Testimony of

JOE RAJKOVACZ
REGULATORY AFFAIRS SPECIALIST
OWNER-OPERATOR INDEPENDENT DRIVERS ASSOCIATION

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SUBCOMMITEE ON HIGHWAYS AND TRANSIT AND,
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Regarding

CONFRONTING FREIGHT CHALLENGES IN SOUTHERN CALIFORNIA

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Submitted by

Owner-Operator Independent Drivers Association
1 NW OOIDA Drive
Grain Valley, Missouri 64029
Phone: (816) 229-5791
Fax: (816) 427-4468

Good morning, Chairman DeFazio, Chairwoman Brown, Ranking Members Duncan and Shuster, and distinguished sub-committee members. Thank you for inviting me to testify on a subject critical to not only the people of California, but to everyone in the United States as California is the gateway through which many of our nation's goods must flow.

My name is Joe Rajkovacz and I have been involved in the trucking industry for more than 30 years. First as an employee truck driver, next as a small business owner operator, and finally as Regulatory Affairs Specialist for the Owner-Operator Independent Drivers Association (OOIDA), a position I currently hold. Prior to joining the staff and board at OOIDA, I owned my own truck and trailer and made a living hauling produce for nearly two decades between the upper Midwest and California. It is that experience, in addition to my current role with OOIDA, which gives me a unique perspective on the subject of "Confronting Freight Challenges in Southern California."

As you are aware, OOIDA is a national trade association representing the interests of small business trucking professionals and professional drivers on matters that affect the trucking industry. The Association actively promotes the views of small business truckers through its interaction with state and federal regulatory agencies, legislatures, the courts, other trade associations and private entities to advance equitable business environments and safe working conditions for commercial drivers. OOIDA currently has more than 160,000 members who collectively own and operate more than 240,000 individual heavy-duty trucks. About 5,500 of our members live in "the Golden State" and thousands more are involved in the movement of freight to, from and around California.

Mr. Chairman, we are at a critical point in our nation's history. As we are all well aware, the US economy has receded, jobs are being lost by the thousands, small businesses are closing their doors, and families are struggling to survive. At no other point in this country's short history have our finite resources, both economic and environmental, been so strained as we as a nation try to find new approaches to solving our nation's ailments. Examining how freight is moved in the United States, particularly in California, with its dense population, environmental obstacles, and once thriving ports has perhaps never been so relevant and critical to the future of our nation as it is today.

As we anticipate the writing of a new highway bill, we must not underestimate the importance of freight movement in the United States' road to recovery. We must rather take advantage of the opportunity before us, have the courage to effectuate change and recognize that the time is upon us to make significant investments where needed and address inefficiencies in the supply chain that have bogged down the system for decades.

An efficient and reliable freight transportation system is essential to a strong US economy. But right now, our national system, like California's, suffers from substantial traffic congestion and bottlenecking, a crumbling infrastructure, and an erosion of available funds to help mitigate the concerns. All the while, enhanced environmental awareness, has forced governments at all levels to reevaluate existing practices in some instances without regard for repetition or overlap of regulation and the effect that such repetition will have on small businesses or jobs. In

addition, meaningful assistance that will help offset environmental regulations such as increased access to truck parking, uniform idling regulations, and additional funding for auxiliary power units is often not prioritized. Meanwhile, large motor carrier interests, who have been trying to force mechanical and operational changes for decades in the industry in the name of reducing competition, are trying to take advantage of heightened environmental sensitivity and promote agendas which will not bring about positive change and moreover will produce ancillary effects such as diminished safety and additional strain on a deteriorating infrastructure.

Now is the time for our industry to come together and recognize that in order to move forward we must abandon the stigmas, self-serving agendas, and archaic ideology that inhibit efficiency. In addition, we must apply enhanced creativity, and communication, in an effort to bring about change. We must work together and look toward ideas like those being developed by the members of the American Highway Users Alliance that seek to establish a New Freight Program as well as the creation of a New Freight Fund. We must recognize that the policies passed in our nation's ports, no matter how well intended, could potentially have a profound negative impact on the US supply chain as ports in Canada and Mexico become increasingly viable competitors.

