

## 1. INTRODUCTION AND CONTEXT

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 vision 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 that vision is to be a world leader in supply chain competitiveness and sustainability.

Since 2012, Port Metro Vancouver has been working with industry partners to implement changes to the Truck Licensing System (TLS) that would address key concerns in the local drayage sector, some of which date back to the late 1990s.

TLS reform is key to the successful implementation of the Joint Action Plan and Port Metro Vancouver's Smart Fleet Strategy. TLS enables several other important initiatives, providing enforcement of rate compliance and supporting access and management of reservations. In turn, TLS requires support from other related initiatives, such as performance metrics from the Common Data Interface (reservations system) and GPS program and scenario planning through the Drayage Model.

## 2. STAKEHOLDER CONSULTATION

Port Metro Vancouver adopted a two-part consultation program to seek stakeholder input in support of developing the new truck licensing system. The two-part consultation process included:

- **Part 1: TLS Framework** (April 2014) – Sought feedback on the proposed new TLS framework, and input on potential performance requirements and metrics.
- **Part 2: TLS Reform** (November 2014) – Sought feedback on the revised proposed TLS framework and transition as well as specific proposed fees, performance requirements and metrics.

Part 2 consultation took place from November 4 to 17, 2014 and included eight stakeholder meetings, an online discussion guide and feedback form, and online Q&A at [porttalk.ca/tls](http://porttalk.ca/tls).

More than 150 people participated in the stakeholder meetings, including driver representatives, trucking companies, importers, exporters, ocean carriers, agencies and other business associations. Port Metro Vancouver also received more than 700 feedback forms, including 274 from UTA-affiliated drivers and 343 from Unifor-affiliated drivers.

### 3. RESPONSE TO STAKEHOLDER INPUT

The following table provides a comprehensive response to the key themes identified in the Consultation Report, which is available under separate cover. For consistency, topics are discussed in the same order that they were presented during consultation and summarized in the Consultation Report. Responses reflect Port Metro Vancouver’s consideration of consultation input from all stakeholders, along with ongoing technical and financial analysis.

Theme	Consultation Input	Response and Action
<b>MODULE 1: Supply Management</b>		
<b>Licence/Truck Tag Expiration</b>	<p>General support for the concept of expiry for non-use, with mixed feedback on the proposed timeframe for non-use before cancelling. Some indicated 30 days was too short while others indicated too long. Most supported a time frame of less than 90 days.</p> <p>Support for the proposed extenuating circumstances of driver illness and extraordinary service/repair and request to expand “extenuating circumstances” to include extended leave for drivers who travel overseas and also to replace a stolen truck.</p> <p>Support for email as the primary form of notification, with request for two warnings prior to cancellation. Some suggested a telephone call should also be made prior to cancelling an expired truck tag.</p>	<p>The intent of having a licence expiry was to reduce the number of inactive or underutilized licences in the system. While consultation participants supported the concept, we heard that management of the details might prove to be administratively complex for both trucking companies and Port Metro Vancouver, particularly with respect to driver leave for extended vacations.</p> <p>Accordingly, Port Metro Vancouver will shift focus to <b>fleet utilization by company</b>. Port Metro Vancouver will require a minimum fleet utilization rate during low/peak periods (utilization rate to be confirmed). This will allow trucking companies to manage extended vacations and other operational considerations at their discretion. Utilization will be measured on a monthly or quarterly basis.</p>

