for us, and that's something we're  
17 trying to work through.

18 The second biggest cost after  
19 maintenance and repair is repositioning. And with  
20 the bigger ships and the multiple or alternating  
21 vessel calls, that's only going to exacerbate the  
22 problem. Repositioning is the second largest

1 expense in running a chassis pool. All of the  
2 pool managers, whether it's our competitors or  
3 CCM, have dramatically increased staff in order to  
4 effectively manage the pools. At Flexi-Van, we  
5 have doubled our head count in the past four  
6 years, mostly for pool added staff. I didn't know  
7 what a data cleanser was 10 years ago. Now, they  
8 take up a third of our floor. So it's not that  
9 we're not dedicating resources; it's just that  
10 we're trying to get ahead of the curve.

11 In terms of mechanics -- and this is  
12 really an anomalous situation -- we have a real  
13 shortage of trained mechanics. Now, I understand  
14 the economics of the trucking industry where the  
15 truckers, just because of the poor economic  
16 structure, they're being forced out of the  
17 industry. My belief is a chassis mechanic job is  
18 actually a wonderful job, particularly if you have  
19 a union job, but we still have a tremendous  
20 shortage of trained mechanics. Flexi has four  
21 unions -- ILA, IAM, Teamsters, Ironworkers. We  
22 have a wonderful relationship with all of them.

1 One of my five children is an ILA member and he  
2 loves it and does a good job. At our corporate  
3 headquarters, we have local 1804. They do  
4 wonderful work, but it's really difficult getting  
5 trained mechanics. Another sort of in-the-weeds  
6 issue is I'll go to an ocean terminal and there  
7 will be 15 mechanics working on our chassis on  
8 Tuesday. I come back the following week, there's  
9 two. They've been pulled off to do more  
10 profitable reefer work or some other work. It's  
11 not my job to tell terminals or repair vendors how  
12 to run their business, but that is clearly an  
13 issue to us in order to get that road able piece  
14 of equipment.

15 Another observation -- I'm in terminals  
16 all the time. I'm spending more than 50 percent  
17 of my time working on chassis pools. It's the  
18 largest challenge to our company, and I'm in ocean  
19 terminals all the time. I've been traveling for a  
20 month just on this. Just got back.

21 Too many repairs are being done at road  
22 ability. It's not only an expense issue; it's a

1 complete lack of control. That's a major issue  
2 for us. The other issue we have -- and there's an  
3 old saying, "a few bad apples wreck it for  
4 everyone" -- we have a large issue in this  
5 business of lack of gate control. And so you have  
6 a number of individuals gaming the system, using  
7 the equipment being unauthorized users. And from  
8 a macro viewpoint, this chassis model to a leasing  
9 company is dramatically different than our old  
10 model. We used to have 20-30 customers that did  
11 most of the business. Now we have 5,000. And the  
12 attendant expense and administration of running  
13 that business, the credit risks are much higher.  
14 The liability risks are much higher. I had to buy  
15 a \$50 million supplemental policy, insurance  
16 policy. It just adds to the cost.

17 So we're trying to do our best as an  
18 industry to give a good product. I'm just -- it's  
19 only our perspective, and we don't have all the  
20 answers and we're not blameless, but when I was  
21 out at IONA two weeks ago, I spent the first three  
22 days getting yelled at saying, "What are you going

1 to do about solving our problem?" And then I  
2 spent the rest of the week giving mirrors out.  
3 One guy yelled at me, accused me of hoarding  
4 chassis. And I looked up the stats on that  
5 terminal. Their on-terminal dwell went up almost  
6 26 percent in one year. Street dwell went up just  
7 about 20. We put 6 percent more equipment in the  
8 pool and actual pool uses went down slightly. So  
9 those statistics would show you -- would result in  
10 a train wreck.

11 So what are we doing as an industry, and  
12 what are we doing at Flexi-Van? Maybe my  
13 colleagues can talk about it a little bit more. I  
14 don't want to go through everything. But gate  
15 control is imperative. Simple red light, green  
16 light system. We have a system in place. We're  
17 getting not the level of cooperation I would like  
18 to get in order to put that through. We got a DOJ  
19 business review letter that permits LABP, where  
20 Flexi-Van manages the pool, and TRAC is a major  
21 partner of ours, and DCLI, either they manage or  
22 run. We're able to work more closely together.

1 It's this pool of pools concept. It's much more  
2 efficient for the truck drivers. It will  
3 hopefully assist us in lowering repositioning  
4 costs. Bill Shea may want to talk a little bit  
5 more about that.

6 Flexi-Van -- a lot of the capital in the  
7 industry, both Flexi-Van and our competitors would  
8 spend in recent years buying shipping line fleets.  
9 Notwithstanding that, we have also been spending  
10 money. Flexi's building equipment now, we can't  
11 build it fast enough. And, of course, the  
12 domestic business, they were always building  
13 chassis over the past few years. Our 10 service  
14 centers, we're almost constantly looking for  
15 mechanics. They're working overtime. We are  
16 repositioning equipment to areas of demand which  
17 is a huge expense. It'll eat up, or can eat up  
18 several weeks of revenue to do that. And  
19 everybody wants to plan for Easter Sunday, and  
20 strikingly, some of the people that say, "I need  
21 chassis, I need chassis," as soon as they don't  
22 need them they say, "Get these chassis off my

1 terminal." So, you know, there's some sort of  
2 room for compromise here.

3 Not getting into the details, over the  
4 next several years, we're a private company. We  
5 compete for capital. We're owned by David  
6 Murdoch. He owns a series of companies, but we  
7 have budgeted several hundred million dollars over  
8 the next five years to build chassis, and we fully  
9 expect to do that.

10 So I think as an industry there are no  
11 simple solutions. There is no "one size fits  
12 all," but I think if we all work together in  
13 forums like this, we can definitely advance the  
14 ball. Thank you.

15 (Applause)

16 COMMISSIONER DOYLE: Thank you, Bernie.  
17 We'll next hear from Bill Shea, Direct  
18 ChassisLink, Inc.

19 MR. SHEA: Good morning. On behalf of  
20 Direct ChassisLink, I wish to thank Commissioners  
21 Doyle and Lidinsky for the invitation to speak at  
22 today's Port Congestion Forum. In addition, I

1 also enjoyed the comments from former FMC  
2 chairman, the Honorable Helen D. Bentley. Ms.  
3 Bentley, I can't ever imagine anyone ever refusing  
4 you an interview when you were a journalist. I  
5 also enjoyed the panelists' comments from our  
6 ports, our shipping associations, terminal  
7 operators, U.S. Coast Guard, ocean carriers, and  
8 the trucking community. As many of you have  
9 already said today, port congestion is a complex  
10 problem and it will be solved only through the  
11 cooperation and constructive measures of all  
12 supply chain stakeholders.

13 DCLI. We are an operating leasing  
14 company. We acquired DCLI from Maersk in 2012,  
15 and I did it in conjunction with Little John. We  
16 have grown from 64,000 chassis to 130,000 chassis  
17 over the last two years. What's unique about DCI  
18 is our ability to arrange partnerships, and we  
19 develop partnerships with APM and also motor  
20 carrier organizations like NACPC, and we've been  
21 also managing one of the nation's largest chassis  
22 pools, the Grand Alliance Chassis Pool, with

1 36,000 chassis operating on nine terminals,  
2 supporting the G6 Alliance, Hanjin, Hamburg Sud,  
3 and LA-Long Beach. My most exciting acquisition I  
4 think since we took over DCLI, we acquired REZ-1  
5 Systems, which is a Newton-based asset management  
6 company and IT service provider which manages an  
7 EMP program for the Union Pacific and Norfolk  
8 Southern Railroads, as well as managing CSX  
9 domestic container fleet.

10 Many of you probably saw John Crowley,  
11 who was the executive director of the National  
12 Association of Waterfront Employers. He wrote an  
13 article recently for the Journal of Commerce. It  
14 was entitled "The Intermodal Congestion  
15 Challenge." Mr. Crowley identified 12 different  
16 factors that were contributing to port congestion,  
17 and many of them have already been mentioned here  
18 today -- vessel bunching, large cargo volumes due  
19 to big ships, insufficient terminal, and  
20 intermodal infrastructure, short-term labor  
21 shortages, especially during summer months,  
22 weather conditions, screening inspections of cargo

1 implemented after the 9/11 attack, insufficient  
2 gate hours, driver shortages, shipper decisions as  
3 to when truckers should pick up cargo containers,  
4 trucker decisions as to time of day for container  
5 pickups, local traffic conditions. And finally he  
6 got to it in number 12. I thought we might escape  
7 it but we didn't -- the inadequate and  
8 inconvenient availability of container chassis,  
9 which increases driver turn times, hurts terminal  
10 productivity, and results in unnecessary  
11 repositioning and underutilization of equipment.

12 DCLI as a chassis provider and pool  
13 manager faces many of these problems identified by  
14 Mr. Crowley on a daily, even hourly basis. So  
15 what is DCLI doing to improve the efficiency of  
16 chassis operations on West and East Coast ports?  
17 It starts with better communication between ocean  
18 carriers, terminal operators, railroads, and motor  
19 carriers. We are working with the stakeholders to  
20 forecast short- and long-term business volumes, to  
21 establish on-terminal usage requirements for  
22 wheeled and bare chassis, to reduce on-terminal

1 and street dwell times by establishing standards  
2 and creating metrics to monitor performance across  
3 our pools.

4 Specifically, DCLI has developed and is  
5 implementing the following initiatives to improve  
6 chassis availability. We're working with  
7 terminals to add more mechanics to reduce  
8 out-of-service chassis volumes, and we're also  
9 moving chassis to off-site CYs supported by union  
10 labor to clear on-terminal space and to increase  
11 the rate of repairs. DCLI is attempting to gain  
12 better access, greater access to terminal  
13 operating systems, to identify and monitor imports  
14 on wheels with high dwell times awaiting pickups.  
15 We're encouraging ocean carriers to reduce on-  
16 terminal free days and establishing maximum street  
17 times with penalties that would apply for excess  
18 usage on the street. We're developing joint ocean  
19 carrier, motor carrier strategies to reduce  
20 responsibilities with incentives to terminate or  
21 pickup chassis at deficit or surplus locations  
22 supported by daily e-blasts. I incorporated this

1 in the EMP program which I'll speak about, and it  
2 was very effective to increase equipment  
3 availability. And finally, last month, DCLI  
4 implemented a motor carrier hotline in Southern  
5 California to assist truckers with finding  
6 available chassis within a regional pool location,  
7 and we'll be expanding that hotline to other  
8 regions across the country.

9           However, the most significant chassis  
10 productivity, Bernie mentioned it in his  
11 presentation, was a partnership that DCLI and  
12 Flexi-Van entered into to create the pool of pools  
13 chassis provision model. Historically, terminal  
14 operators and motor carriers were severely limited  
15 in how chassis could be use within a port complex.  
16 Specific chassis were used to service individual  
17 ocean carriers or a group of ocean carriers, and  
18 upon completion of the shipment, the chassis was  
19 returned to the originating terminal location or  
20 common start-stop within the designated chassis  
21 pool. This creates inefficiencies for terminal  
22 operators who previously needed to segregate

1 assets by ocean carriers and for trucks who were  
2 limited in how chassis might be used on the  
3 street.

4 In 1994, I helped develop the EMP  
5 program for Union Pacific, Norfolk Southern, and  
6 Conrail. EMP utilized a usage agreement between  
7 the railroads, which allowed for the free  
8 interchange of domestic containers amongst  
9 carriers. A monthly reconciliation of container  
10 usage between the railroads was performed by  
11 REZ-1. In essence, a Gray container fleet was  
12 created. The pool of pools chassis program will  
13 use a similar chassis usage agreement between  
14 independent, autonomous chassis pools and it will  
15 create a gray chassis operating in port complexes.  
16 An independent third party service provider will  
17 reconcile interpool chassis usage using a debit  
18 and credit accounting method and any overuser will  
19 pay for excess chassis use per the terms of the  
20 chassis use agreements. The independent third  
21 party will also maintain -- and this is important  
22 from an anti-trust perspective -- the master

1 customer list between the pools and will arbitrate  
2 certain disputes that may arise out of pool  
3 operations. In addition, an Interpool Operations  
4 Committee will convene daily to review interpool  
5 chassis balances and repositioning issues between  
6 pools and terminals to minimize chassis  
7 repositioning costs and track the usage.