For small business owners, unquestionably the backbone of this industry, the time for us to put aside our differences in the transportation industry and work together to develop solutions is now, or else we risk exhausting our resources without the possibility of replenishment.

Unique geographical features of California combined with its large population have created profound environmental challenges for local governing bodies. The California Air Resources Board has recently instituted sweeping regulations targeting emissions from diesel engines, the primary source of propulsion for heavy duty trucks. Additionally, both the gateway ports of Long Beach and Los Angeles have embarked upon an even more aggressive strategy than the state to clean the air from the estimated 17,000 drayage trucks servicing both ports.

While reasonable people recognize that the freight industry must do its part to help "clean the air" it is important that measures instituted do not needlessly overlap or over burden the trucking industry with little environmental gain or favor one market participant at the expense of all others. Although OOIDA applauds the objectives of San Pedro Ports and has worked hard to open the lines of communication with port officials to ensure that their regulations do not unnecessarily impede the free flowing movement of goods, the model adopted in Southern California, which faces its own distinct challenges, should not be perceived as medicinal to all problems faced by ports throughout the United States and further mimicked.

If ports throughout the US are permitted to unduly restrict access and needlessly increase operational costs of long-haul truckers, the supply chain could react by diverting cargo shipments to other ports, especially ports located outside the United States. Mexico currently has an operational deep water port located in Lazaro Cardenas with rail service into Kansas City. Canada also has a new deep water port located at Prince Rupert with rail service to Chicago. With a widened Panama Canal that could encourage diversions to east coast ports thus avoiding use of the over-land bridge originating in Southern California, Southern California cannot assume its dominant position in freight movement is a *fait accompli* and will remain

unchallenged. There are many moving parts to initiatives coming out of the ports and striking a balance is imperative.

Under the guise of environmentalism many so called "Green" initiatives are being used by their proponents to further an agenda that promotes a bottom line. These initiatives only divert time, energy, and resources from other more worthy ideas and programs. For example, a coalition of large businesses, operating under the name "AgTec" has claimed that higher permissible weights for trucks is a panacea for addressing environmental concerns. The Coalition has been trying to persuade local regulators in California, such as the San Joaquin Valley Air Pollution Control Board, to endorse an increase of truck size and weight on state highways without advertising the well known detriments such as diminished highway safety and further burdening already deteriorating highways in Southern California. It is no secret that California faces budget shortfalls and additionally the Federal Highway Trust Fund cannot keep up with financial demands made upon it. However these agenda items, coupled with the continued promotion of speed limiting trucks are the sorts of tired policies that only consume precious resources, detract from efficiency in freight movement, and jeopardize highway safety.

But as we turn from failed models and look toward more creative approaches to improve freight movement, we must also examine inefficiencies within the supply-chain which encumber truckers and in the end require more trucks and drivers to accomplish a set of given work than could otherwise be accomplished with fewer trucks if the time spent loading and unloading were reduced. Since deregulation of the trucking industry in 1980, our industry has had a long spiral downward in how both shippers and receivers treat drivers. In fact, it is estimated that drivers spend as much as 44 hours in uncompensated time at loading docks. Since our time represents no cost to them, they are actually encouraged to abuse it regardless of the hidden ancillary societal costs-such as increased congestion, potential hours of service violations, and a tremendous cost to consumers.

In a recent presentation at the Transportation Research Board (TRB) by the Federal Motor Carrier Safety Administration (FMCSA) entitled, "*Motor Carrier Efficiency Study Update*," the study provided some results that are easily recognizable to most truckers, but may be surprising to people outside of the industry. The Phase I Results showing inefficiencies in the trucking industry listed "Time Loading/Unloading" and "Empty Miles" as the two greatest factors contributing to inefficiencies in trucking today. The financial numbers associated with these inefficiencies are staggering. FMCSA pointed out that potential gains to carriers by making improvements to time spent loading and unloading could be worth as much as $3 billion annually while the potential gains to carriers by decreasing the number of "empty miles" could be as much as $2.7 billion annually. These study results should give the trucking industry and Congress substantial pause when it comes to making industry improvements.

