

TransDigest

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Report on TLC's 50th Annual Conference

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- **Zero-Emission Freight Corridors**
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SOFT COVER EDITION!

FREIGHT CLAIMS IN PLAIN ENGLISH (4TH ED.)

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EDITORIAL

PAST, PRESENT AND FUTURE IN TRANSIT CHANGES

By Carrie Frisbie, CCP; Chairman, CCPAC & Director of Cargo Claims, SEKO Logistics

While it has been debated when commerce and trade first started, historians state there is evidence of obsidian being exchanged for goods in New Guinea around 17,000 BCE. Once humans settled and farmed, trade consisted mostly of foods, building materials, clothing and livestock. Then, the age of exploration in the 15th Century led to longer distances goods would travel, leading to further challenges and changes.

There were undoubtedly unwritten rules in ancient Egypt, but it was not until approximately 300 BCE that formal codes were established in the ancient Mediterranean. Since that time, codes and laws have changed along with the struggles and rulings of the day. As the landscape and scope of transit changed, so too did the industry. As the Greek philosopher, Heraclitus, said, “Change is the only constant in life.” This industry is not above it, by far.

So when asking myself what is most relevant in transportation today, it is undoubtedly “change”. We just lived through a global pandemic that changed the way we live and, yes, the ways we transport goods. Twenty years ago, when I first started in cargo claims, if someone would have asked me if it was ok to leave a package on a door with no signature, my mind would have reacted with sheer terror. *How would we even prove it delivered? Are you out of your mind? No!* Now here we are, most of us in paperless environments, with handheld technology able to give GPS locations, take photos and get e-signatures uploaded in mere moments! Many work from home or have the ability to work remotely, if needed.

Since the Transportation & Logistics Council just hosted their amazing 50th Annual Conference this month, I thought it would be a great time to revisit how the day to day has changed in just my 20+ years of working in the transportation industry.

First, working from home was something most of us heard tales of but was not available to the masses. The required in office time was much louder then too. The phone lines would ring all day long and we would actually have to take the calls by the 2nd ring per the SOP. This was our primary form of communication too, not text or e-mail and you were never allowed a cell phone on your desk, if you even had one! The majority of our claims came by way of U.S. Postal Service where we had to endure many a paper cut to unseal, unfold, unstaple, restaple, and create a manilla folder for each claim after figuring out what the next sequence of claim numbers should be, based on the last day’s batch. These folders, and every printed version of every contract, were filed in black cabinets lining every wall, opening and shutting all day long in squeaks and bangs. Claims also came by way of facsimile for those “high tech” shippers and carriers. The fax machines and printers would be whirring all day with reams of paper and toner running out constantly, halting all ability to properly function until replenished.

In addition, nearly everything in the field was handwritten, and discerning what something said, especially on BOL/PODs, was a daily lively debate in the office. “Can you please look and see what you think this says? Does it say ‘damaged’ or ‘delivered’?” Like translators attempting to decipher an ancient code that would tip the scales of liability, we would come to a consensus before able to press on to the next document to decrypt.

Life is different in so many ways now. I like to say we are now living in a “hybrid lifestyle environment”. Even if you physically are in the office 5 days a week, we often are connected 24/7 through our cell phones after we leave the physical office space. Gone are the days of logging off a desktop and not engaging with work until you get back to the office the next day. On weekends, out of habit, I often find myself opening my Teams app on my cell before reminding myself that I do not need to be logged in right now. After a quick peek that I promised myself I would not take, I close it out. Mental health, they now also now discuss in the work place, top of mind.

Though the future is unknown, all signs lead to AI leading the immediate charge in modifying the landscape, yet again. It is already slowly taking over other areas, so transportation and logistics is a fertile ground for it to grow and flourish. Live updating of delays, license plate recognition, driver monitoring, warehousing, route planning, and endless back office processing are just the beginning. Trying to ease the burden of tedious data, addressing compliance issues in real time and, perhaps, lessening the potential for cargo claims, if I may be so hopeful.

Changes in transportation, as in life, will persist and so too must we. Undoubtedly, our industry will continue to grow and evolve with the ebbs and flows of fluctuating environments, as the Transportation and Logistics Council has navigated the last 50 years! After all, as Bob Dylan said, “There is nothing so stable as change.”