8 I had an example a few weeks ago. We  
9 moved 300 units into TraPac in Los Angeles the  
10 same day Flexi-Van was moving 275 LABP units out.  
11 So we tied up 575 drivers when we could have done  
12 it with 25. After a nine month review of the pool  
13 of pools as Bernie stated, the Antitrust Division  
14 of the Department of Justice issued a business  
15 review letter to DCLI and Flexi-Van last week  
16 saying that it had no present intention to  
17 challenge the chassis use agreement between the  
18 parties. I think this clears the way in a matter  
19 of three to four months for the implementation of  
20 a great chassis pool in Southern California and  
21 it's applicable to other regions across the  
22 country. If the four chassis pools in the region,

1       which are the LABP, GACP, WCCP, and the DCLP agree  
2       to enter into interpool chassis use agreements,  
3       93,000 of the 105,000 chassis operating in  
4       Southern California will become gray, will be  
5       interoperable across the port complex. This  
6       should reduce dwell times, increase chassis  
7       availability, and improve motor carrier  
8       productivity. Marine terminal operators will no  
9       longer be required to segregate chassis for  
10      participating pools that are ocean carriers which  
11      should free up valuable terminal real estate in  
12      the congested port complex. Finally, the general  
13      public and the environment should also experience  
14      program benefits in the form of decreased field  
15      usage and reduced engine emissions. All three  
16      major leasing companies, along with other  
17      participating equipment providers and stakeholders  
18      will have a voice in the rollout of the pool of  
19      pools program.

20                   And finally, the implementation -- I  
21      think John and Rick had mentioned earlier about  
22      what's going on in a task force in New York-New

1 Jersey. The equipment implementation team for the  
2 Council on Port Performance is evaluating a number  
3 of chassis provision models, including the pool of  
4 pools structure, as well as the market pool, and a  
5 decision on the optimal chassis provision model  
6 for New York-New Jersey is anticipated in the very  
7 near future.

8 What I was excited about, the New  
9 York-New Jersey folks really did it well. There  
10 were some issues on the West Coast where chassis  
11 providers were not included in the process, but  
12 the Council on Port Performance fostered a spirit  
13 of cooperation and openness, collaboration,  
14 fairness from the moment that task force was  
15 engineered. So I appreciate their efforts.

16 On behalf of DCLI, I want to thank  
17 Commissioners Doyle and Lidinsky for the  
18 opportunity to address the group today. Thank  
19 you.

20 COMMISSIONER LIDINSKY: Thank you very  
21 much, Bill. Next we'll hear from Keith Lovetro  
22 with TRAC Intermodal.

1                   MR. LOVETRO: Well, good afternoon -- it  
2                   has transitioned into afternoon. First I want to  
3                   say thank you to the Commissioners for calling the  
4                   forum and inviting TRAC to participate. I'm Keith  
5                   Lovetro, Chief Executive Officer of TRAC  
6                   Intermodal. And just to level us out a little  
7                   bit, TRAC Intermodal, so we are a chassis  
8                   provider, and I say that with a little reluctance,  
9                   but based on how many comments have been made  
10                  about chassis supply in this meeting, but we're  
11                  actually the market share leader in providing  
12                  chassis to both the domestic and the international  
13                  segments of business. We have about 310,000  
14                  chassis under management but 235,000 in our marine  
15                  segment and the rest in our domestic segment. And  
16                  it was said earlier today that almost everything  
17                  has been said so by the time we get over to Curtis  
18                  you're going to have a tough road to follow guy.  
19                  But I'm going to take my 15 minute presentation  
20                  and condense it down to about 2 minutes.

21                         But I think it's important to understand  
22                         from TRAC's perspective so what are the root

1 causes of some of the problems and then what are  
2 some of the alternatives that you can use to solve  
3 those problems, and then what's TRAC doing right  
4 now today to help address these issues. So when  
5 you think about it, and we've heard this now from  
6 many of the speakers, so what's the source of the  
7 issue? The marine industry is in a major sea  
8 change, right. The business model is evolving.  
9 So what caused it? Well, bigger ships are  
10 certainly one of the aspects and bigger ships are  
11 required because of the economies of scale that  
12 come with that size of the vessels. Better for  
13 the ecology, it's better economics. So bigger  
14 ships are also forcing broader alliances. You  
15 have to fill the ship, you need more folks to  
16 contribute chassis to do that. And therein lies  
17 -- that's the simple part, right, that's the easy  
18 part to understand. Now it gets more complicated  
19 is what used to be kind of a one-to-one model, you  
20 had one shipping line landing at their port  
21 terminal and things went in and out of that  
22 location. It was pretty simple, pretty

1 straightforward. Well, now you have alliances  
2 that are landing at port terminals and they could  
3 vary. I think we heard some of my cohorts  
4 mention, you know, on Tuesday they land at Port  
5 Terminal A, on Wednesday they land at Port  
6 Terminal C, so there's a spreading, an integration  
7 of the land side operations. And therein lies a  
8 part of the complexity of the problem. So now we  
9 have interdependencies between the port terminals,  
10 we have interdependencies between all the pieces  
11 that now follow on from the ships. So it's the  
12 size of the ships, right, it's the alliances, it's  
13 the integration of the operations on the port and  
14 that's the port terminal operators, that's the  
15 chassis providers, that's the draymen. In the  
16 past it was okay to operate in -- I'll call it a  
17 demand state. You show up, you get a box, you get  
18 a lift, you haul it away. Today I think you have  
19 to find that it has to be a much more planned  
20 environment. It has to be more systematic. You  
21 can't just randomly show up and things, you know,  
22 expect them to go smoothly; the volume is too

1 large. But again so big ships, alliances. The  
2 business model is shifting forcing the operations,  
3 the land side operations to be more integrated.  
4 The chassis pool model is changing. That's  
5 another part of the issue, right. So the model is  
6 changing from -- I used to be able to put a pool  
7 on a port terminal, it satisfied the in and out  
8 demand of that particular port. That doesn't work  
9 anymore. They're integrated now. It comes in on  
10 one, it goes back on another, so you get  
11 migration, you get all sorts of complexities that  
12 five years ago we didn't have. So the pool  
13 structure becomes an important piece. Pool size  
14 becomes an important piece. So those are five  
15 pretty key things. Pool size, so yes, the fleet  
16 you can size it for a past practice, but as we've  
17 heard the dwell time at the port terminal has  
18 changed. That increases fleet demand. The dwell  
19 time in a street environment has gone up so that  
20 increases fleet size. There are a variety of  
21 factors that cause the fleet size that used to be  
22 acceptable in the past to no longer be acceptable.

1 So those are kind of five pretty key drivers that  
2 are causing the congestion or contributing to the  
3 congestion from TRAC's point of view. So what are  
4 we going to do about it? What can you solve to  
5 address those issues? Bigger ships and alliances?  
6 Not much. But I think we heard it before what  
7 would really help, and as you become more  
8 integrated what becomes almost a requirement is  
9 better forecasting. You have to know what's  
10 coming on the ship, you have to know where that  
11 ship's going to land. To have a ship show up and  
12 you don't know the volume, you don't know what  
13 port it's going to land in, you're back in a  
14 random state. It gets pretty hard to respond to a  
15 random state when you're trying to address 10,000  
16 TEUs or more. So the bigger ships and alliances  
17 force the better forecasting and better  
18 pre-alerting of information, right. These ships  
19 are on the water for weeks. We have to know  
20 what's coming over the transom, not just what  
21 showed up in the port yesterday as oh, crud, now  
22 we've got to handle 11,000 TEUs. So forecasting

1 is pretty key.

2 In terms of the integration of the port  
3 operations, so we think that both the  
4 harmonization of gate hours, right, so these are  
5 things that in the Council on Port Performance in  
6 New York we've been addressing and talking about.  
7 So how do you get the port terminals to operate  
8 more kind of like an integrated system? So you  
9 have things like consistent port hours, right,  
10 gate hours. You have staffing levels possibly.  
11 There's a whole series that are outside of frankly  
12 my perspective that could be addressed to  
13 harmonize the operations of the port terminals  
14 that these ships are landing in and I think the  
15 CPP program, the Council on Port Performance,  
16 certainly in New York and New Jersey is addressing  
17 that. And so I think that they've got a pretty  
18 good handle on things that can be harmonized. But  
19 the key is that they're an integrated operation  
20 now, they're not stand alone operations so much.

21 So what about the last two? The last  
22 two really pertain to the chassis piece, right.

1 So fleeting and structure of a pool. So you've  
2 heard earlier that there are potentially two  
3 alternatives being looked at, one is a pool of  
4 pools and one is -- we're calling it a market  
5 pool. Well, when you think about structure of the  
6 pool it's not just the structure that becomes  
7 important. One of the other elements that becomes  
8 important -- let's say we go to market pool, so  
9 that's basically a co-op style pool, and let's say  
10 we leave it on the port terminals. Okay, well  
11 that solves one of the elements, one of the  
12 problems in the structure. But it's on the port  
13 terminal. So you heard earlier -- so one of the  
14 things that's a condition that we have to solve is  
15 labor gets pulled away from chassis mechanics and  
16 deployed on other activities. All right. The  
17 port has that ability. They are contracting the  
18 labor, they are directing the labor, and if a  
19 chassis mechanic is needed somewhere else, they're  
20 directed somewhere else. If you keep the model on  
21 terminal you're not going to fix half the  
22 problems. So half the problem is controlling the

1 source of labor. If you control the source of  
2 labor you can control the quality better. You  
3 mentioned -- or Bernie mentioned actually earlier  
4 about gate control. If you come off the port  
5 terminal you can put gate control in because you  
6 now control the environment. On the port you're  
7 dependent upon somebody else to work with you and  
8 put it in. So the structure of the pool is  
9 certainly one element. How you deploy the  
10 structure of the pool is the second element. So  
11 if you have a market pool or a pool of pools and  
12 you don't change how you deploy it or where it's  
13 distributed through you're not going to fix all  
14 the problems. So legally a part of the solution  
15 for certainly New York-New Jersey is you go to one  
16 of those two pool options, and we're voting for  
17 the market pool, and you have to pull it off the  
18 port terminal operations, you have to get into a  
19 confined chassis depot so you can control the  
20 environment. You can control the labor, you can  
21 control the date going in and out and I think from  
22 the end of that you'll have a more consistent

1 supply.

2           That raises back into fleeting, right.  
3 So fleeting will change but now you have a more  
4 predictable environment. So as it's more  
5 predictable you can control the fleeting better.  
6 So if you have out of service it's running because  
7 you lost mechanics fleeting gets to start moving  
8 all over the place. So now your supply should be  
9 better, more predictable. So you get the co-op  
10 pool, you get it off terminal, you have more  
11 control and more predictability -- got an echo up  
12 here --on the management of the repair and supply  
13 and it starts to fix the problem with it.

14           So that's a perspective, right; that's a  
15 longer term perspective that we're working through  
16 the CPP to help discuss. One of the things that  
17 we're finding is that the collaboration -- and  
18 certainly through venues like the CPP has really  
19 helped -- it brings the stakeholders together and  
20 we get the subjects on the table, we get them  
21 discussed, we get them worked out. So that wasn't  
22 a business model before, right. Everyone was kind

1 of doing their own thing. So today through  
2 efforts like what Rick and John are doing, are  
3 forcing the collaboration and it's become we think  
4 very productive.