While truckers actually are sticklers for appointments and show up on time, many shippers and receivers are indifferent to the amount of time spent by a driver at the docks or apathetic to whether the truck is being released into rush hour traffic. If somehow, a trucker's time spent loading and unloading actually represented a potential cost to shippers, shippers and receivers would have an incentive to be more aware and more efficient. While I think a return to a federally mandated detention regulation is the answer, those with a vested self-interest in

continuing the abuse will claim that this would cause costs to increase. But, if the regulation is done right, that would only be true for those foolish enough to abuse a driver. A return to this type of federal policy would actually be a strong inducement for everyone to become more efficient and goods to flow more freely.

Conversely, the San Pedro Ports actually offer a constructive model for diverting truck traffic to off-peak hours, which is the sort of creative approach that should be promoted. The ports "PierPass" exhibits a model for removing trucks from congested daytime highway conditions and over burdened terminals, by allowing the trucks to enter during off peak hours. When I drove, I actually enjoyed the ability to move about during nighttime hours without excessive traffic delays and the loss of productivity that results from just idling in traffic. Whether businesses are incentivized or otherwise encouraged to conduct their shipping and receiving operations off-peak, this sort of strategy offers tremendous potential benefits. Less traffic congestion, less emissions associated with that congestion, more carrying capacity for existing infrastructure without needing to build out. These are all real tangible and achievable results, yet one more piece needs to be in-place for this strategy to work: available truck parking.

Southern California, much like many other states, especially with large metropolitan regions, has become excessively unfriendly towards trucks and offers very few opportunities for a truck to park. Parking is at such a premium in California, that drivers even refer to the truck stops located in Ontario, off the 10 freeway as "Camp Ontario" but despite the nomenclature, if a driver doesn't arrive by early afternoon, availability to park doesn't exist. This further exacerbates the conditions on the state highways as many communities in southern California have instituted bans on commercial truck parking and eliminate the driver's ability to remove the truck from the highway and park.

It is simply incongruent to continue to allow the elimination of truck parking while trying to formulate strategies that seek to improve the efficiency of goods movement. If the trend continues, Southern California could be perceived as unfriendly towards trucks and drivers could refuse to accept freight coming here from around the nation. Right now, New York City holds the title as the least desirable destination to which to haul freight as evidenced by the rates which exceed other major markets by two or three fold. Should southern California not adequately address this important issue, there is little hope to reduce traffic congestion, accidents, and realize meaningful improvements in air quality.

As an Association, we have taken proactive steps to try to solve the truck parking crisis in California but unfortunately, our efforts have been unsuccessful. Over the past 19 months, I have personally met with CalTrans numerous times to promote public/private partnerships and the idea of selling-off state right-of-ways in the trade corridors to build additional truck parking facilities. It is my understanding that these ideas, despite our productive meetings, have been abandoned.

Lastly, truckers have for years bemoaned California's split speed limit for cars and trucks. Simply allowing trucks to operate at higher posted speeds would dramatically reduce transit times and increase the efficient use of both the driver, equipment, and potentially, in some instances, reduce the number of both drivers and trucks needed to haul freight. For example; an

increase of 10 MPH between the California/Nevada state line on I- 15 and Ontario, reduces transit time by 30 minutes.

In conclusion, many of the concerns Southern California faces in terms of freight movement, are not unlike those faced by the US as whole. If California does not abandon out of date ideology then the market will adjust accordingly and problems will continue to be exacerbated. It is my hope that the industry, the state, and the federal government can start seriously examining some of the challenges that we face in order to bring about meaningful reform to freight movement while addressing our environmental priorities.