Theme	Consultation Input	Response and Action
	<p>Questions about application to long haul trucks, which by their nature, visit port facilities less frequently.</p>	<p>Port Metro Vancouver will continue to use <b>email notification</b> to communicate warnings about fleet utilization.</p> <p>This requirement will <b>not apply to long haul</b> trucking companies.</p>
<p><b>Truck Age Transition</b></p>	<p>Low support for the truck age requirement, given that older trucks with a diesel oxidation catalyst (DOC) currently qualify for access through to 31 December 2016; recommended that any TLS-licensed truck meeting the current environmental standards should be permitted to remain in the new Program during the transition period..</p> <p>Several participants commented that age does not necessarily indicate quality; some suggested that a 15-year rolling age would be more appropriate.</p>	<p>Port Metro Vancouver will continue to work toward a 10-year rolling age maximum. However, based on consultation feedback, we will:</p> <ul style="list-style-type: none"> <li>• Allow current owners of existing approved 1994 through 1999 trucks <b>with proof of DOCs</b> to continue operating until December 31, 2016.</li> <li>• Redesign transition period to achieve the <b>10-year rolling age maximum for approved trucks in 2019</b> instead of 2017.</li> </ul> <p>As a result, we note that this will result in a need for a significant portion of the TLS fleet to be recapitalized prior to 2017.</p>
<p><b>Truck Tag Application Process</b></p>	<p>Most participants, including companies and drivers strongly or somewhat support the concept.</p> <p>Some drivers prefer to keep to the current practice, which allocates TLS permits to the driver.</p> <p>Many questions about the application process including if applications will be processed on a first-come-first-served basis,</p>	<p>Port Metro Vancouver acknowledges and appreciates the support of the stakeholders in implementing the new TLS system and replacing the current permit process with sponsorship agreements. <b>Creating a system of increased accountability between trucking companies and drivers is foundational to TLS reform</b> and future stability.</p> <p>Port Metro Vancouver <b>will process applications in batches on a weekly basis.</b></p>

Theme	Consultation Input	Response and Action
	<p>if trucks can be transferred between companies, and when to invest in new/upgraded trucks.</p> <p>Strong support for allowing temporary truck tags for extenuating circumstances (as noted above); questions about how quickly these requests could be processed and for how long they would be permitted to remain in effect.</p> <p>Several cautioned that to maintain stability in the system, "extenuating circumstances" need to be very clearly defined, and have a limited duration.</p>	<p>While not quite first-come-first-served, it will be important for companies to prepare and submit compliant applications early.</p> <p>Based on consultation input, Port Metro Vancouver will <b>expand the extenuating circumstances</b> for temporary truck tags to <b>include temporary replacement of stolen trucks</b>.</p> <p>We will work with trucking companies on a <b>case-by-case basis to determine the appropriate duration</b> for temporary tags.</p>
<p><b>Driver Sponsorship Process</b></p>	<p>Companies strongly advocated choosing without limitation the drivers for whom they are being asked to be accountable.</p> <p>Drivers strongly advocated seniority be determining factor for sponsorship, and that companies should only be permitted to replace an owner operator with another owner operator, not a company driver.</p> <p>Drivers also recommended that trucking companies should only be permitted to sponsor trucks that are currently working for them in the present system.</p> <p>Request for clarification if some fees could be downloaded to owner operator drivers.</p>	<p>In the application process for the new TLS Program, Port Metro Vancouver will allow trucking companies to request the same number of Truck Tags that they have at December 1, 2014 with their existing complement of claimed TLS independent owner-operators holding valid TLS Permits and/or employee drivers. However, there will be a requirement these companies sponsor drivers <b>from the existing pool of TLS independent owner operators holding valid TLS Permits until June 1, 2015</b>.</p> <p>While Port Metro Vancouver does not have the ability to compel trucking companies to select drivers based on seniority, we expect that unionized companies with Collective Agreements will continue to abide by seniority</p>

Theme	Consultation Input	Response and Action
<p><b>TLS Independent Owner Operator Transition Support Program</b></p>	<p>Most non-drivers somewhat supported the program; some requested that it be applied to small trucking companies that are forced to exit the system as well.</p> <p>Drivers somewhat supported the program on the basis that it is designed to facilitate removing some drivers from the system.</p> <p>Several participants suggested that the proposed per driver funding cap is too low.</p>	<p>according to their respective Collective Agreements.</p> <p>The Transition Support Program was developed in recognition that some TLS Independent owner operators holding valid TLS Permits, who will not qualify for employment insurance, may not be sponsored in the new TLS Program. These drivers will be provided with assistance while they transition out of the port drayage market. The program has been designed to be fair and dependent on their access to port marine container terminals between July 1, 2014 and December 31, 2014. We appreciate that most consultation participants support this.</p> <p>Companies are not eligible for the transition support program; however, if companies use TLS Independent owner operators holding valid TLS Permits, those drivers would qualify. Port Metro Vancouver expects that the transition funding will be applied to the TLS independent owner operator with a permit but this has not yet been finalized.</p>
<p><b>MODULE 2: Entry and Performance Standards</b></p>		
<p><b>Entry Standards</b></p>	<p>Participants strongly supported having entry standards.</p> <p>Past rate and compliance history, availability of secure truck parking and demonstrated business need were most supported standards.</p>	<p>In response to consultation feedback, Port Metro Vancouver will introduce a <b>two-tiered Annual Agreement charge</b>:</p> <ul style="list-style-type: none"> <li>• \$35,000 for up to 15 trucks</li> <li>• \$45,000 for 16 to 20 trucks</li> <li>• \$2,250 for additional trucks</li> </ul>