5 So I said what the root problems,  
6 alternatives, and what's TRAC doing today. So  
7 TRAC Intermodal in New York-New Jersey. So  
8 there's a supply issue, right. So you can do a  
9 couple of things. First it's hard to get more  
10 mechanics. Supply is a little tough so we're  
11 working guys on overtime. We're spending a huge  
12 amount of money frankly on overtime. Overtime is  
13 okay for a period of time but what happens is the  
14 men get tired, right; the men don't want to work  
15 overtime. If that's the only relief valve you  
16 have, so you have to raise the supply, you have to  
17 actually have more mechanics. So short term we  
18 are increasing the amount of overtime work to  
19 increase the amount of repaired units available to  
20 the trade. We are also bringing what we call  
21 safety stock into the mix. And safety stock is to  
22 take some of the spikes out of the demand. So

1 we'll put 600 units in a non pool accessible  
2 location. As the demand moves up and down we  
3 drain the safety stock and put it in the supply  
4 and then we put it back in the safety stock when  
5 we have the ability. So we're using safety stock  
6 as a gauge to regulate the demand a little bit in  
7 terms of the New York-New Jersey pool. Something  
8 else we're doing to add to supply is we're  
9 actually what we call refurbishing units. So  
10 we're taking units out of a depot, we're using ILA  
11 labor to basically strip the entire unit,  
12 sandblast it, repaint it, all new plumbing,  
13 hydraulics, electrical, everything, new tires, and  
14 we put them into supply. So we're actually  
15 refurbishing units as part of our safety stock  
16 plan. And right now we're looking for vendors who  
17 can help us do that. We've got about 2500 units  
18 under contract to address our safety supply, our  
19 safety stock, but we're looking for more. So  
20 again part of the solution is overtime to create  
21 supply, add more units through the refurbishing  
22 program, and that will get us through the peak and

1 then the new structure hopefully will solve it for  
2 next year.

3 That's it. Thanks very much.

4 (Applause).

5 COMMISSIONER LIDINSKY: Thank you very  
6 much, Keith. We'll next hear from David Manning  
7 who is with the North American Chassis Pool  
8 Cooperative.

9 MR. MANNING: It's like running an  
10 obstacle course trying to get up here. But I  
11 serve as Chairman of NACPC which is a motor  
12 carrier cooperative that operates with pooling  
13 authority that was granted by the Surface  
14 Transportation Board with the objective of just  
15 providing an alternative chassis provisioning  
16 model into the marketplace.

17 So I want to start by saying thank you  
18 to Commissioner Doyle for the invitation to speak  
19 today at this forum and to share the North  
20 American Chassis Pool Cooperative's or NACPC's  
21 solution for achieving the most efficient chassis  
22 deployment and ownership model which we think will

1 contribute to reducing motor carrier delay time at  
2 that point.

3 In our view the chassis model adopted at  
4 each port must allow for the maximal opportunity  
5 for marketplace competition. We believe strongly  
6 that the free market will provide the proper  
7 environment to allow the best model to evolve  
8 while at the same time ensuring an adequate supply  
9 of properly equipped and maintained chassis at the  
10 lowest price. But sadly that's not the case in  
11 any of the existing models today. The  
12 restrictions of today's market prevent the trucker  
13 from being able to choose their chassis provider  
14 even when they pay the bill. And that leaves the  
15 daily rental charges subject to little or no  
16 competitive rate pressures. In fact that's the  
17 reason that NACPC was formed, because of the non  
18 competitive market that was initially created as  
19 this chassis evolution began. A market where the  
20 marine carriers were selling their chassis to the  
21 leasing companies and dictating to the motor  
22 carriers when moving their boxes that that leasing

1 company had to be used for the chassis even when  
2 the motor carrier was paying the bill. In this  
3 controlled market in many cases the sale of  
4 chassis was for a price above the fair market  
5 value. The sale included termination costs of  
6 \$500 to \$750 per chassis for leased chassis would  
7 have to be terminated. That included a favorable  
8 rate for the marine carrier, maybe sometimes below  
9 cost when the marine carrier was paying for the  
10 chassis use. And in some instances it included  
11 the free on terminal use for the chassis. So in  
12 return for those favorable concessions the marine  
13 carriers granted the leasing companies exclusive  
14 100 percent use of the chassis when their  
15 equipment was being used on those chassis. In  
16 this closed market those sales terms drove up the  
17 daily use rate charged the motor carrier and  
18 ultimately to their customer. The lack of free  
19 market competition facilitated the adoption of  
20 these terms because the end user had no chance to  
21 negotiate the price or the interchange terms. In  
22 an effort to challenge that closed market and

1 create an alternative in the market 12 motor  
2 carriers formed NACPC and applied for and received  
3 pooling authority from the Surface Transportation  
4 Board.

5 So NACPC's mission has four parts to it.  
6 The first, we believe that chassis should be a  
7 utility and it should be provided in the market  
8 with a transparent, at cost, daily use rate. But  
9 to enable NACPC to enter the market and to grow  
10 there has to be open free market competition and  
11 those who pay for the chassis have to be allowed  
12 to select their own chassis provider 100 percent  
13 of the time. Because of the current market  
14 restrictions NACPC's unable to enter every market.  
15 We believe daily chassis right competition could  
16 be encouraged by ensuring that motor carriers have  
17 the ability to select their chassis provider each  
18 time their paying chassis use bill. A second  
19 objective of NACPC's mission is to ensure there's  
20 an adequate supply of chassis in the U.S. to meet  
21 future needs. We think that only with open market  
22 competition will chassis providers be encouraged

1 to provide the investment necessary to accomplish  
2 this. Also only with open market competition will  
3 NACPC be able to obtain a national footprint.  
4 Third segment of our mission is to ensure that the  
5 chassis are modernized to include radial tires,  
6 LED lights, ABS, and auto inflation. This  
7 equipment will serve to address the current  
8 problems with over the road violations which  
9 threaten motor carriers' CSA scores. Brakes,  
10 lights, and tires make up the overwhelming  
11 majority of roadability violations. Chassis with  
12 LED lights, ABS, and radial tires eliminate most  
13 roadside and CSA violations. If motor carriers  
14 can choose their chassis provider, motor carriers  
15 will choose a provider whose chassis have these  
16 components on them and are reasonably priced. And  
17 the fourth segment of NACPC's mission, we strongly  
18 believe the chassis should be interchanged  
19 according to the UIIA Interchange Rules. The UIIA  
20 is a multimodal negotiated interchange agreement  
21 and it serves as the standard interchange  
22 agreement for most intermodal interchanges except

1 for chassis. Chassis leasing companies continue  
2 to insist the motor carriers sign their  
3 proprietary interchange agreements.

4 So NACPC's vision to accomplish its  
5 mission is within a model that ensures several  
6 things. One of those is the gray chassis pool  
7 which you've heard a lot about. Because we think  
8 that does improve efficiency. So one of our  
9 objectives is to preserve the existing gray pool,  
10 low cost, chassis pool model that previously was  
11 established by the ocean carriers under FMC  
12 approval. The contributory gray pools serve such  
13 as those managed by CCM allow users to draw a  
14 chassis from a pool regardless of the ownership.  
15 The contributory pool model eliminates duplicate  
16 costs and maximizes the use of limited space at  
17 the port by eliminating the need for a contributor  
18 to have its own chassis storage facility. It also  
19 ensures the adequate supply of chassis for all  
20 users. Pool managers oversee the chassis  
21 logistics, building, inventory supply,  
22 maintenance, repair, and the repositioning of the

1 chassis, but use arrangements are determined  
2 between the chassis contributor and its users.  
3 Gray pools therefore foster an environment for  
4 improved competition including more than one  
5 chassis provider in a particular pool as long as  
6 the marine carrier allows the motor carrier to  
7 exercise choice. This pool and pool interchange  
8 that will be facilitated by the recent DOJ  
9 decision will allow all of the chassis within a  
10 port area to be gray even if there are multiple  
11 pool managers.

12 Second part of the environment that  
13 NACPC thinks is important is that the model must  
14 allow motor carriers to designate their preferred  
15 chassis provider at one place and at one time for  
16 the entire port area. It's entirely too  
17 complicated today even when choice is allowed.  
18 The model must allow motor carriers to pick up a  
19 chassis at any location. The interchange should  
20 be according to the UIIA interchange rules. Motor  
21 carrier must be able to use the chassis for any  
22 marine box and return it to any location. And

1 finally that model ought to provide for the  
2 inclusion of all the over the road repair expense  
3 in the daily rate charged by the chassis provider.  
4 The current over the road repair model is broken  
5 and has driven up costs for everyone. This will  
6 create a new model where the equipment provider  
7 can control all of its costs and the quality of  
8 the repairs that are made over the road and put  
9 the cottage used tired industry that sprung up out  
10 of business.

11 With this in mind NACPC's vision for the  
12 mid-Atlantic, northeast alternative model would be  
13 where all chassis in the port area are gray, allow  
14 for the continuance of the separate competitive  
15 pool options using the pool and pool interchange  
16 to ensure that the chassis are gray, allow the end  
17 user to nominate their chassis provider for all  
18 their chassis needs in that particular market, and  
19 have all M & R performed by the ILA labor. If  
20 that model existed then NACPC would be able to  
21 obtain a footprint in this marketplace by net  
22 leasing chassis from the leasing companies with an

1 existing user base. We would contract with four  
2 or more of the existing pool managers to manage  
3 the equipment, to include the use of ILA labor for  
4 M & R work. We would bill the chassis at a  
5 transparent, at cost use rate for daily chassis  
6 charges. This cost would include the cost of the  
7 asset, the cost of the chassis management billed  
8 by the pool manager, insurance costs, the over the  
9 road repair costs so a motor carrier would not get  
10 a bill for roadside repairs if they use the NACPC  
11 over the road vendor, and then a fee for  
12 reinvestment in equipment. We would market that  
13 NACPC option to all marine carriers, motor  
14 carriers, and VCOs, and if the strategy proves  
15 successful, we'd support the growth by adding  
16 chassis using net leases from leasing companies  
17 and/or acquiring new chassis. If that model were  
18 successful the fleet would gradually be converted  
19 to more and more chassis being net leased by NACPC  
20 and provided to all users at cost.

21 So in summary we see four absolutes that  
22 should be required for the chassis operating

1 environment. First is the gray pool. Any chassis  
2 used for any box any time. Second is 100 percent  
3 motor carrier choice. Motor carriers have to be  
4 able to designate their chassis provider one time  
5 for an entire port area. Marine carriers can't be  
6 continued to allow to dictate chassis provider  
7 when someone else is paying the bill. Granted  
8 there are existing contracts that might have to  
9 honored, but they should not be allowed to be  
10 renewed while leasing companies offer incentives  
11 for marine carriers to limit choice. Third, there  
12 must be a free market competition for the pool  
13 management and the chassis supply. It's only  
14 incentive for investment and upgraded new chassis;  
15 shouldn't force any of the current participants  
16 into a dictated solution, but simply assure that  
17 there's a free market competition and let the best  
18 model win. And then that finally that the UIIA  
19 must be used as the document to govern interchange  
20 rules.

21 We recommend the Commission use this  
22 review in monitoring activities to ensure that the

1 transfer of the chassis provisioning from the  
2 traditional one mode ocean carrier model to the  
3 emerging multimode model is accomplished within an  
4 economically transparent, responsible,  
5 predictable, and safety oriented framework that  
6 preserves and promotes competition.

7 Thank you. (Applause)

8 COMMISSIONER LIDINSKY: Thank you very  
9 much, David. Our final chassis commentator will  
10 be Jon Poelma, Consolidated Chassis Management,  
11 LLC. Jon?

12 MR. POELMA: Good afternoon. I was  
13 going to try and take the short way up but after  
14 looking forward to crab cakes on the drive in from  
15 New Jersey I thought better of it, so I took the  
16 long way. So great to be here today in a packed  
17 room full of the industry titans, so certainly my  
18 honor to be here. I appreciate the invite from  
19 Commissioner Doyle, Commissioner Lidinsky, and Ms.  
20 Bentley.

