

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 overall vision is to be the most efficient and sustainable gateway for the customers we serve, benefiting 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 address some of the key concerns in the local drayage sector through changes in licensing policy. Some of the challenges in this sector stem from decisions and actions dating back to 1999 when a 30-day service disruption prompted the development of an interim licensing system. Port Metro Vancouver introduced the Truck Licensing System (TLS) in 2005 following a second significant disruption. Additional measures were introduced in subsequent years including a reservation/appointment system in 2006 and provincial audits to support rate compliance as well as a moratorium on new licenses in 2007.

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-phase consultation program that will seek stakeholder input to support development of the new TLS Program. The two-phase consultation process includes:

- **Part 1: TLS Framework** (Spring 2014) – Sought feedback on the existing TLS framework, potential changes to this framework, and potential performance requirements and metrics.
- **Part 2: TLS Implementation** (Winter 2014) – Will seek feedback on the proposed TLS framework, proposed license charge structure, performance management requirements, and the optimal approach for transitioning to the revised TLS policy.

Part 1 consultation was undertaken between April 3 and 16, 2014 with participation from 88 people representing a broad range of stakeholders including drivers, trucking companies, importers, exporters, shipping companies, agencies, and associations. An independent facilitator was retained to conduct the sessions and prepare the Consultation Summary Report (see Appendix A).

3. RESPONSE TO STAKEHOLDER INPUT

The following table provides a comprehensive response to key themes that emerged from 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 as the proposed new TLS program continues to be refined.

Theme	Consultation Input	Response and Action
GOAL 1: Increased company accountability for safety, training and compensation		
Company sponsorship of drivers	General agreement for the concept; trucking companies want the ability to choose the drivers they sponsor and prefers that the sponsor hold the TLS permit; drivers prefer that the permit remain with driver; shippers are largely indifferent.	<p>To improve drayage sector stability and operational efficiency, Port Metro Vancouver must balance diverse stakeholder perspectives.</p> <p>Port Metro Vancouver proposes that the new TLS issue licenses to trucking companies. Each license will carry a defined number of truck tags. Owner operators may be allocated a tag with a permit jointly held by the sponsoring TLS License holder and the owner operator. Company drivers, or employees of the license holder, will not require a sponsored permit.</p> <p>Licenses and permits would be non-transferrable. If either party severs the relationship, the permit will become invalid. Both parties will have the ability to apply for a permit with an alternate party; however, approval will be based on performance and supply requirements.</p>

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		Phase 2 consultation will seek input on the process to terminate licenses for non-use, the TLS interface to streamline the application process, specific performance metrics, and the dispute resolution mechanism.
Rate audit enforcement	Strong support for increased rate enforcement.	<p>Port Metro Vancouver supports increased rate audit enforcement. As part of the Joint Action Plan implementation, it has been confirmed that a newly created third party will focus primarily on managing all rate-compliance matters, including investigations, audits and decisions.</p> <p>The Joint Action Plan includes a Drayage ConfidenceLine whistleblower program for those who wish to report complaints or concerns about drayage trip payments and rates, TLS compliance, or matters of harassment (www.drayage.confidenceline.net).</p>
Rate audit enforcement	<p>Provide significant consequences for non-payment including sharing information about the results of rate audits</p> <p>Suggestions for two-tiered audits, with a more in-depth audit triggered by poor results in the initial audit.</p>	<p>TLS will provide the mechanism for enforcement of rate non-compliance. Enforcement will include penalties up to and including revoking TLS eligibility.</p> <p>The new license performance bond will cover costs related to non-compliance with rate compensation standards.</p> <p>Further review is required to determine the process for sharing information about audit outcomes. Phase 2 consultation will seek additional input on this matter.</p>
Rate audit enforcement	Support for expansion to include off-dock moves that are directly related to a port move	Enforcement of off-dock rates is outside of the TLS program; however, the province, through its Joint Action Plan rate audit program, is exploring options for enforcing minimum rates for off-dock facilities.

