



Happy  
Chinese  
New Year!

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## PORT OF LOS ANGELES REWARDS CONTAINER TERMINALS FOR HIGHER TRUCK PRODUCTIVITY

statement from the Port of Los Angeles

The Port of Los Angeles recently launched a new incentive program to move trucks faster and more efficiently through its terminals. The Port's Truck Turn-Time and Dual-Transaction Incentive Programs both started on February 1st. The programs offer terminal operators two ways to earn financial rewards: one for shortening the time it takes to process trucks dropping off and/or picking up cargo, and the other for trucks handling both transactions in the same trip.

"These best practices are needed now more than ever to relieve pressure on the supply chain due to the ongoing surge," said Port Executive Director Gene Seroka. "Ports are more fluid when trucks move quickly in and out of the gates and more productive when a truck delivers one container and leaves with another in a single trip. We're going to reward terminals for better performance."

Drayage trucks handle approximately three-quarters of all import and export containers moving through the Port. In recent months, imports have dominated the flow of cargo, draining the market of containers needed for exports. The imbalance has also reduced the number of chassis in circulation, caused inbound containers to stack up on terminals, and slowed the movement of trucks in and out of terminals.

Under the new incentive program approved by the Los Angeles Harbor Commission, terminals that improve truck turn times by 5% to 20% can earn between 50 cents and \$2.75 per loaded or empty Twenty-foot Equivalent Unit (TEU), the standard measure for intermodal containers. The rate of the reward increases on a sliding scale as terminals improve turn times.

If a terminal averages turn times of 35 minutes or less in a given month, it will earn the top rate of \$3 per loaded or empty container.

Additionally, terminals can earn between 40 cents and \$1.40 per loaded TEU when at least half of all trucks calling their facilities drop off one container and depart with another on the same trip. The percentage is based on the number of dual transactions out of all gate moves for the month. Like the turn-time incentive, the rate of the reward increases as the terminal's percentage of dual transactions grows.

Both incentive programs are based solely on TEUs handled by truck. Incentives will be paid monthly as long as the program remains in effect. For the first year of the program, the Port's cost is estimated at \$7.5 million. To participate, container terminals must opt in and provide additional details on truck moves. The data will be collected and processed by the Port Optimizer™, the tool the Port uses to keep its supply chain partners current on the status of cargo before it arrives, so terminals, trucking companies, railroads and others can plan and allocate resources in advance. No proprietary information is shared.

The Truck Turn-Time and Dual-Transaction Incentive Programs are the latest in a series of Port initiatives aimed at boosting cargo efficiency and fluidity. In September, the Port launched The Signal, the Port's new dashboard for sharing data on inbound containers three weeks before their arrival. In November, the Port added "The Return Signal" to the Port Optimizer™ site so the trucking community knows when and where to return empty containers throughout the San Pedro Bay complex.

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## MEMBER HIGHLIGHT PETER SCHNEIDER



HTA Secretary, Peter Schneider, has been appointed as an alternate to the Intermodal Interchange Executive Committee (IIEC) to the UIIA. He and 20 other stakeholders will oversee amendments and re-writes of this important governing document for the transportation industry.

Several of the trucking representatives were set to retire this year. Schneider saw this as an opportunity to represent the interests of the draymen not only on the west coast, but nationwide.

"I see some language in the UIIA that needs some adjustment to level the playing field for the trucking community," says Peter. "The UIIA document was phenomenal when it came out and has been great over the last 25 years, however, this industry has changed significantly in the last 5 years and the UIIA needs some tweaking in my opinion. I also think the industry will change more in the next 5 years and I want the UIIA to be ready for those challenges too."

Peter Schneider, President of T.G.S. Logistics, Inc.

Peter has abundant experience as a trucking advocate and industry problem-solver. Serving on the HTA Executive Committee for 3 years, and board the last 5 years. Schneider is also a CTA board member and has been the Northern California Intermodal Conference Chairman for the past 8 years. He helps find solutions as part of the Port Efficiency Task Force (PETF) for the Port of Oakland as well.

On the National Level, he brings his expertise to AgTC's Board of Advisors and has been a strong motor carrier advocate on the FMC Supply Chain Innovation Teams chaired by Commissioner Rebecca Dye in 2016, 2019 and 2020.

One goal he shares with many of us in the trucking community: A Modernized DRP. "I would love to see the DRP be more automated and simpler to file," Peter explains. "The whole mechanism and process is clunky - before and after. We need to streamline the process for both parties. The teams who manage the process on the IIEC committee are phenomenal, but I would like to see a little tech in it if possible for the outsiders."

We know that Peter's industry expertise will serve the trucking industry well in this new position.

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## FMC ANNOUNCES BIG STEP TO STOPPING UNREASONABLE D&D PRACTICES

by Westpn LaBar, CEO, Harbor Trucking Association

Changing the abusive practices motor carriers endure, as it relates to detention and demurrage has become the top issue facing the industry. The HTA has been one of the most vocal parties both in our advocacy for modernizing these practices, but also in suggesting changes. Those efforts took another giant step forward when the Federal Maritime Commission (FMC) announced they will issue [information demand orders](#) to ocean carriers and marine terminals to evaluate the reasonableness of their detention and demurrage practices.

Some have asked us... "What does this mean?"

To understand the magnitude of the order, you must first appreciate all the steps to get to this point.

This is really the third major step in response to the Fair Port Practices Coalition petition filed in 2016. That petition led to a four-year process in the form of [Fact Finding 28](#). Since then, the commission has made three crucial decisions to try to establish a more equitable, and more importantly fair, process in assessing reasonable detention and demurrage charges.

The first bold action was the creation of an [Interpretive Rule](#). This rule was established for the Commission to consider in assessing the reasonableness of detention and demurrage practices. In addition to the rule, the factors the FMC will consider related to reasonableness of D&D is the content and clarity of carrier and MTO policies addressing

detention and demurrage; as well as the clarity of carrier and MTO detention and demurrage terminology.

Following the adoption of the Interpretive Rule, none of the suggested best practices were implemented by ocean carriers. This led to the creation of [Fact Finding 29](#), a [supplemental order](#) to FF29, and an [Order for Investigation](#). This sequence of efforts was to identify and create commercial solutions to the issues around port congestions and unreasonable detention and demurrage.

FMC announced they will issue information demand orders to ocean carriers and marine terminals to evaluate the reasonableness of their detention and demurrage practices.

Finally, fast forward to the information demand order issued on February 18, 2021.

This empowers Commissioner Rebecca Dye, as

the investigating officer, to order the compliance of ocean carriers to assess the reasonableness of their practices.

Government doesn't always work the way we would like, or in a way that we understand. However, in this case the FMC asserted themselves within the fabric of their powers and the law to give the industry an opportunity to fix these issues without interference. Every failure to do so guided the FMC towards ratcheting up the pressure to take things seriously.

Hopefully, this will get the ocean carriers attention in a way that forces them to take detention and demurrage reform more seriously.

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