21 My name is Jon Poelma; I'm Vice  
22 President of Operations for Consolidated Chassis

1 Management. I appreciate the opportunity to be  
2 here and for you guys to make this event possible  
3 to discuss port congestion today. Chassis  
4 revision has a major impact on port productivity.  
5 Scarcity or dislocation of chassis causes  
6 terminals to be short of wheels, to unload vessels  
7 while drivers are inconvenienced, searching  
8 through the terminal trying to find wheels. Often  
9 there are unpaid miles and wait times to shorten  
10 work days. Drivers unable to move efficiently  
11 through the terminal due to a wait for a chassis,  
12 searching for a chassis, or waiting on a flip.  
13 This already frustrates constraint footprints.  
14 CCM was founded in 2005 by OCEMA as an at cost  
15 gray chassis model with a specific goal of driving  
16 efficiencies, and has grown to currently managing  
17 142,000 chassis throughout the U.S. CCM acts as  
18 the IEP of record providing maintenance and  
19 logistics to ensure the right chassis is at the  
20 right place at the right time. Contributors  
21 include the major leasing companies, ocean  
22 carriers, and motor carriers and the values are

1 squarely centered around service, safety, and  
2 cost. CCM is not currently involved in the  
3 northeast but its experience in other regions may  
4 offer some insight into solutions for the  
5 northeast. CCM's current scope covers the ports  
6 in the southeast from North Carolina to the gulf  
7 ports, via its SACP and GCCP pools. And a  
8 majority of the heartland via its DC, MC, MW, and  
9 COCP pools. A lot of acronyms here. Again CCM's  
10 contributor base consists of multiple entities to  
11 include the leasing companies, ocean carriers, and  
12 motor carriers. We're open to contributions from  
13 any potential member.

14 So within the scope of CCM, port  
15 congestion has not been an issue. Therefore CCM's  
16 business practices or observations may be  
17 considered of value for those considering  
18 improvements in the northeast. From our  
19 experience, and it seems to be a general consensus  
20 today from the speakers prior to me is that we see  
21 the gray pool being a solution. One fine example  
22 where we are involved in the southeast is a

1        tremendous reduction of the chassis footprint in  
2        the Port Authority of Savannah. We're managing  
3        increased volumes, record volumes with a 2,500  
4        chassis foot print. CCM provides one party of  
5        managed logistics without bureaucracy or system  
6        reconciliation between silos of independent  
7        chassis providers, attempting to manage stock  
8        controls. One party to meet with major BCOs and  
9        marine carriers and to discuss peak shift shipping  
10       needs prior to the peak season and ensure the  
11       appropriate preparation and communication. One  
12       party to communicate with the motor carrier  
13       community and address their short term needs and  
14       one party to negotiate with labor on maintenance  
15       requirements and a streamlined tariff.

16                    CCM is a neutral management entity  
17       following the priorities established to service a  
18       terminal's productivity while balancing the needs  
19       of its various members. Working on an at cost  
20       model CCM seeks to drive competition within its  
21       pools while providing the motor carrier community  
22       with choice when allowed. We have found that the

1 ability for a motor carrier to choose its provider  
2 is not only the right thing to do in live lift  
3 termination situations, but the efficiencies  
4 gained continue to reduce costs throughout the  
5 supply chain. CCM has worked diligently to  
6 promote competition with its pools and support the  
7 multiple contributor base model with a  
8 participation and contribution of NACPC, and many  
9 of its pools count as a recent success. Should  
10 CCM be asked to serve in the northeast it has the  
11 systems, operating rules, and experience to move  
12 quickly to establish best practices and drive  
13 similar efficiencies.

14           Again, Commissioners, I thank you for  
15 your time and thanks for inviting me. (Applause)

16           COMMISSIONER DOYLE: Thank you, Jon. A  
17 couple of the folks that I've had from the Federal  
18 Maritime Commission staff that really helped get  
19 things together with Joel Graham from the General  
20 Counsel's office, Jewel Jennings-Wright, from  
21 Commissioner Lidinsky's office, David Tubman, my  
22 counsel, who a lot of you guys have worked with

1 getting here, and David Story from the Federal  
2 Maritime Commission.

3 Okay. Next --

4 SPEAKER: Inspector General Jon  
5 Hatfield.

6 COMMISSIONER DOYLE: Oh, Inspector  
7 General Jon Hatfield. Okay, now we're going to go  
8 into the folks from the International Long  
9 Shoremen's Association. And we have you scheduled  
10 one at a time or however you want to do it.

11 MR. VIGNERON: All of us are going to go  
12 up at the same time.

13 COMMISSIONER DOYLE: Okay. We've got  
14 Larry Bachtell and Mike Vigneron.

15 MR. VIGNERON: Good afternoon.

16 (Applause) We have a formal report that was  
17 submitted. It should be on the website so anytime  
18 you guys get 15 minutes you want to kill you can  
19 read it. I'm not going to go over everything that  
20 -- we've covered every angle here today. All I  
21 want to say is that we want to be part of the  
22 solution, not part of the problem. We are

1 currently working on a task force in New York.  
2 We'll gladly work with anybody in this room going  
3 forward. We know that, you know, we want to  
4 protect our jobs but we also know that to protect  
5 our jobs we have to protect our business. So  
6 going forward if anybody needs any help from the  
7 ILA please reach out for us. We'll work with  
8 anyone in this room and that's a promise, okay.  
9 Short and sweet. We know our problems, we're here  
10 to help. Thank you. (Applause)

11 MR. BACHTELL: I'd just like real quick  
12 to add on a couple of things that had been said.  
13 Mr. Reinhart hit on it. The CBP, because of the  
14 way that we work our rail we are missing probably  
15 50 to 56 hours a week that we can't load imports.  
16 If we can load those imports at night that's going  
17 to take those boxes out of the stacks and allow us  
18 to get to boxes quicker for the drivers on the  
19 gates. Not a complete solution but that's a heck  
20 of a lot of containers we could move in a week if  
21 we had those hours to work.

22 And as terminal operators look at new

1 infrastructure and everything else please take  
2 into consideration all this new technology and  
3 everything is good, but push your vendors to give  
4 us some equipment that when it goes down we have  
5 manual plans. Sometimes these things happen to  
6 us, it will take you a day and a half to recover  
7 from some of this stuff.

8 So thank you. (Applause)

9 Mr. TUBMAN: That concludes our morning  
10 session. We're going to take a break until 3:30.  
11 You all are excused. I'd like to ask the  
12 panelists to remain and those of you with your  
13 green stickers to remain in the room. But  
14 otherwise we'll resume business at 3:30. Thank  
15 you.

16 (Lunch Recess)

17 COMMISSIONER DOYLE: All right. I think  
18 David Tubman has a list of folks that had  
19 preregistered for the open mic. We'll get through  
20 them and then it's open. Anybody can come up and  
21 say what they want. Thank you.

22 MR. BADER: Thank you. Ladies and

1 gentlemen, as President of the Association of  
2 Bi-State Motor Carriers and owner of my own small  
3 based New Jersey trucking company, Golden  
4 Carriers, for over 40 years, I am pleased that the  
5 Federal Maritime Commission has scheduled these  
6 public forums across the country to address U.S.  
7 Port congestion. And I thank you for giving the  
8 Association of Bi-State Motor Carriers this  
9 opportunity to participate. Our membership  
10 accounts for over 70 percent of the commerce at  
11 the ports of New York and New Jersey. We have  
12 witnessed firsthand the serious ramifications of  
13 port congestion that have been choking the  
14 lifeblood out of our industry. I am here today on  
15 behalf of the over 130 Association members based  
16 on states across the U.S. to issue a call to  
17 action and ask that you work with us to find and  
18 implement effective solutions and debilitating  
19 congestion problems that we struggle with on a  
20 daily basis.

21 While we faced the aftermath of super  
22 storm Sandy in 2013 and experienced one of the

1     harshest winters on record, and natural disasters  
2     and bad weathers are not the excuses for chronic  
3     congestion problems that regularly plagued the  
4     Port of New York and New Jersey. Port congestion  
5     is the most challenging issue facing our industry  
6     and is a direct result of productivity issues and  
7     continued chassis shortages. These two issues  
8     must be prioritized and dealt with swiftly in  
9     order to handle the anticipated increase in port  
10    volume that will occur as a result of recent  
11    growth initiatives. Millions of dollars are being  
12    spent to raise New Jersey's Bayonne Bridge in  
13    order to allow bigger ships to enter our harbors.  
14    But this massive undertaking will be for naught  
15    unless something is done to rectify the congestion  
16    at the port first. If we cannot handle the volume  
17    coming in now, how will we be able to handle the  
18    bigger ships when they arrive? We must be  
19    proactive in implementing solutions to port  
20    congestion and we must do it soon. The  
21    Association of Bi-State Motor Carriers recently  
22    participated in the Port of Authority of New York

1 and New Jersey Performance Task Force, providing  
2 input and working to develop solutions to the  
3 ongoing issues which adversely affect our  
4 operations and port productivity. While the  
5 initial port productivity report provides a  
6 general framework for long term solutions there  
7 are still serious issues that must be addressed to  
8 improve productivity and commerce. The survival  
9 of those who do business in the Port of New York  
10 and New Jersey and in ports around the country is  
11 at stake and time is of the essence.

12 We commend the Port of Authority of New  
13 York and New Jersey for keeping the Task Force in  
14 place. This will help ensure that their  
15 recommendations are indeed implemented and we  
16 trust that all entities at the port are held  
17 accountable for their actions or their inactions.  
18 One thing that became evidence in our working with  
19 the Port Performance Task Force is that the key to  
20 solving the problem with respect to productivity  
21 in our ports is to take a holistic approach. Each  
22 and every problem must be looked at in terms of

1     how it interacts with the operations of other  
2     problems at our port. Attempting to fix one  
3     problem without being mindful of how it impacts  
4     other components of the port operations will only  
5     result in failure.

6             In order to effect lasting meaningful  
7     change we ask you to recognize and address the  
8     leading issues threatening our industry not only  
9     in the port of New York and New Jersey, but in  
10    ports throughout the country. There are as  
11    follows: Chassis situation. Steamship line which  
12    have been in and out of the chassis business  
13    should stay out of the chassis business. Until  
14    safe and roadable chassis are available that can  
15    service the needs of the entire port community  
16    operations at our port will continue to suffer and  
17    trucks will never be able to keep accurate  
18    schedules. We support a gray chassis fleet,  
19    neutral to the port which has been initiated and  
20    instituted successfully in other ports. A truck  
21    management system. Port Productivity Task Force  
22    and others across the country have proposed

1 implementing a truck management system to deal  
2 with the unpredictability of truck arrivals. The  
3 Association of Bi-State Motor Carriers vehemently  
4 opposes any measure to launch an appointment  
5 systems unless and until all levels of service  
6 commitments are achieved at all the terminals.  
7 Infrastructure problems. The reliability of  
8 servicing our trucks, the lack of chassis, these  
9 are all examples of why an appointment system  
10 would be disastrous and quite frankly impossible  
11 to implement. The Association also opposes the  
12 institution of any appointment system until an  
13 RFID tag system is set up, running, and the data  
14 fully distributed and integrated into the port  
15 community. The program must include the RFID tags  
16 that reliably capture the vehicle from the  
17 beginning of the queue to the end of the  
18 transaction, including termination of empties as  
19 part of a double move wherever the empty is  
20 returned. All terminals on board and using RFID  
21 tags with the information being shared with the  
22 port community in a timely manner. And adjustment

1 in the tariff must be made to provide proper  
2 compensation for truck detention and delays. The  
3 terms and conditions of the tariff must include an  
4 automatic system where truck charges and  
5 thresholds for extension of free time is included.  
6 Redeemed charges by steamship lines must be  
7 controlled and tied into level of services at the  
8 terminals. If delays are present then automatic  
9 extensions of free time must be added. Diversion  
10 costs. Any diversion costs including those for  
11 picking up chassis at other locations must be  
12 included in the rate structure of a published  
13 tariff. Diversions must be maintained and  
14 controlled in a fair and consistent manner and not  
15 consistently for the convenience of terminals and  
16 ocean carriers. A driver cannot keep on schedule  
17 if they are forced to divert to pick up a chassis  
18 or return a container. Terminal operations. All  
19 terminals must stay current with 21st century  
20 technology. Items such as bar codes and other  
21 data collection should be a priority. In addition  
22 we believe standardizing terminal operation

1 processes will help eliminate much of the current  
2 confusion. Keeping the terminals open longer is  
3 vital, including looking at a second shift as a  
4 normal operating schedule.