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Liquidated damages for infractions	General support for the concept of liquidated damages provided that the charges for damages are justified through confirmation of actual costs	<p>Port Metro Vancouver recognizes the importance of fairness and transparency. It is intended that liquidated damages will reflect a reasonable assessment of true cost recovery.</p> <p>Phase 2 consultation will seek input to support determining damage charges as well as how penalties and incentives will be incorporated into these charges.</p> <p>Port Metro Vancouver also recognizes that damages should be the responsibility of the party that caused the damage. Accordingly, Port Metro Vancouver proposes that trucking companies would be able to transfer liquidated damage charges to owner operators, on evidence of negligent activities.</p>
Damage deposit	Suggestions that damage deposits should not be required; instead Port Metro Vancouver should withhold access to the port until restitution is made	Port Metro Vancouver proposes to initially establish an initial damage deposit equal to \$10,000 to \$15,000. In Year 2 of the new TLS program, the deposit would be negotiable, based on previous performance.
Performance bond	General support for the concept	Support noted. Port Metro Vancouver will proceed with including performance bonds in the new TLS program.
Performance bond	Some suggested that the size of the bond should be large, to limit the number of license holders to companies with substantial financial investment; others suggested the bond should	<p>In making decisions about performance bond size, Port Metro Vancouver will consider the needs of small and large companies, and take a balanced approach to ensuring stability in the drayage sector.</p> <p>Phase 2 consultation will seek feedback on a proposed performance bond structure.</p>

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	be small, to ensure that all trucking companies can participate without undue financial harm.	
GOAL 2: Improved service quality and standards		
Entry standards	General support for entry standards	<p>Port Metro Vancouver recognizes the importance of fair and enforceable entry standards. Our guiding principles will be to ensure a consistent base level of security, safety and environmental performance and to provide incentives for companies with exceptionally strong performance.</p> <p>Phase 2 consultation will discuss Port Metro Vancouver's proposed standards and the relative importance of each as input to developing a balanced scorecard approach for performance monitoring.</p>
Entry standards	Some suggestion that the current environmental standards are too high and that environmental thresholds should instead be used as discounts for those who exceed them	<p>Port Metro Vancouver appreciates the concerns that some in the industry have with our environmental requirements. Port Metro Vancouver is committed to environmental sustainability and while we recognize that this standard is higher than the current standard for B.C. highways, we are not prepared to compromise on this standard.</p> <p>Within the new TLS program, we are also committed to providing incentives for companies with exceptionally strong environmental standards.</p>

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Entry standards	<p>Suggested standards for drivers:</p> <ul style="list-style-type: none"> • Flexibility in schedule: availability to work nights and weekends • Criminal record checks • Language proficiency <p>Suggested standards for companies:</p> <ul style="list-style-type: none"> • NSC checks • Size of fleet, • Average age of fleet • demonstrated investment 	<p>Port Metro Vancouver proposes that existing license holders will have the opportunity to maintain their existing licenses provided that they meet the minimum standards, such as:</p> <ul style="list-style-type: none"> • Contractual terms (e.g. Port Metro Vancouver license charge, damage deposit etc.) • National Safety Code (NSC) compliance • Environmental standards • The ownership or availability of land assets or a defined plan for the purposes of providing a secure parking facility for truck, trailer and chassis assets after hours • Proof of demand for drayage services from the applying trucking company <p>If the existing available supply is insufficient to meet demand, then applications would be accepted from trucking companies, currently outside of TLS and existing TLS companies expressing an interest in additional truck tag allocation.</p>
Performance standards	Requests for more information about metrics to gauge performance; suggestions to keep it simple	Phase 2 consultation will seek input on how utilization rates will be used as a performance metric.
Performance standards	<p>Several suggestions for standards including:</p> <ul style="list-style-type: none"> • Safety • Incidents/infractions • On-time arrival • Audited rate compliance • TLS compliance 	<p>Port Metro Vancouver proposes to develop a balanced scorecard approach to manage performance for each license against the performance standards and their associated weightings.</p> <p>Performance standards such as:</p> <ul style="list-style-type: none"> • History of rate compliance • History of operational performance • Truck age • Environmental performance