Theme	Consultation Input	Response and Action
	<p>The average age of fleet standard was least supported; while the “chassis per truck” standard was not supported by companies, but supported by drivers.</p> <p>Minimum Licence and Access Agreement charge of \$45,000 is too high for medium-sized companies; recommend creating a lower rate for up to 10 trucks; several participants also commented that the proposed new charges might compromise the competitiveness of the Vancouver gateway.</p> <p>Smaller companies expressed concerns about the Joint Licence and Access Agreement option; with several indicating it is unlikely that companies would undertake such an agreement where they are jointly and severally liable to each other.</p> <p>Low support for Port Metro Vancouver’s current environmental standard, which is seen as higher than the B.C. requirement.</p> <p>Several commented that if age and environmental standards are applied to trucking companies, they should also be applied to terminals.</p>	<p>We recognize that some companies may still view the annual charge as too high; however, we remain committed to a cost-recovery TLS program. We will review our costs following the first year of operating and commit to adjusting the Annual Agreement charge as appropriate in subsequent terms.</p> <p>The charge <b>can be paid in quarterly instalments</b> without penalty or interest.</p> <p>With respect to the <b>Joint Licence and Access Agreement option</b> for smaller companies, Port Metro Vancouver will adjust to allow a maximum of two companies to sign. Combined with the new two-tiered Annual Agreement charge described above, we believe this provides viable options for smaller companies to remain in the system if they choose.</p> <p>Based on consultation input, Port Metro Vancouver will <b>eliminate the proposed chassis per truck standard</b>.</p> <p>Recognizing our vision and mission, Port Metro Vancouver remains committed to strong environmental standards. We are also working with terminals to reduce non-road diesel equipment emissions.</p>
<p><b>Balanced Scorecard Performance Standards</b></p>	<p>Of the five proposed balanced scorecard standards, participants generally ranked their importance as follows:</p> <ul style="list-style-type: none"> <li>• Past TLS history and rate compliance</li> </ul>	<p>Port Metro Vancouver acknowledges participant’s general ranking order for performance standards. We believe all are important in evaluating companies for</p>

Theme	Consultation Input	Response and Action
	<ul style="list-style-type: none"> <li>• Safety compliance</li> <li>• Asset utilization</li> <li>• Operational performance based on the reservation system</li> <li>• Average age of the fleet</li> </ul> <p>It should be noted that drivers rated asset utilization much higher than companies; many companies expressed concern that utilization of trucks should be a company decision; others noted that it should not be applied to long-haul trucks at all.</p> <p>Many questioned how the new Provincial Commissioner’s Office would conduct and report out on rate audits.</p> <p>Most participants recommended open reporting of average performance on Port Metro Vancouver’s website; several suggested quarterly reporting.</p> <p>Many participants had questions about how the interests of transparency would be balanced against protecting the commercial interests of individual companies.</p> <p>Some asked how the performance metrics would be used. For example, would the bottom performers be forced to exit the system and if so, how would the reporting address temporary/seasonal variances that</p>	<p>consideration of future Truck Tag allocations in the event that a reduction in tags is needed. <b>We will consider this feedback in determining appropriate weightings</b> for these standards. Recognizing the importance of safety, Port Metro Vancouver may also consider additional safety-related standards.</p> <p>Port Metro Vancouver commits to <b>quarterly reporting on performance</b>. We will post average performance statistics on our website and will issue company statistics to individual companies by email.</p> <p>If at a later date it is determined there remain too many trucks in the system, <b>it is our intent that overall performance against the average would be one tool in potentially reducing the number of Truck Tags</b> and that we would recommend to the new Commissioner’s Office that companies with continually lower utilization be allocated fewer tags or not renew their contractual agreement.</p> <p><b>The Province, through the new Commissioner’s Office will lead the rate audit process.</b> Port Metro Vancouver understands that the Province is developing plans and that more information will be available in the coming months.</p> <p>Port Metro Vancouver acknowledges that there remain many questions about how the new</p>