5           These recommended solutions can all be  
6 accomplished if we as an industry work together  
7 similar to the atmosphere created by the New York  
8 New Jersey Port Productivity Task Force. However,  
9 whatever regulations and systems are put in place  
10 must allow for all parties associated with our  
11 ports to play by the same rules. The steamship  
12 lines, terminal operators, and port related  
13 companies must be held accountable to meet a  
14 common set of standards that can define the way we  
15 conduct our business and the commerce at our  
16 points. For too long we have allowed the  
17 steamship lines to dictate our fate. It's time  
18 that we all work for a common good to save the  
19 future of our industry. Congestion in our ports  
20 is not only damaging the trucking industry but it  
21 all leads to inefficient commerce and ultimately  
22 negative impact on the U.S. consumers.

1           We are all proud of our ports and the  
2           role we play in ensuring that commerce thrives in  
3           our region. The time has come for us to actually  
4           find and implement solutions to the serious  
5           problems that are hindering our ability to conduct  
6           business officially. It is only by working  
7           together that we will ensure long term success of  
8           the intermodal commerce at ports. On behalf of  
9           the Association of Bi-State Motor Carriers we  
10          pledge to work with all interested parties to do  
11          just that.

12                   Thank you very much. (Applause)

13                   COMMISSIONER DOYLE: Thank you. All  
14                   right. Next up we have Jon Gold from the National  
15                   Retail Federation.

16                   COMMISSIONER DOYLE: You good with this?

17                   MR. GOLD: Bring it down just a little  
18                   bit. You know, us fellow Mets fans need lower  
19                   things.

20                   COMMISSIONER DOYLE: Hey, I'm with the  
21                   Sox.

22                                   (Laughter)

1           MR. GOLD: Good afternoon, my name is  
2 Jonathan Gold; I'm the Vice President for Supply  
3 Chain and Customs Policy with the National Retail  
4 Federation. Thank you, Commissioner Doyle and  
5 Commissioner Lidinsky for the opportunity to  
6 participate in this afternoon's session.

7           By way of background NRF is the world's  
8 largest retail trade association representing  
9 discount and department stores, home goods and  
10 specialty stores, main street merchants, grocers,  
11 wholesalers, chain restaurants, internet retailers  
12 from the United States and more than 45 countries.  
13 Retail is the nation's largest private sector  
14 employer supporting one in four U.S. jobs; that's  
15 42 million working Americans. Contributing \$2.6  
16 trillion annually to the GDP retail is a daily  
17 barometer for the nation's economy.

18           Retailers rely on efficient supply  
19 chains and just in time delivery. Any delays to  
20 cargo movements can be costly. NRF's members,  
21 both large and small, have a bottom line interest  
22 in seeing the nation's ports become the most

1 efficient in the world. The reasons for  
2 congestion are well known. Larger ships are  
3 requiring terminal operators to ground more  
4 containers, problems managing chassis and other  
5 intermodal equipment, implementation of  
6 technology, and a lack of public investment in  
7 roads of intermodal connectors. But there's one  
8 other factor I'd like to talk about today. We all  
9 know that marine terminal operators work for the  
10 ocean carriers. So logically an MTO's main focus  
11 is going to be on satisfying the primary business  
12 needs of its customers, the ocean carrier. And  
13 today with ships getting bigger and bigger all the  
14 time the MTOs are focused on turning ships as  
15 quickly as possible. That makes sense, but it  
16 leads to business practices that are mainly  
17 focused on dockside operations. Trucking  
18 operations are often afterthoughts. Equally  
19 important, MTOs have no direct business  
20 relationship with the truckers who arrive at their  
21 gates or the beneficial cargo owners that the  
22 truckers haul for. Nor are the MTOs rewarded by

1 their customers, the ocean carriers, for handling  
2 the gate operations efficiently. Add to this fact  
3 that truckers and marine terminals don't have a  
4 standard set of metrics by which gate efficiency  
5 can be measured and you see why congestion is the  
6 result.

7           When my members work their supply chain  
8 partners to improve supply chain flows the first  
9 step is always to develop metrics, set a baseline,  
10 and continuously work to improve them. But  
11 shippers have no real reference point when it  
12 comes to working with the carriers on gaining  
13 efficiency. The MTOs have one measurement, the  
14 licensed motor carriers and truckers say something  
15 else. It's impossible for a BCO to hold the  
16 carrier accountable for improvements in gate turn  
17 time if there are no true agreed upon metrics.  
18 For competitive reasons we understand why MTOs  
19 don't want to see those metrics, but BCOs need  
20 this information in order to convince ocean  
21 carriers to value the efficient gate operations.  
22 No real progress will happen until BCOs can

1 effectively communicate to carriers that gate turn  
2 times and congestion is a critical and mutual  
3 issue of concern. If metrics were available BCOs  
4 would take their business to the carriers who  
5 valued efficient gate operations. It could  
6 actually become a competitive advantage for those  
7 MTOs. We need real balanced KPI driven solutions  
8 even improving the free flow of goods.

9 In the meantime BCOs absorb all the  
10 costs of this inefficiency. Those costs come in  
11 many different forms. Repeated daily attempts to  
12 recover containers and missed delivery dates which  
13 can mean lost consumer sales, lost customer sales.  
14 Pure cost fees on the west coast that are supposed  
15 to write off our gates but don't, and driver  
16 shortages. The transportation community as a  
17 whole is facing a major challenge in attracting  
18 and retaining drivers who are paid by the move as  
19 well as directly feel the impact of this  
20 congestion, this on top of the regulations that  
21 limit their hours. It is also important to note  
22 that it's not just truck moves that are being

1 impacted by port congestion. We've also seen a  
2 negative impact on on-dock and off-dock rail  
3 operations as a majority of cargo does not stay  
4 locally.

5 And finally, the ocean carriers  
6 themselves charge fees when ports get congested or  
7 when a container stays in a terminal for too many  
8 days. It is the height of unfairness for BCO to  
9 have to pay a fee, the carrier for dual time, and  
10 it's caused by the marine terminal's lack of  
11 efficiency. Ironically this practice is the main  
12 reason BCOs negotiate free time deals which does  
13 nothing to improve the efficiency or fluidity of  
14 congested ports.

15 If we keep doing what we've always done  
16 we will always get the same result. But there are  
17 some bright spots. My members are heartened by  
18 the recent activities in the port of Los Angeles  
19 and Long Beach and in New York, New Jersey where  
20 efforts to provide real metrics are now under way.  
21 I've had the pleasure to participate in one of the  
22 working groups of the Port of New York and New

1 Jersey Performance Task Force and now the Council  
2 on Port Performance. We have hopes that this can  
3 be a first step in helping the private sector  
4 develop best practices that will improve  
5 efficiency and reduce shipping costs. While a  
6 number of positive recommendations have been made  
7 it will now be up the ports and all of their  
8 relevant stakeholders to come together to ensure  
9 that implementation of the recommendations to help  
10 improve port performance. The FMC must encourage  
11 and where appropriate be involved in these types  
12 of collaborative efforts. We think that all the  
13 stakeholders need to continue to be engaged and  
14 think is a great first step moving forward and we  
15 hope to be able to continue moving forward in  
16 trying to help shape reforms in the future.

17 Thank you. (Applause)

18 COMMISSIONER DOYLE: Thank you, Jon.

19 All right. Next we have Tim Avanzato from Lanca  
20 Sales. And Tim is also the Chairman of the  
21 Terminal Improvement Group for the New York Port  
22 Performance Task Force.

1                   Thanks, Tim.

2                   MR. AVANZATO: All right. First I want  
3 to say, you know, I -- there's not much I can say,  
4 you know, on top of what Jeff Bader, the gentlemen  
5 from Evans said earlier, and our friend with the  
6 National Retailers. All great points.

7                   First point I had to make though, as a  
8 cargo owner, I gotta say I'm a little disappointed  
9 with the FMC by having my group of a cargo owner  
10 being represented by the three largest importers  
11 in the country; three of the top 10 largest  
12 importers and the largest pharmaceutical company.  
13 I'm an export company. We're not really  
14 represented. I'm sure J&J does some exports.  
15 But, you know, every time we're watching the news,  
16 the President says we're going to export our way  
17 to prosperity. We're not represented in this  
18 process. That's a little disappointing.

19                   Mainly what I have to say is geared  
20 towards the Port of New York. My company's made a  
21 large investment in the Port of New York. We  
22 spend over \$2 million dollars in our facility. We

1 pay over \$80,000 a year in property tax.

2 When we first started doing this almost  
3 40 years ago as a small family business, we picked  
4 a steamship line that had, you know, had a good  
5 rate, decent service, good documentation, yadda,  
6 yadda, yadda. Then it came down to, all right, we  
7 want the steamship line that supplies a chassis;  
8 not much to ask for.

9 Then and now it's become, okay, what  
10 steamship line has access to chassis and calls a  
11 terminal that has decent service that's somewhat  
12 reliable; which isn't very easy to do with the  
13 Port of New York.

14 So we, you know, we decided to get ahead  
15 of the curve a little bit. We ended up getting  
16 our own trucking company. And in creating our own  
17 trucking company, buy your own chassis just to  
18 survive; just to get our 60 containers a week back  
19 to the port.

20 Now I'm pressed with, you know, going to  
21 my manufacturer and saying, "Look. You know what?  
22 I used to by that in Canandaigua, New York. Maybe

1 I can get that -- do you make that in your own  
2 Mana plant? So I'm shifting my discretionary  
3 cargo south and as I book intermodal cargo from  
4 the Midwest -- you know, I notice in the booking  
5 confirmations that we might be loading over  
6 Halifax or Norfolk.

7 Now, as a community, I would -- I think  
8 we ought to see where our U.S. cargo goes over  
9 U.S. ports of exit.

10 You know, everybody in this room makes a  
11 decent living, you know. I think we want to keep  
12 it that way and do everything we can to work  
13 together to encourage that.

14 There are so many American made products  
15 and international isn't so easy. You know, we  
16 don't sell scrap metal or waste paper. We sell  
17 manufactured goods. So, you know, we probably do  
18 \$65 million a year in American made export  
19 products with 10 people. We do our own bookings;  
20 that's buying, selling, shipping, documentation;  
21 the whole nine yards.

22 And we face, you know, we face

1 challenges. We know the dollar is strengthening.  
2 The Asia-Europe rates are tumbling. You know, we  
3 don't have government subsidies like other foreign  
4 governments do and whatnot. And our government  
5 doesn't do, you know, too much to support us to  
6 increase our exports.

7           You know, collectively, we have to get  
8 our act together. We need true leadership in this  
9 business whether it comes from the FMC or the port  
10 authority or cargo owners like myself creating  
11 their own group. Well, we got to figure it out  
12 and we got to figure it out fast because the Port  
13 of New York, while improved over the -- and I'm  
14 sorry for my French -- the more terminals the more  
15 meltdown of last summer, the snow and ice of this  
16 winter, you still have two to three terminals  
17 failing on a daily basis where it's nearly, you  
18 know, it's very difficult to do business with.  
19 And I'll tell you, the end of the day, you know,  
20 I'm sure a lot of BCOs, you know, want to stand up  
21 on top of a chair and think they're the king of  
22 the world. And, you know, the steamship line you

1 pay for that. Another trucker you pay for that.  
2 If my trucker that I use to start my own company  
3 can't get into global because the linesmen come by  
4 the port authority police, I'd pay them because,  
5 you know what, my business is only successful as  
6 good as my vendors are. So, at the end of the  
7 day, the guy that owns the cargo, who is a  
8 customer of the port, of the steamship line, of  
9 the chassis provider, of the terminal, gets stuck  
10 with the bill. I don't know any other businesses  
11 where that happens. And unless we -- some ruling  
12 should come down where all per diem and demurrage;  
13 those collected between the middle of December  
14 until the middle of March from last winter in New  
15 York, should refunded whoever paid because that's  
16 an absolute travesty. I've spent thousands of  
17 dollars. I played ring around the rosie with the  
18 steamship lines, with the terminal operators, with  
19 the port authority; nobody wants to do anything.  
20 You know, I'm not going to stick my truckers with  
21 those bills. If the terminals close from snow and  
22 Christmas and you get five free days and the

1 terminals only open for four of it. I understand  
2 machines generate the invoices. Common sense has  
3 to prevail. That's not right. That's ill-gotten  
4 gains. I'd also like to know how much money was  
5 collected in demurrage by the terminals in The  
6 Port of New York during the last winter because,  
7 like I said, that should all be refunded as well.