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		<p>Performance incentives would be provided in the form of discounted license charges if license holders significantly exceed performance standards.</p> <p>Phase 2 consultation will seek feedback on the balanced scorecard approach and the performance standards, as well as input on the relative weightings of each and how performance will be reported out.</p>
Performance standards	Recommendations for a scorecard approach that includes discounts for highest performers	See above.
Performance standards	Concerns about the use of “truck utilization” as a performance measure, since it treats all trucks as the same	<p>Port Metro Vancouver recognizes that utilization may not be an effective measure for infrequent users unless balanced with other performance measures. Port Metro Vancouver proposes that infrequent users would be provided access through a standardized per-transaction charge and would not be subject to the above-noted performance standards.</p> <p>Infrequent users of the terminals may be required to pay an application charge and make an upfront deposit.</p>
Performance standards	Suggestions to expand performance requirements to other supply chain partners as well	As part of the Joint Action Plan, governments are also working with terminals to develop and enforce performance measures.
Flexibility and responsiveness	Preference for a market-driven approach to TLS	Port Metro Vancouver supports this as a long-term objective. In the immediate term, under the new TLS, truck supply will continue to be regulated through a combination of minimum entrance standards (which must be met by all TLS registered trucking companies) and additional standards, which can be used to prioritize applications for new TLS licenses. Existing TLS License holders will be provided with the first opportunity.

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Flexibility and responsiveness	Trucking companies would like to have access to a larger quota of trucks if they provide proof of business	<p>Port Metro Vancouver recognizes the importance of being responsive to market changes and being prompt in reviewing requests for fleet expansion under a license if proof of business is provided.</p> <p>In the new TLS, Port Metro Vancouver proposes to take an active role in aligning the supply of trucks with the demand for drayage services through processes to manage the number of licenses, sponsored permits and tags as demand within the drayage sector grows.</p>
Communication	Request for more information about progress on TLS and reform and other Smart Fleet initiatives	<p>Port Metro Vancouver supports open and transparent information exchange. As part of the Joint Action Plan, new communications measures have already been implemented. Additionally, Port Metro Vancouver will work to improve distribution of material to drivers at the terminals.</p> <p>As part of Phase 2 consultation for the new TLS program, Port Metro Vancouver has established a new online source for information and dialogue at www.porttalk.ca/TLS.</p> <p>More information about the Smart Fleet program is also available on Port Talk at www.porttalk.ca/smartfleet [target implementation September 2014].</p>
Application review process	Requests for faster processing of applications	Port Metro Vancouver commits to developing processes to manage the expansion, transfer and contraction in the number of license, permits or tags.
Application review process	Expressions of support for recent changes in Port Metro Vancouver's customer service support	Port Metro Vancouver acknowledges and appreciates this positive response.

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Goal 3: Improved Stability		
Transparency	Suggestions to post rate audit information to help enforce accountability and as an educational tool to increase awareness of regulations	<p>Port Metro Vancouver currently produces and posts non-compliance summaries, but recognizes that there has been a lack of awareness of this practice and that the information is not easy to find on website or consistently reported.</p> <p>Phase 2 consultation will seek input on whether and how stakeholder performance will be posted for review within the drayage industry, and how to improve reporting in this context.</p>
Rate enforcement	Rate enforcement is critical to stability of the sector	<p>As noted above, Port Metro Vancouver supports increased rate audit enforcement. As part of the Joint Action Plan implementation, it has been confirmed that a newly created third party will focus primarily on managing all rate-compliance matters, including investigations, audits and decisions, which will provide data on compliance. It has also been confirmed that TLS will provide the mechanism for enforcement of rate non-compliance.</p> <p>The Joint Action Plan includes a Drayage ConfidenceLine whistleblower program for those who wish to report complaints or concerns about drayage trip payments and rates, TLS compliance, or matters of harassment (www.drayage.confidenceline.net).</p> <p>Under the new TLS program, all companies holding a TLS License and sponsored owner operators must participate in the provincially-led rate audit program.</p>
Funding model	Concern about increased costs and requests for more information about license	Port Metro Vancouver proposes to establish an annual license charge, with an incremental per truck charge for additional trucks.

