Beat the clock

Most of us are familiar with the game show Let’s Make a Deal and its famous emcee, Monty Hall. Some transportation industry observers are reminded of the show by the rate freedoms permitted under deregulation. Now Hall may have another transportation connection with his game show Beat the Clock.

On Jan. 4, hours-of-service regulations for truck drivers received their first overhaul since the first rules were introduced in 1939. The modifications are so wide-ranging that Transportation Secretary Norman Minetta felt compelled to ask states for a 60-day grace period in enforcement.

Under the new rules, truckers can drive one additional hour while working (11 instead of the previous 10); however, the rest time between shifts has also been increased (10 hours instead of the previous eight). More important, the driver’s on-duty time has been reduced to 14 consecutive hours (from 15), but rest breaks, meals and waiting time are counted against that total.

The impact on motor carriers is expected to be extensive. The Department of Transportation has estimated the increased cost at $1.3 billion annually, but some industry leaders say it could be 10 to 30 times higher. A study cited by Schneider National maintains that a 4 to 9 percent reduction in driver productivity could increase linehaul expense by as much as 19 percent. Long-haul moves with a customer drop will be minimally affected, but short-haul moves with multiple stops may have a drastic impact.

Additional expense will come from many areas. Increased driver wages are expected to offset the reduced hours available for work. Many motor carriers will use more trailers that can be left at customers’ sites rather than having drivers perform “live” loading and unloading. Technology vendors may see a resurgence in business as tracking, load-planning and asset-deployment systems become more desirable. These costs will ultimately find their way into rates. Furthermore, carriers can be expected to be much more diligent about assessing — and collecting — accessorrial charges for driver delay.

Customers will need to keenly monitor their own operations. Appointments must be kept. Loading and unloading will need to be mechanized. The entire industry must again determine how customer facilities can work 24/7, while taking into account the complications presented by local practices, zoning and NIMBYism.

No one is certain how the new rules will affect intermodal. The conventional wisdom is that any increase in the cost of line-haul trucking is good for intermodal because intermodal’s price advantage is widened. When comparing rail and truck, this may be true, but an apples-to-apples comparison of door-to-door cost and transit is more complicated.

Rail intermodal employs local drayage firms for pickup and delivery. The new regulations may have a much greater proportional impact on these moves, which are often short distances, than on long-haul, door-to-door transit by a single truck. However, the ability for drivers to “reset” their consecutive work days under the new rules may fit the peak nature of intermodal volume.

Terminal transfer is always part of an intermodal move. Traditionally, customers have focused on the transit reliability of the railroad or steamship line and the speed and consistency of loading and unloading. Truckers have long been expected to conform to each terminal’s operational requirements. Recently, the concerns of intermodal truckers have become paramount. This is a result of vendor unrest, often supported by the Teamsters union, and legislation focused on vehicle emissions and congestion (such as California’s Lowenthal Act, which imposed $250 fines on marine terminals that made truckers wait more than 30 minutes).

West Coast marine terminals have announced their intent to provide radio-frequency identification tags for all tractors transiting their facilities. This will not only speed gate throughput but will track truck arrivals and improve terminals’ efficiency as the RFID tag becomes a mobile work order. This may help to refute anecdotal claims about truck delays being relocated from outside the gate to inside the terminal.

Unfortunately, RFID tags will not address issues of driver identification and motor carrier interchange. Gate transactions can be greatly accelerated by advance exchange of information between terminals and motor carriers, but throughput is still limited by equipment inspection.

While the entire transportation and logistics industry works to comply with the new hours-of-service rules, the intermodal industry will try to use this opportunity to expand the business. Will it succeed? Time will tell.

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