8 Thank you everybody for your time.

9 (Applause)

10 COMMISSIONER DOYLE: Thank you, Tim.

11 Tim, just so that you know, the -- we will take  
12 any testimony from you and we do not discriminate  
13 here against exporters. As a matter of fact, we  
14 have two more port congestion forums. At a  
15 minimum, we have one that's going to take place  
16 down in Charleston, South Carolina; one in  
17 Houston. You're more than welcome to attend.

18 SPEAKER: New Orleans.

19 COMMISSIONER DOYLE: I'm -- excuse me in  
20 New Orleans. You're more than welcome to attend.

21 Also, we'll take any testimony that you have where

22 --

1                   MR. AVANZATO: You should, but, you  
2 know, we had this two hour closed session today  
3 that four BCOs were a part of. Three of them are  
4 the three of the largest -- three of the top 10  
5 importers in this country who I'm sure had -- you  
6 know, and no offense the fine folks that work  
7 there, but they don't play by the same rules that  
8 I play by.

9                   COMMISSIONER DOYLE: You could have been  
10 here.

11                  MR. AVANZATO: You know --

12                  COMMISSIONER DOYLE: You could have been  
13 here.

14                  MR. AVANZATO: Look, I don't want to  
15 argue about it. But what I'm saying is the  
16 largest importers of this country certainly have  
17 more provisions from the terminals and steamship  
18 lines and the chassis buyers than a small guy like  
19 me.

20                  COMMISSIONER DOYLE: Okay then --

21                  MR. AVANZATO: That's my only argument.

22                  COMMISSIONER DOYLE: Okay. Point taken.

1 Thank you.

2 MR. AVANZATO: Thank you.

3 COMMISSIONER DOYLE: All right, anybody  
4 else want to come on up? Rich Roche?

5 MR. ROCHE: Thank you to the Federal  
6 Maritime Commission, Commissioner Doyle,  
7 Commissioner Lidinsky, Mrs. Bentley, and  
8 everybody who attended today. It's been a great  
9 forum.

10 My name is Rich Roche. I am with Mohawk  
11 Global Logistics. We're an NVO freight forwarder  
12 and customs broker out of Syracuse, New York. I'm  
13 also here representing the small guy in the room.  
14 We're a medium-size freight forwarder. I sit on  
15 the board at National Customs Brokers & Forwarders  
16 Association, NCBFAA where I am, the NVOCC  
17 chairman. So I'm representing the small guy in  
18 the room.

19 I very much want to echo Tim's  
20 statements just now. I'm going to give you a  
21 little anecdotal case study of one of our clients  
22 who went through the three meltdowns in the Port

1 of New York.

2 This is a client that moves about 13,000  
3 FEUs a year through the Port of New York. That  
4 comes out to, if you do the math, 250 containers a  
5 week. And they do it week end and week out; very  
6 steady customer of the port.

7 During Hurricane Sandy, there was a bit  
8 of a meltdown. There was congestion. This  
9 company spent \$500,000 just in demurrage. They  
10 spent additional time and additional money paying  
11 their truckers waiting time. When we had the  
12 Maher technical issues, they spent another half a  
13 million dollars in demurrage.

14 Then this winter, when we had the winter  
15 storms, this same company spent \$2.5 million in  
16 demurrage; just demurrage alone. Doesn't account  
17 for all the additional costs that these -- they  
18 outlaid to their truckers and all the additional  
19 costs that they took on with extended hours at  
20 their own warehouses.

21 But I really want to illustrate this  
22 point by telling you that this company, any other

1 time, spends zero on demurrage. Demurrage is not  
2 part of the fabric of how they operate. They want  
3 the cargo. They need the cargo. It's imperative  
4 to them that they get the cargo. And here, when  
5 something goes so wrong in our fragile balance  
6 with these storms or with the technical meltdowns  
7 and we get these congestion issues, they get stuck  
8 on the boat for \$3.5 million in 18 months of  
9 unforeseen expenses. That's wrong. It's  
10 definitely wrong.

11 And that's going on in L.A. and Long  
12 Beach right now because we have another customer  
13 who's half their size who is just starting to  
14 write the checks and their just now beginning to  
15 understand what this demurrage issue is about.  
16 And then we're no stranger to writing the checks  
17 ourselves as Mohawk Global Logistics because we're  
18 the customs broker that's guaranteeing the  
19 demurrage charges for our 1Z-2Z accounts; the very  
20 smallest guys that are out there, who when you go  
21 to try to actually explain to them for the first  
22 time that they've got a \$1,000 dollar demurrage

1 bill on their container that we couldn't deliver  
2 to them for a week, they end up telling us,  
3 "That's not our fault. You eat it." So we eat  
4 demurrage or we go do a 50/50 deal with them. So  
5 that's just not right either.

6 So what I think we heard a little bit  
7 earlier today -- and I'm a very big proponent of  
8 this is metrics that we need to understand and  
9 measure the productivity through the gates of the  
10 terminals and then we need to be able to have a  
11 trigger mechanism that actually extends free time.  
12 Because right now in L.A., we had a fire last week  
13 and I've got e-mails in my book over here where it  
14 says they -- my customer calls up the terminal and  
15 says we were there the day you had the fire for  
16 our appointment and you turned us away and we  
17 can't get another appointment for three days and  
18 we want free time for that and they said no  
19 because we just get your appointment get in and  
20 pay us the demurrage. We'll guarantee it as the  
21 broker and they'll be on the hook for this  
22 demurrage bill. They're racking up similar to my

1 other customer into the millions of dollars-worth  
2 of demurrage now based on what's going on in L.A.

3 So I want to echo that sentiment that we  
4 really need as terminals as tariff filers with the  
5 Federal Maritime Commission. There might be  
6 something that the commission can do to help us  
7 develop a trigger mechanism on productivity that  
8 says there will be an automatic extension of free  
9 time under -- when productivity drops to 80  
10 percent or 70 percent and each milestone might  
11 mean an additional day of free time. It's just  
12 not fair the way that it's charged today.

13 And much to Tim's point, the big boys  
14 that were in the room earlier today, have extended  
15 free time much beyond the way we're able to  
16 negotiate through the steamship lines. So that's  
17 one of the points that I wanted to make today.

18 Being in Syracuse, to the little guy, we  
19 wear multiple hats. I'm also here representing  
20 the Syracuse Inland Port and I want to throw out a  
21 challenge to the steamship lines that you need to  
22 start looking at alternate ways of getting your

1 cargo off the port that doesn't require a chassis  
2 and a truck coming through the gate. Every time  
3 you have a truck come through the gate; gate in,  
4 gate out. When they return that container; gate  
5 in, gate out; sometimes another gate somewhere  
6 else to drop off a chassis. We could be talking  
7 six gate moves for one specific move that could  
8 have gone on a train out to an inland point.

9 We've heard the railroads bashed a  
10 little bit in here today, but, you know, they're  
11 the ones that are making money still. And years  
12 ago they used to look at 1,500 miles as the  
13 threshold for rail service and then 750 miles and  
14 -- I gotta tell you, Syracuse is 250 miles and we  
15 have CSX's attention now to make this a viable  
16 port. I throw the challenge out to the steamship  
17 lines; the ones in the room and all the others  
18 that we do business with as well, to start looking  
19 at your inland port opportunities to move those  
20 containers off of the terminal without chassis.  
21 Get them to the place. We have plenty of chassis  
22 in Syracuse. I can handle as much volume as I

1 move through the Port of New York today.

2 And we've got lots of export  
3 opportunities for you carriers. That isn't good  
4 NVO business because it's Ag, it's with lumber, it  
5 is forest products, it's scrap. Those aren't NVO  
6 products; those are direct contracts of yours.  
7 But guess what? Those Ag products are moving by  
8 bulk rail from our New York area to the Port of  
9 Norfolk where they load into containers or they  
10 load on to bulk ships. They would love to have  
11 container availability in a pool set up upstate  
12 New York in Buffalo and in Syracuse and in  
13 probably Harrisburg, Pennsylvania and some of  
14 these other closer in ports where they could  
15 actually not be in a round-trip trucking trade.

16 So get this. Every import container  
17 that I bring up, I bring the truck up with a load  
18 and I return it back to New York port empty. And  
19 for every export I move, I bring an empty up and I  
20 return the load back to New York empty. I have as  
21 many empty containers passing each other on the  
22 highway as I have loads because I have no mutual

1 pool at this too close in to be considered in the  
2 rail point years ago. But it's starting to become  
3 now.

4 So I challenge you guys to start looking  
5 at the loose kinds of solutions too because we did  
6 hear that rail or barge might be another solution  
7 today. So, I think I covered all my points.

8 The one other point for the Commission  
9 that I'd like to bring up just from the NCBFAA's  
10 side of things is that we'd like to challenge you  
11 guys to potentially be a clearinghouse for  
12 maritime issues. Specifically around force  
13 majeure and contingency plans for things that  
14 occur in the industry where we can have a  
15 clearinghouse of information. Customs has stepped  
16 up and done that and taken the bull by the horns  
17 when we have divergence of cargo now and they've  
18 set up a program where you can come and get  
19 information on how you change the different  
20 documents to line up with the new ports of  
21 discharge and all. I'd like to do the same thing  
22 on the maritime side with the Federal Maritime

1 Commission and throw that out as a challenge to  
2 you guys.

3 That's all I got. (Applause)

4 COMMISSIONER DOYLE: Thanks, Rich.

5 Anyone else? Oh, Don. Good to see you again.

6 MR. PISANO: Thank you. Good afternoon.  
7 My name is Don Pisano. I am the President of  
8 American Coffee Corporation of Jersey City, New  
9 Jersey. We are importers and traders of the green  
10 coffee beans; which for those of you who don't  
11 know what a green coffee bean is, it's actually  
12 the raw coffee product that gets imported into the  
13 United States and then distributed to the roasters  
14 who actually roast and grind and distribute it  
15 too. But most of the coffee that's brought into  
16 the United States is in the green state.

17 I'm on the Board of Directors of the  
18 Green Coffee Association, the Carriage Traffic  
19 Allowance Committee and I'm on the board of  
20 directors of the National Industrial  
21 Transportation League and I chair its Ocean  
22 Transportation Committee.

1           First thing, I would like to express our  
2           appreciation to the FMC for organizing and  
3           sponsoring these forums which allow all  
4           stakeholders the opportunity to provide  
5           constructive dialogue.

6           I would also like to thank everyone  
7           that's still here who have stayed for the remarks  
8           of the shippers and some of us that are -- waited  
9           for the public comments. So thank you all for  
10          sticking around. I see it's not as full as it was  
11          earlier in the day.

12          I began my career back in 1976 when most  
13          shipments were still arriving in either great bulk  
14          or in multi-barge for ships. And I can recall  
15          spending a few days on the Brooklyn docks with  
16          slings of coffee bags flying over my head.

17          So I've witnessed some significant  
18          changes over the years. Mostly for the better but  
19          not entirely. But through the years, I've always  
20          considered our drayman as a direct extension of  
21          ourselves; the shipper. Whether handling import  
22          or export cargo, the drayman is the shipper's

1 representative at the auction terminals. What  
2 helps the drayman, helps the shipper and what  
3 hurts the drayman, hurts the shipper.