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	charges, damage deposit and performance bond	Further review is required to establish an accurate estimate of overall TLS Program costs to assist in determining the minimum flat rate charge that will assure TLS Program cost recovery. Phase 2 consultation will seek feedback on proposed costs.
Moratorium	Industry stakeholders generally favoured eliminating the current moratorium on new drivers; drivers generally did not support this	Under the new TLS, truck supply will continue to be regulated through a combination of minimum entrance standards (which must be met by all TLS registered trucking companies) and additional standards, which can be used to prioritize applications for new TLS licenses. Existing approved TLS License holders will be provided with the first opportunity for licenses.
Communications	Suggestion to provide a method on Port Metro Vancouver's website to connect available, unclaimed drivers with companies.	Port Metro Vancouver recognizes the need for companies to be able to see what drivers are available. Upon final delivery of a new TLS System, Port Metro Vancouver will ensure this suggestion is considered.
Communications	Requests for a dispute resolution process	Port Metro Vancouver supports having a well-defined and understood dispute resolution mechanism in place. As part of the Joint Action Plan implementation, it has been confirmed that a newly created third party will focus primarily on managing all rate-compliance matters, including investigations, audits and decisions. This third party will also manage a dispute resolution process.
Other		
Smart Fleet Program	All elements are connected – achieving success with TLS requires improvements to	Port Metro Vancouver agrees and is taking steps to advance all aspects of the Smart Fleet program including establishing a common data interface (CDI) that will allow for one port-wide

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	the reservation system and improved access to terminals	<p>reservation system, full GPS roll out (now in place) and the drayage model, as well as key elements of the Joint Action Plan including rate audit enforcement.</p> <p>The new TLS program is a fundamental building block to drayage industry success and shares interdependencies with all of the related initiatives identified above (<i>see Section 1, Introduction</i>)</p>
Smart Fleet Program	Requests for more information on the status of these other projects	More information about the Smart Fleet program is also available on Port Talk at porttalk.ca/smartfleet [target implementation Winter 2014].
Terminal gate hours of operation	Request for longer hours of operation	Through the Joint Action Plan, longer hours of operation have been implemented.
Terminal efficiency	Suggestions not to implement TLS reform until improved wait times and reservation access improvements are achieved	Through the Joint Action Plan, improved wait times are already being realized, with more reforms to come. PMV believes it is important to move forward with all aspects of the Smart Fleet Program, to achieve improved drayage sector stability and overall operational efficiency for the Gateway.
GPS data	Increase transparency by providing companies access to their own data	Port Metro Vancouver is working with the GPS supplier to provide companies with access to their GPS information.
Joint Action Plan	Concerns about unintended consequences of some commitments by government and requests for more information about the Plan	For the most current information on the status of the Joint Action Plan implementation, please visit http://www.portmetrovancover.com/portusers/landoperations/trucking
Communications and engagement	Interest in participating in Phase 2 consultation and requests for on-going communication	All Phase 1 consultation participants will be invited to participate in Phase 2. Additionally, through the online engagement portal, porttalk.ca/TLS , all members of the drayage community have the opportunity to provide feedback.

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Communications and engagement	Questions about the timing of Phase 2 consultation	Phase 2 consultation will take place in Winter 2014. Key elements of the program are outlined in this report. For more information, please visit porttalk.ca/TLS .

4. NEXT STEPS

Port Metro Vancouver will implement Phase 2 of consultation in Winter 2014. Consultation will focus on four key, interrelated areas:

- Supply Management
- Financial Structure
- Entry and Performance Standards
- Compliance and Performance Management

To assist in this phase of consultation, and in recognition of Port Metro Vancouver’s mandate and the results of consultation input to date, Port Metro Vancouver has established the following objectives for the TLS program:

- Align the supply of trucks with the demand for drayage services (based on projected and/or realized supply and demand trends); and proactively manage licensing to support supply and demand on an ongoing basis.
- Structure license charges to incentivize consolidation of trucking companies, but also to provide access to smaller companies or infrequent users of the port through standardized per-transaction charges.
- Monitor, analyze, and enforce performance standards in order to ensure that there is a consistent base level of security, safety, and environmental performance and to provide incentives for companies with exceedingly strong performance.
- Identify the highest risk license and permit holders through data analysis and compliance audits, and reduce administrative burden for those with a strong track record of compliance with TLS performance standards.