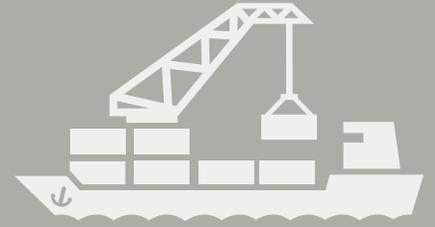


ACCOUNTABILITY

TRANSITION

EFFICIENCY



STANDARDS



PERFORMANCE

SMART FLEET

ACCESS

COMPLIANCE

COMMUNICATION



RESERVATIONS



RELIABILITY

DRAYAGE

PORT METRO VANCOUVER TRUCK LICENSING SYSTEM

Long Haul Trucking Consultation: October 2015

Participant Discussion Guide



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Port Metro Vancouver is Canada's largest and busiest port, a dynamic gateway for domestic and international trade and tourism, and a major economic force that strengthens the Canadian economy. Port Metro Vancouver's overall vision is to lead the growth of Canada's Pacific Gateway in a manner that enhances the well-being of Canadians and inspires national pride. Our mission is to be recognized as a world-class gateway by efficiently and sustainably connecting Canada with the global economy, inspiring support from our customers and from communities locally and across the nation. A key goal in support of our vision and mission is to be a world leader in supply chain competitiveness and sustainability. Port Metro Vancouver's Smart Fleet Strategy supports this goal.



What is Smart Fleet?

Port Metro Vancouver's Smart Fleet Strategy is designed to deliver a long-term sustainable drayage sector, and contribute to our vibrant local economy and a healthy environment. Smart Fleet includes four key initiatives:

- GPS tracking on all Lower Mainland domiciled port-approved trucks to generate better information
- Common data interface and a single point of entry and reservation system connecting trucking companies to all container terminal operations
- Drayage Model to support decision-making for planning and new initiatives
- New Truck Licensing System (TLS) to improve stability by working with a drayage sector that can meet financial and operational obligations. TLS also includes environmental and pending truck age requirements to lower air emissions and increase community confidence, safety, dependability and industry stability

About This Consultation

Port Metro Vancouver seeks input from long haul trucking companies to assist in developing new TLS opportunities and requirements for this sector of the drayage business. This process builds on consultations in 2014 to help develop the local drayage component of the TLS program, which included participation from some long haul operators.

Our goal is to develop the long haul component of the TLS program that recognizes the unique nature of long haul operations, while generally being consistent with the local drayage component of the TLS program that came into effect February 2015.

This consultation focuses on input from long haul operators; however, input received from other groups will be considered. The consultation process includes:

- Facilitated meetings, by invitation, with long haul trucking company representatives
- Notification to key trucking sector stakeholders and local TLS carriers from whom email submissions will be accepted

Consultation closes on **October 27, 2015**.

..... Introduction to TLS Reform

The local drayage component of Port Metro Vancouver's new TLS program came into effect in February 2015. The local drayage component of the TLS program was developed based on consultation undertaken in the spring and fall 2014, which included participation from some long haul operators.

TLS reform enabled a number of key outcomes and operating principles established by Port Metro Vancouver for our [Smart Fleet Strategy](#). These changes are intended to deliver *long-term stability to the drayage sector* with fewer local drayage trucks and more efficient, financially invested trucking companies. Since the implementation of TLS reform, the local drayage sector has benefitted from improved service consistency, improved quality and operating standards, improved productivity and improved transparency and accountability. The new TLS requirements also reduced the number of local drayage companies and trucks authorized to access the port. Currently, 98 local trucking companies have been approved for access under the new program.

Under the new long haul component of the TLS program, company licences will be replaced with Access Agreements between companies and Port Metro Vancouver. Each Access Agreement will authorize a trucking company to access port facilities with a defined number of specific trucks, driven by company drivers, sponsored owner operators or a combination of the two.

Owner operators will no longer be required to maintain a TLS Independent Operator Permit, but rather will now be granted Port access privileges by means of a **sponsorship agreement, jointly signed and executed by the sponsoring company and the owner operator and approved by Port Metro Vancouver. Individual Port Pass requirements remain unchanged.**

Progress Update

Transition to the new TLS program for local drayage carriers began in December 2014. Applications for the new TLS were fully reviewed and Access Agreements were in place with 67 companies when the new TLS took effect on February 1, 2015. By provincial legislation, a new B.C. Container Trucking Commissioner's office was also established to oversee rate enforcement and matters related to truck licensing for local drayage.

It was anticipated that the local component of TLS reform would be complete by early spring 2015. However, following a judicial review, an additional 31 companies entered into Access Agreements with Port Metro Vancouver after February 1, 2015. As a result, consultation regarding the long haul component of TLS reform was delayed and in July 2015, Port Metro Vancouver extended all existing long haul licences and permits that were set to expire at the end of July 2015.