4 The auction carriers have been  
5 aggressively pursued of profitability by driving  
6 down unit costs and have more than tripled the  
7 size and capacity of their vessels. To  
8 accommodate these very large container ships,  
9 ports and terminal operators have been tripping  
10 over themselves to invest in cranes, equipment,  
11 expanding berths while spending taxpayer dollars  
12 to dredge beyond the standard depths which is  
13 covered by the harbor maintenance fees which is  
14 collected from the importers; used to be the  
15 exporter as well.

16 But somewhere along the line, industry  
17 has lost the concept of the carriers and the  
18 terminal operators exist to serve the needs of the  
19 cargo and the needs of the shippers. Both  
20 importers bringing in products not produced here  
21 or at lower price which will improve our standard  
22 of living, and our exporters of cargo either

1 produced or manufactured here and sent to foreign  
2 outlets gaining foreign proceeds.

3 What is extraordinary is the sense that  
4 the carriers and the terminal operators only seem  
5 to serve each other; all others will be damned.

6 Of course, the country of little  
7 investment has been targeted to increasing load  
8 access to the terminals, improving efficiency at  
9 the gate operations, reducing turn times with the  
10 terminals, we do see waiting times outside the  
11 terminals, facilitating chassis management,  
12 providing for road turns. And I haven't heard  
13 much speak about road turns here today. But I  
14 think that is something that should be part of the  
15 discussions.

16 In expanding the hours of our operation  
17 on the port-wide basis, which would allow  
18 companies to alter their own hours of operation,  
19 but I think it has to be on a port-wide basis as  
20 opposed to individual specific terminals.

21 But instead, what we've seen over the  
22 recent years from the carriers and the terminal

1 operators, as an ill-conceived solution, is to  
2 reduce free time and increase the demurrage  
3 charges to penalize the shippers for the terminals  
4 own lack of efficiency. And with no direct  
5 commercial relationship between the terminal  
6 operators and either the shipper or the drayman,  
7 the terminal operators have been able to act with  
8 virtual impunity.

9           While no one may argue the case against  
10 the economic and ecological benefits of large and  
11 more efficient vessels and off-loading facilities,  
12 clearly there needs to be a shift back to the  
13 realization of the fact that the carriers in the  
14 terminals are -- and the terminal operators are  
15 there to serve the cargo interest and the shipping  
16 community and not the other way around.

17           I have added a few comments to make from  
18 some of the statements that were made earlier in  
19 the day which I think should be responded to from  
20 a shippers perspective.

21           First, the fact, there were comments  
22 made about the current freight rates have been

1 forced lower by shippers looking to lower costs  
2 and improve their own results. Well, every  
3 industry looks to lower their costs and improve  
4 their own results and that's why we're in  
5 business. But the fact is that the industry acts  
6 within the law of supply and demand. The carriers  
7 increase capacity beyond the actual cargo demand  
8 or at least in advance of that demand. So there  
9 is competition for the freight. It is not  
10 necessarily the fault of the carrier looking to  
11 force their prices down. We all work within the  
12 law of supply and demand as does every industry.

13 As for free time being too generous, I  
14 would have to say that I really don't know very  
15 many shippers that look to store their cargo at  
16 the terminals. The problem is that we can't get  
17 big containers out of the terminals quick enough.  
18 And if we can increase the amount of turns a  
19 driver can make each day, perhaps we can keep the  
20 drivers that we have and make it more attractive  
21 to new drivers to join the workforce serving the  
22 industry.

1           As for the idea of an appointment  
2     system, I've had a lot of conversations about it a  
3     little last -- a couple of days and I'm not  
4     necessarily opposed to it. But I myself, I've had  
5     on my own experience, where we've had a container  
6     on a dock; we still had a couple of days, we're at  
7     the free time. Free time is expiring on a Friday  
8     and it was at a terminal operator that had an  
9     appointment system. We couldn't get an  
10    appointment on a Thursday. We couldn't get an  
11    appointment on a Friday. Saturday we were in  
12    demurrage. Sunday, obviously, no operations. We  
13    could not get an appointment Monday, Tuesday. We  
14    couldn't get the container out until Wednesday  
15    afternoon. So we incurred five days of demurrage  
16    at \$225 a day. When we had the opportunity to  
17    pickup, we had a driver ready to pick it up on a  
18    Thursday.

19           So in principle, I'm not necessarily  
20    opposed to an appointment system, but I think that  
21    there may be some guy -- I know there's a lot of  
22    people in the room who would disagree with that.

1 I think, you know, some of the issues could be  
2 worked out. But I think that you have to look at  
3 all of the variables before anybody begins to  
4 seriously consider establishing an appointment  
5 system.

6 Again, I'd like to thank everybody for  
7 sticking around for the comments and again for the  
8 FMC for allowing us this opportunity. Thank you  
9 very much. (Applause)

10 COMMISSIONER DOYLE: Thank you, Don.  
11 Comments?

12 MR. FINKEL: Yeah. There were two  
13 comments made about free time.

14 I can't speak for the other carriers  
15 because their contracts are their contracts.  
16 Contracts are confidential. However, in COSCO's  
17 contracts, it would be very rarely given free time  
18 on the terminal. The terminal -- that's their  
19 money. Terminals hardly ever negotiate with us  
20 and give us extra free time. So the free time I'm  
21 talking about is mostly in the shipper's  
22 warehouse; not at the terminal.

1           As far as the comment, carriers are, you  
2 know -- shippers are looking to push up their  
3 profits and carriers are again, you know, against  
4 the carriers, you know. Every company wants to  
5 make a profit, but the statistics of that are a  
6 lot of the shippers we deal with. NVOs; I  
7 understand NVOs when you say carriers are charging  
8 this much more than, you know -- sometimes that's  
9 true, sometimes it's not true. In fact, sometimes  
10 when we get hurt with the BCOs they get us in peak  
11 season times, the NVOs will pay a lot more than  
12 they'll pay a lot less during slack season and the  
13 BCO say, "Hey. You charged us NVO although the  
14 rate during slack season I want that as my all  
15 year rate."

16           It's a whole different dynamic.  
17 Carriers have, you know, the last couple of years  
18 really have made very, very low profits. It's a  
19 very low profit industry. We would like to see  
20 double digit profits. I haven't seen it. Maybe I  
21 saw it my first two or three years here. But it's  
22 a very capital intensive business and very, very

1 low profit. It's not reasonable for us to  
2 continue a business model like that.

3 MS. ROEBUCK: And now, can I ask you  
4 about the free time? You are saying that it's not  
5 important about (off mic). When we spend 9 hours  
6 in line we don't get the boxes, our customer  
7 doesn't have the problem, it's our problem.

8 MR. FINKEL: We're not controlling the  
9 free time on the terminal for most places. The  
10 terminal is giving us a certain amount of free  
11 time. And I'm saying that we don't offer extra  
12 free time on the terminal.

13 MS. ROEBUCK: But in the case where we  
14 can't possibly get it out, there's no negotiation  
15 and I don't quite understand that because it is  
16 not fair for me to have to pay \$485.00 for a refer  
17 that I've been sitting on a port all day waiting  
18 for and then the gate closes and I can't go out.

19 MR. FINKEL: Yes.

20 MS. ROEBUCK: And then -- it's not my  
21 problem. You know it.

22 MR. FINKEL: That demurrage money is not

1 going to the carrier.

2 MS. ROEBUCK: We have to send the check  
3 to the steamship line. In fact, we have to fax it  
4 to guarantee it and it usually takes us four to  
5 six hours to get it through so we can go back to  
6 the port to sit in the line to wait for it again.

7 MR. FINKEL: I understand. But it's not  
8 something we're making profits of off. Per Diem,  
9 with our equipment, yes.

10 MS. ROEBUCK: Per Diem and --

11 MR. FINKEL: Not demurrage.

12 MS. ROEBUCK: Per Diem is a different  
13 thing.

14 MR. FINKEL: Mm-hmm. I understand.

15 MS. ROEBUCK: I mean either I miss it  
16 and I didn't quite make it back in. I pay that.  
17 I don't even blink an eye. But when I've already  
18 put so many hours in to getting this and then you  
19 say, "No. You're going have to pay it. It's not  
20 my problem."

21 MR. FINKEL: Mm-hmm.

22 MS. ROEBUCK: I don't -- I think that

1       there should be some negotiation. I think there  
2       should be some exceptions. I mean I'd love to  
3       just say, "Well hey. The heck with you. I didn't  
4       get it. You just send me a check anyway." But  
5       that doesn't work.

6               MR. FINKEL: Hopefully it will not come  
7       across like that, but, you know --

8               MS. ROEBUCK: Well, I mean -- I don't  
9       mean it exactly that way, but that's basically  
10      what we're talking about. You're not willing to  
11      sit -- not you, but the steamship lines are not  
12      willing to sit and say, "Okay. Common sense says  
13      that you couldn't get it out because of the snow.  
14      So yeah, we will forego this today." And that --

15              MR. FINKEL: That means we're just going  
16      to pick up the cost out of our own pocket with  
17      rates that are barely covering our own costs.

18              MS. ROEBUCK: At that same time, I think  
19      we should negotiate the facts since that will --

20              MR. ROCHE: I realize you're saying  
21      COSCO does not, but there are many lines that try  
22      to adhere -- now referring to as "line demurrage"

1       which is a -- I know CMA is one of them.  And they  
2       -- who else?

3                   MS. MECCA:  MSC.

4                   MR. ROCHE:  MSC.

5                   MS. MECCA:  CSA.

6                   MR. ROCHE:  Where the demurrage at the  
7       terminal might be \$1,000 and then an hour later  
8       you find out, oh, you owe me.  You didn't pay all  
9       the demurrage.  Why not?  There's a line demurrage  
10      on there.

11                  MR. FINKEL:  We don't charge.  I did  
12      speak to that.

13                  MR. ROCHE:  So again, that's something  
14      that the FMC -- I've always questioned the  
15      legality of that through any tariff of the FMC.  
16      Why the steamship line, who is not the terminal  
17      operator, has the right to charge line demurrage  
18      to the beneficial part of a line.

19                  Now, it's the trucker or the (inaudible)  
20      cargo is paying.  But I wonder if that's a  
21      legitimate charge.  That was one of things that  
22      was going to go to Jennifer.

1           MR. GAUMER: I have very quick question  
2 as a follow-up to Shirley's.

3           The way the demurrage increases have  
4 taken place over time, we make a mistake. It's no  
5 less than \$100 a day or \$225 a day. But I would  
6 think if the lines are paying any demurrage on the  
7 ports, it's a fraction of what the trucking side.  
8 And that's just an assumption on my part. And I  
9 think there are some inequities in that.

10           COMMISSIONER DOYLE: Sir, come on up.

11           MR. SMITH: I'm debating on whether I  
12 wanted to do this or not. My name is Francis  
13 Smith. I am in the trucking business. I've been  
14 in the trucking business since 1976. I'm a little  
15 disappointed that people have left the room  
16 because there was a lot of experience and  
17 intelligence in this room and it would have been  
18 helpful to listen to more solutions being offered.  
19 I think just about everybody in this room knows  
20 what the problems are because we deal with them  
21 every day. I've heard some suggestions. I've  
22 seen and heard very few solutions. Now, we don't

1 know what happened in the breakout session at  
2 lunch time. It would have been nice to know if  
3 there were some solutions offered.

4 As most of us know in this room and in  
5 this industry, the biggest problem we face is a  
6 driver shortage. We're talking congestion, we're  
7 talking chassis. Whatever we talk, it all comes  
8 down to one thing and that's keeping the cargo  
9 moving. And the way we're going to keep the cargo  
10 moving is with drivers. Drivers are leaving our  
11 industry at an unprecedented number on a daily  
12 basis and there's nothing we're going to be able  
13 to do to stop it by talking in this room without  
14 offering solutions.

15 There are solutions. All right. They  
16 -- the government, the ports, the steamship lines;  
17 they're all there. They can help us with these  
18 solutions. The rates are what they are. We've  
19 been dealing with these rates since 1976 and  
20 before. We set our rates. That's up to us. If I  
21 want to offer a rate of \$2,500 for a move to  
22 Pittsburgh, that's up to me to try and get it or

1 move on. But the rates are what they are.