Theme	Consultation Input	Response and Action
	<p>could significantly but temporarily alter a company's performance rating.</p> <p>Some participants noted that performance measures would only be effective if the reservations system is also addressed.</p>	<p>system will work. We commit to issuing our response to Frequently Asked Questions that arose during the consultation process. We also commit to developing a TLS Handbook that will provide potential applicants with the required information, instructions and forms to submit a complete application package for consideration.</p>
<b>MODULE 3: Financial Structure</b>		
<b>Performance Bond/ Compliance Bond</b>	<p>Continued support for having a mechanism to recoup driver wages from companies that are not paying the regulated rates.</p> <p>Lack of awareness of the need for bonds for companies with unionized and employee-drivers.</p> <p>Proposed bond of \$300,000 (plus \$150,000 for each increment of 10 trucks) is not affordable for smaller companies and is higher than the expected truck wage liabilities it is intended to cover.</p>	<p>Based on consultation feedback, Port Metro Vancouver will <b>reduce the bond amounts</b> to \$250,000 per trucking company (15 or 20 trucks) plus \$125,000 for each increment of 10 trucks.</p> <p>Based on discussions with the Province of B.C. Port Metro Vancouver will change the name from performance bond to <b>compliance bond</b>.</p> <p>Under the new provincial legislation, rate compliance applies to all companies, including companies with collective agreements. As such, <b>all companies will have to secure a compliance bond</b> or alternative security as described by Port Metro Vancouver.</p>
<b>Damage Deposit/Liquidated Damages</b>	<p>Recommend no damage deposit; recoup costs through ICBC, and deny access to port facilities for non-payment.</p> <p>Requests for more information about how the proposed deposit amount was determined.</p>	<p>Port Metro Vancouver remains committed to a system of quick and efficient cost recovery for damage to port property. However, we heard that the proposed amount maybe too high for smaller companies.</p>

Theme	Consultation Input	Response and Action
	<p>Support for the ability to negotiate lower rates based on performance.</p>	<p>Accordingly, Port Metro Vancouver will <b>reduce the damage deposit</b> from \$10,000 - \$15,000 per year to <b>10 per cent of the annual license charge to a maximum of \$10,000 in Year 1.</b></p> <p>We will also <b>publish the list of Liquidated Damages</b> to clarify that the deposit covers a range of costs, including some not applicable to ICBC.</p> <p><b>Letters of Credit</b> will be accepted in lieu of damage deposits.</p>
<b>General</b>		
<p><b>Consultation Timelines</b></p>	<p>Concern about the limited amount of time for consultation; requests for additional time to consult with others prior to responding.</p>	<p>Port Metro Vancouver agrees that the timelines are tight and we will convey these sentiments to Transport Canada and the Province of British Columbia.</p> <p>We will also work hard to ensure a simple and smooth application process for the new TLS Program and to respond to questions in a timely manner.</p>

#### 4. NEXT STEPS

Port Metro Vancouver thanks all consultation participants for their time and thoughtful input. We believe that the proposed final changes to the new TLS Program in response to the input we received best reflect the interests of all parties that rely on a successful and sustainable drayage sector.

We anticipate releasing the final TLS requirements, and application user guide late in the week of 24 November 2014. We will then begin receiving and processing applications in batches on a weekly basis to ensure a sufficient number of confirmed applications when the new TLS Policy comes into effect on 1 February 2015. With the changes discussed above, it is unlikely that there will be a need to open the TLS program to new applicants to achieve the desired truck quota.