The revised schedule for transition to the new long haul component of the TLS program is as follows:

Consultation	October 13 - 27, 2015
Consultation Summary Report	November 9, 2015
Application Intake	November 30 – December 23, 2015
Application Processing	December 29 – January 30, 2016
New Long Haul TLS in effect	February 1, 2016

Following consultation, Port Metro Vancouver will finalize the new eligibility requirements referred to in this Discussion Guide and commence the application process for the new long haul component of TLS. Applications will initially be open only to the long haul companies with currently approved TLS Licences. Port Metro Vancouver intends to invite new long haul carriers to apply after completing the application, review and related transition process for those of the initial companies that are successful.

Proposed TLS Reform Framework – Key Components

The following section outlines the new TLS framework. In this phase of consultation, we are seeking feedback on the framework outlined below, and input on some remaining TLS reform long haul components to help finalize the details needed to transition to the new long haul Access Agreement.

- **Definition of Long Haul**

- The Long Haul Access Agreement will allow the holder to access Port lands **only** for the purpose of long haul container moves. The Access Agreement will also require holders to comply with all Statutes and Regulations, including the *B.C. Container Trucking Act (the “Container Trucking Act”)*, which prohibits prescribed local container movements without a licence granted by the B.C. Container Trucking Commissioner’s office in addition to holding a Port Metro Vancouver local Access Agreement.
- An accurate and clear definition of long haul moves will facilitate an understanding of what moves are permitted and prohibited under the Access Agreement for all trucking companies.

The draft definition of a long haul move is:

The direct transportation from a Marine Container Terminal to a point beyond the Lower Mainland or vice versa, of a specific marine container and its undisturbed, originally sealed content, using the same driver whose method of remuneration remains unchanged throughout the entire trip, and excludes any movement of a container which is subject to the Container Trucking Act, SBC 2014, chapter 28.

We are specifically seeking feedback on this definition.

- **Access Agreement Charge**

- The charge is calculated based on cost-recovery for operations and administration that encompasses the TLS program, port access and a limited audit process to ensure compliance with the Access Agreement’s prohibition against undertaking local moves.
- The minimum Access Agreement charge per year is \$6,450. This charge applies to companies applying for approval of three to five trucks. For every additional truck added to the fleet above five trucks, the charge will increase by \$1,290 per truck.
- The charge is similar to that established for local drayage. However, costs related to GPS tracking and provincial licensing costs, which are not applicable to long haul, have been removed. Specifically, proposed long haul charges include:

Item	Approximate % of Total Program Costs
Port Operations	71%
Efficiency Improvement Initiatives*	10%
Ongoing System Maintenance and Support	5%
Land Lease Opportunities	14%

*Averaged over five-year period

- **Entry Standards**

- Consistent with current practice, a minimum of three trucks per long haul company is required to qualify for application. These trucks can be made up of company trucks, sponsored owner operator trucks or a combination of the two. Companies claiming less than 3 trucks under their expiring TLS licence may increase their fleet by adding new trucks to meet the current minimum of three.
- Acceptance of applications will be based on minimum entrance requirements including safety and environmental standards, TLS record, and acceptance of Access Agreement terms.

- **Maximum Truck-Model Age**

- In addition to Port Metro Vancouver's environmental requirements, Port Metro Vancouver also introduced a new truck-model age requirement for local TLS trucks. The same maximum truck age requirement will apply to long haul trucks. The new 10-year truck age requirement will become effective January 1, 2022.
- The new truck age requirement supports a professional, reliable and stable drayage sector along with our long-standing goal to be a gateway recognized for its economically, environmentally and socially responsible operations.
- Existing Port Metro Vancouver environmental requirements (implemented in 2008) continue to apply and take precedence until the maximum 10 years truck age requirement is in full effect in 2022.

- **Damage Deposits**

- Agreement holders will be required to provide and maintain a refundable Damage Deposit ranging from \$2,100 up to a maximum of \$10,000 depending on fleet size, as a means of providing a minimum benchmark of fair and reliable cost recovery amounts for both tangible and intangible losses incurred by Port Metro Vancouver, such as replacement and repair costs for damages to Port property and staffing costs related to delays caused by incomplete or missing paperwork.
- This deposit must be replenished in the event it is drawn upon.
- In the future, when applying for a new Access Agreement, the amount may be negotiable, depending on the company's TLS compliance record.

- **A Drayage Balanced Scorecard**

- A balanced scorecard approach will be used to evaluate companies for the purpose of negotiating and/or entering into future Access Agreements.
- At this time Port Metro Vancouver does not anticipate using the Balanced Scorecard to limit the number of long haul trucks accessing the port.
- Companies will have access to their own Balanced Scorecard and to aggregate sector-wide information but not to other companies' information.

We are specifically seeking feedback on potential Balanced Scorecard metrics.
A sample developed for local drayage will be displayed during consultation.