2 So what can we do? We need to move the  
3 cargo in an efficient way. If you look at it  
4 today in today's market, our governments are  
5 taxing us by charging tolls. Just to go from one  
6 side of the harbor to the other and back with a  
7 container costs the driver \$48.00 today. In 2007,  
8 2008 it was \$12. To go from Baltimore to  
9 Pittsburgh with a round-trip load, you're looking  
10 at around \$175 in tolls. To go to Massachusetts,  
11 which we do for one of our lines, it costs us \$300  
12 in tolls; the same thing for Cleveland. There's  
13 drivers in the trucking companies are eating some  
14 of that and passing some of that on. But the  
15 drivers are frustrated. They stop, they pay these  
16 tolls, they're coming out of their pocket.

17 We have the appointment issues; good and  
18 bad. I'm not for it, other people are for it. I  
19 don't want to see appointments because it just --  
20 it's hard enough to make an appointment up there  
21 in Harrisburg or Pittsburgh when there's  
22 congestion on the roads, let alone trying to make

1 an appointment on the pier while we're trying to  
2 come back through that same congestion.

3 The other day, we were pulling into  
4 Seagirt and what do we find? The MPA police are  
5 doing spot inspections. Two out of three trucks  
6 got put out of service within 15 minutes. Those  
7 same trucks went through an extensive inspection  
8 at my terminal with an outside company less than  
9 two weeks ago and they passed with flying colors.  
10 And not all the trucks passed, but it's amazing  
11 how these things can happen. And sometimes it  
12 seems like we're not inspecting these trucks to  
13 make them safer, we're inspecting these trucks to  
14 make a point. And these things drive the drivers  
15 out of the industry.

16 We want to find a solution to the  
17 problems that we're all facing. Let's figure out  
18 how to keep the trucks in the industry. And until  
19 we do, it's going to continue to diminish the  
20 capacity that we have to service this industry and  
21 the ultimate shipper and bottom line is, the  
22 people that are buying the goods at their stores

1 are the ones that are going to be suffering with  
2 the prices because there are no drivers. There  
3 are no drivers left and it's going to be -- it's  
4 going just continue to manifest itself.

5 That's all. Thank you. (Applause)

6 COMMISSIONER DOYLE: Good points. Thank  
7 you, Francis.

8 Next?

9 MR. HEIMGARTNER: Good afternoon. My  
10 name is Tom Heimgartner. I am the owner and  
11 President of Best Transportation. We're a drayage  
12 carrier in Port Newark, New Jersey. We also  
13 service Chester, Pennsylvania; Philadelphia, and  
14 Baltimore. And we thank the Port of Baltimore for  
15 their much better turn times than we get at home  
16 in New York.

17 I heard a lot about the economics of the  
18 business and all the different modes. I think  
19 everybody here makes a good living.

20 What I want to talk about was the  
21 quality of life issue that our drivers experience.  
22 There's a social cost to driving down costs.

1       Everybody talks about driving down costs, and the  
2       guy at the bottom of the hill is the truck driver.

3                 We talked about changes in driver hours  
4       of service affecting our ability to do our work.  
5       They're already allowed to drive 11 hours a day  
6       and be on duty 14 hours.  If that's not enough  
7       time for a guy to make a living, we're doing  
8       something wrong.  These guys sit at periods four,  
9       five, six, as much as eight hours sometimes with  
10      no restroom facilities, no access to anything to  
11      drink or eat, okay.  A lot of times the cell phone  
12      service is not even good because of the container  
13      sticks.  So they can't even call and ask for help  
14      to get rescued or anything else.

15                So a lot of my colleagues from the Port  
16      of New York drove down here today.  A lot of  
17      people that drove have already left because it's a  
18      long drive.  Our drivers are doing that kind of  
19      thing every single day.  They're driving hundreds  
20      of miles.  They're on duty for 10, 12, 14 hours.  
21      It's unreasonable for them to continue in today's  
22      day and age.  Okay?  And I think -- I think we

1 should all be looking at the social cost.

2 We lose drivers all the time. It's hard  
3 to recruit them to do poor work and it's hard to  
4 keep them. The frustration factor is over the  
5 top. They go home to their families. They're  
6 tired, they're exhausted, they're cranky and I  
7 don't think that driving down the cost of a widget  
8 in that there's a thousand of them in a container  
9 and you're going to save 5 cents per widget,  
10 should translate into our drivers having such a  
11 poor quality of life.

12 Thank you. (Applause)

13 COMMISSIONER DOYLE: Okay. Yes, sir.  
14 Come on up. Speakers, when you come up, after you  
15 finish, could you hand a business card to the  
16 stenographer so we can get your name.

17 MR. BERRY: Thanks again Commissioner  
18 Doyle, Commissioner Lidinsky.

19 My name is George Berry. I'm an  
20 independent owner/operator. I'm one of those  
21 people in the room that aren't necessarily making  
22 a good living. I've heard that comment a couple

1 times in here that most of us in here are making a  
2 good living. Well, myself, and I'm sure Hector  
3 can appreciate the comment that saying that we are  
4 one of those drivers that aren't making such a  
5 good living. We are considering leaving the  
6 industry.

7 I don't have any pre-written notes and  
8 give you a speech or up here to just -- I just  
9 want to put it all on the table. I mean, this  
10 conversation should be more of right from your  
11 heart. This is where this should come from. And  
12 not talking about all the anecdotal information,  
13 data, so on and so forth. That's great. But  
14 let's get down to the meat of the business.

15 I am a director of For Truckers By  
16 Truckers. It's an organization to create better  
17 stewards of this industry. And I think that's a  
18 lot of where this whole issue needs to start from.  
19 It goes down to a customer service basis. Let's  
20 bring it all the way down. Let's bring courtesy  
21 back. Let's have better attitudes with each other  
22 to change the behavior of this industry. We have

1 too much animosity that's being shared between  
2 shippers and longshoreman and truck drivers and  
3 motor carriers and I could probably go on and on.  
4 What is -- what are we bickering about? Can we  
5 not sit down at the table and let's talk about  
6 these issues? It's good to have the dialogue;  
7 understandably so. But we need action. Like the  
8 gentlemen said, we don't know what necessarily  
9 happened during the lunch break. What  
10 conversation took place? What was able to change?  
11 Any proposals? We weren't made aware of that.  
12 Hopefully they come out in the minutes in the near  
13 future.

14 Capacity is an issue. The terminals  
15 don't have anywhere to put the boxes. You come  
16 into the port and, you know, you're waiting time  
17 over time and you just -- you don't know what's  
18 going to happen because there is no -- there's not  
19 enough space to put your box so you may wait for a  
20 time. I mean, these customers have to know what's  
21 really going on. We have to pull back the  
22 curtain. I apologize if I sound a little nervous

1 and I'm rambling, but we have -- you all have to  
2 know what's really happening and that's what we're  
3 -- what our aim to do is.

4 Driver shortage, duh. Well, there's a  
5 driver shortage because there's a driver pay  
6 shortage. And it's -- our pay has been that way  
7 for years. About seven or eight years our pay has  
8 stayed the same. I wish we could get a bonus.  
9 Where is my bonus?

10 That seems to be an ongoing issue. It  
11 seems like the antidote to that is to get more  
12 mechanics working on these chassis. When drivers  
13 come into the port, we shouldn't see bare land.  
14 We should find a good and ready chassis on the  
15 ground for us to look up to and go pick up our  
16 load. So let's hire the mechanics. They -- I'm  
17 sure they want to work. We want to work. The  
18 drivers are here, but we need to get in and out of  
19 the terminal.

20 Labor, they need to be sitting at the  
21 table too. They need to know what's going on. We  
22 all have to come together in a conversation. I'm

1 part of a steering group committee in Norfolk and  
2 we try to meet together in June or back in early  
3 part of spring to try to resolve some of our  
4 issues. But today, we still don't feel like those  
5 results have manifested themselves. We're still  
6 doing the same thing we've been doing; coming to  
7 the table and just complaining. This is what this  
8 has been to me. I didn't get paid to come out  
9 here; no salary. I miss my load today to come up  
10 here and listen to a lot of complaints and a few  
11 concerns that we've already heard before. There's  
12 nothing you -- I've learned today. Have you?

13 The last few things I had to say were --  
14 again, I'll just -- I'll keep my comments and  
15 appreciate your time and thank you and I apologize  
16 if I came off a little too stern. Thank you.

17 (Applause)

18 COMMISSIONER DOYLE: Thank you, George  
19 for that. Is there anyone else? Well with that,  
20 I would like to -- and we're going to leave it  
21 open, but former Chairman, Helen Bentley, I would  
22 like to invite her up here to make some comments

1 and then Commissioner Lidinsky after that.

2 MS. BENTLEY: Thank you.

3 COMMISSIONER DOYLE: Yes, ma'am.

4 MS. BENTLEY: When Commissioner Lidinsky  
5 called and asked me to help make arrangements here  
6 at the Port of Baltimore for this hearing, I had  
7 no idea about what I was going to hear.

8 First of all, I'm very impressed with  
9 the attendance here. And I'm sorry that a lot of  
10 the participants didn't stay for these last  
11 comments.

12 These last comments were very  
13 significant because the small guys voiced, in  
14 their language, what the problems really are.  
15 They summarized in their language a lot of what we  
16 heard from the so-called big guys today and I  
17 found it very interesting.

18 The FMC has a major responsibility now;  
19 a major responsibility to determine how do we get  
20 out from under all this. How do we resolve these  
21 problems? What comes first? What comes second?  
22 Earlier when I said we had to take care of drivers

1 and mechanics, I was shot down by the Port of New  
2 York. But you know what? I was hearing others  
3 saying that today so I wasn't that much far off.

4 What comes first and how do we resolve  
5 this? Because we don't -- you can have the third  
6 Panama Canal, you can have the second Suez Canal.  
7 I think you can have all the 24,000 TEU  
8 containerhips and you're going to have nothing  
9 but a mess if we don't get these problems resolved  
10 now.

11 Thank you. (Applause) Not bad from an  
12 old fart. (Laughter)

13 COMMISSIONER LIDINSKY: Well for nearly  
14 40 years I've been following Mrs. Bentley so here  
15 I go again. You couldn't have a teacher, but I  
16 think we've had an excellent day today. We built  
17 a very important record. We'll take it back to  
18 Washington. The doors are open for additional  
19 comments. Any additional thoughts, please file  
20 them and as Mrs. Bentley said as Bill Doyle said,  
21 this is just the beginning of this process. So,  
22 we appreciate you attending. We appreciate MPA

1 hosting and thank you again for being here today.

2 (Applause)

3 COMMISSIONER DOYLE: Okay. We're going  
4 to sit here with the microphone open because we  
5 put it on the record from 3:30 to 6:00. So, by  
6 all means, if you're winding up, walk around and  
7 go do what you want to do, but we're going sit  
8 here for a while ourselves. Okay?

9 Hey, it was excellent. Thank you for  
10 the input. I want to stress this is the  
11 beginning. There will be more hearings that we'll  
12 have around the country. And also what we're  
13 doing is we're collecting all of the information  
14 from the -- as the FMC we're collecting the  
15 information around the different ports. We'll  
16 bring it back to headquarters and we'll see where  
17 to go from there. Maybe there's some fact-finding  
18 that comes out of this; maybe not. Maybe there's  
19 things with tariffs and things with agreements  
20 that we can look into. But we're collecting all  
21 the information first and then we'll see what  
22 steps we can take next. Okay?

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Thank you very much. (Applause)

(Whereupon, the PROCEEDINGS were  
adjourned.)

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CERTIFICATE OF NOTARY PUBLIC

STATE OF MARYLAND

I, Thomas M. Watson, notary public in and for the State of Maryland, do hereby certify that the forgoing PROCEEDING was duly recorded and thereafter reduced to print under my direction; that the witnesses were sworn to tell the truth under penalty of perjury; that said transcript is a true record of the testimony given by witnesses; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this proceeding was called; and, furthermore, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

(Signature and Seal on File)

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Notary Public, in and for the State of Maryland

My Commission Expires: December 2, 2017