- **Owner Operators Sponsorship**

- Owner operators will no longer be required to have individual Port Metro Vancouver issued TLS permits. However, consistent with current practice, they will still require "sponsorship" by a trucking company with an Access Agreement.
- The sponsoring trucking company and the owner operator will be required to co-sign a Joint Sponsorship Agreement which, upon approval by Port Metro Vancouver, will grant the sponsored owner operator access to port lands.
- An approved trucking company can use either employee-driven company trucks, sponsored owner operator trucks, or a combination of the two.
- Truck owners (sponsored owner operators and Access Agreement holders) will no longer have to pay a separate, Approved Truck Fee.
- Trucks newly added under all Access Agreements are required to have their VINs validated upon first access to the Port and a TLS new master decal applied to the windshield of the truck

For Discussion and Input

While many aspects of the TLS Reform are complete, some elements are still being considered, as discussed in each module below.

1. Long Haul Definition

For the purposes of authorized access to Port Metro Vancouver's marine container terminals, Long Haul will be defined in the Access Agreement as:

The direct transportation from a marine container terminal to a point beyond the Lower Mainland or vice versa, of a specific marine container and its undisturbed, originally sealed content, using the same driver whose method of remuneration remains unchanged throughout the entire trip, and excludes any movement of a container which is subject to the *Container Trucking Act*, SBC 2014, Chapter 28.

This definition includes several important terms:

- **Beyond the Lower Mainland** – this term reflects moves beyond the scope of the *Container Trucking Act* and regulations.
- **Specific** and **Undisturbed** marine container – these terms are used to distinguish container moves that have a direct, long haul destination from moves destined for local sites or off-dock and repackaging facilities, which are subject to the *Container Trucking Act*.
- **Same Driver** – to make it clear that moves using a local driver for the final 'leg' become subject to the *Container Trucking Act* and not approved under the long haul Access Agreement.
- **Method of Remuneration** – the method of remuneration can be hourly, by the kilometer, or other, but must apply throughout the trip, as a shift in the method of remuneration indicates a 'break' in the trip, rendering the final leg a 'local' move subject to the *Container Trucking Act*.

Inclusion of the definition is designed to bring greater clarity and consistency for drivers and trucking companies currently licensed as Long Haul operators, and potential future long haul carriers.

Please consider and comment on each of the four elements of the long haul definition identified above

2. Balanced Scorecard

The following are the performance standards currently being considered:

- Compliance history
- Average age of fleet
- Safety compliance (NSC standing, WCB or equivalent, etc.)
- Operational performance metrics (feedback on Balanced Scorecard)

A similar Balanced Scorecard has been developed for local drayage TLS participants to provide an understanding of how performance standards will be tracked and reported. An example Balanced Scorecard for local drayage will be displayed during consultation.

Please consider what performance elements are most important to you as well as any comments or questions you have about the list of proposed elements above.

For Information and Feedback

1. Truck Age Transition

- In February 2015, Port Metro Vancouver introduced new maximum truck age requirements. A ten year rolling truck age requirement was established in support of Port Metro Vancouver's focus on long-term safety, social and environmental sustainability, and industry stability through continued investment. This will ensure that by 2022, all trucks in the TLS system meet the rolling 10-year old truck model age requirement.

2. Entry Standards

To help improve safety, quality and operating standards for a reliable and professional drayage sector, the TLS Reform includes clearly defined entry and performance standards. These standards include a requirement for a minimum of three trucks per trucking company to qualify for application review, proven ability to meet the Access Agreement terms, and the company must meet or exceed safety and Port Metro Vancouver's environmental requirements.

Trucking companies will also be evaluated based on their past TLS record. To measure and track performance standards, the Balanced Scorecard will be applied. Strategies to support entry and performance standards include:

- For the purposes of TLS reform, only existing, currently approved TLS long haul licence holders in good standing in good standing may apply at this time.
- Compliance with Access Agreement terms (e.g. contract charges, insurance requirements, damage deposit, etc.)
- Existing Port Metro Vancouver environmental standards
- National Safety Code (NSC) compliance and safety standards

Please provide your comments, if any, on the entry standards.

3. Minimum Number of Trucks

Port Metro Vancouver proposes to keep the current minimum of three trucks. Long Haul companies currently licenced with fewer than three trucks in TLS may increase their fleet by adding new trucks that meet the current minimum truck requirements at the time of application.

Please provide your comments, if any, on the minimum number of trucks.



4. Damage Deposit/Pre-Estimate of Liquidated Damages

The Damage Deposit is intended to be a means of providing a **minimum** benchmark of fair and reliable cost recovery amounts for both tangible and intangible losses incurred by Port Metro Vancouver, such as replacement and repair costs for damages to Port property and staffing costs related to delays caused by incomplete or missing paperwork.

- **Examples of such damages are:**

- Gate Arm or Rail Control damage
- Tow truck rental for a container truck
- Crane truck to remove container from chassis
- Security personnel in the event that a truck requires security of flagging and traffic management (e.g. broken down truck)
- Delays at the entry gates

Alternative arrangements may be considered during future access agreement negotiations, based on a company's performance (i.e. if a company has no or a small number of infractions, the damage deposit could be lower, while if a company has had several infractions, it could be higher).

Please provide your comments, if any, on the proposed damage deposit.

Thank you for your input. Please submit comments on or before October 27, 2015.

For more information or to provide feedback, please contact:

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