Congrats on 50 wonderful years T&LC!

ASSOCIATION NEWS

PRESIDENT’S REPORT ON TLC’S 50TH ANNUAL CONFERENCE

By Jeffrey L. Meyer

I have so much to say about our conference in Charleston. To begin with, what an historic event for our Transportation & Logistics Council (“TLC”) to be able to host our 50th conference and see it continue to evolve and put out a quality, high value product! We packed a lot into our 2.5-3.5 days between our Spring Seminars & Certified Claims Professional (“CCP”) Primer Class on Sunday, and the conference following.

Thanks to the members, new attendees, panelists, exhibitors, sponsors, and board members for making the investment with us. Initial feedback is that it was a great success. This result was no accident, as there were many who put in a lot of demanding work, for which I am humbled. These comments were about the “content” of the conference, but we all know that just as important as the content is the networking which was in also full swing in the hospitality suite, exhibits and receptions. I continue to make valuable connections at each of our conferences.

This year we had an improved registration process, realigned the program to minimize competing topics for the workshops, and had a great lineup of speakers, panelists, and moderators. We had enlightening luncheon speakers for both days. Barbara Melvin, President & CEO, South Carolina Ports led off on Monday and I can tell you, we felt her energy and it was exciting to learn the vision, collaboration, and strength that

South Carolina has going on for itself. In retrospect after getting her insight to what it takes for a port to function, we all have additional gulp in our throat for the enormous challenge that the Port of Baltimore is now facing. On Tuesday Robert (Bob) Zimmerman, President R&L Carriers, Inc. shared with us the humble begins of R&L to its current day rapid growth in the less-than-truckload (“LTL”) sector. I also found Bob’s perspective of the current state of LTL very much needed as this mode of transportation has seen the biggest changes of any of the modes in the last 12 months.

The President’s Reception was a spot-on great evening. It was great to see George Pezold receive the recognition of being the key driver of the TLC for all these years. Many kind words were said on George’s behalf by Gerry Smith and Ray Selvaggio. The decorations, entertainment, networking, and dinner exceeded expectations.

The conference wrapped up Wednesday with sessions on Food & Produce Claims and Freight claims Q&A. We had great participation. Thanks to all that contributed gifts as we had an abundance of nice door prizes to hand out. Freightclaims.com generously donated the Grand Prize Apple Watch. I am excited for the 51st Annual Conference that will be in Houston, TX on March 17-19th, 2025 at the Hilton Post Oak by the Galleria. The Board of Directors has already discussed ideas on enhanced content and organization to make 2025’s conference even better.

TLC’s 50TH ANNUAL CONFERENCE PHOTOS

Ahh, the age of technology. By aiming your cellphone camera at the QR Code you can view photos from the event, or even add your own.



For those without the ability to make use of the QR Code, use this link:
<https://frameablemoments.com/event/?event=OIN5jjUIc090AKiG00EskTaeA5FB2YB7wVFojhcfb6m6vv8vGFH7PG3izDLXZTXXjiiYzgEw26kENe1HCj9QRsPKXMF8Z9mMorde>

EVENT PHOTOS



Board of Directors



Brent Wm. Primus



Barbara Melvin - Luncheon Speaker



Annual Conference Locations



Dave Popowski



A Full House



Ray & Maria Selvaggio



Dave Nordt Presents CCPAC Award to George Pezold



Jerry Jacobs & George Pezold



Josh & Jessie Renner



George & Lynn Pezold with Diane Smid



Photo Booth



Ladies Night Out



Vikki Van Vliet Welcomes Jeff Meyer



The Gang



Grand Prize Winner Archelle Smith

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NEW MEMBERS

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MEMBERSHIP COMMITTEE

The Council's Membership Committee is looking for volunteers, ideas and suggestions to help get the word out and attract new members. Interested parties please contact Membership Committee Chairman, Grant Ashe at gashe@kllm.com for more information.

LOGISTICS

POOR DATA QUALITY AND LOGISTICS

by Oliver Nodjoumi, ICC Logistics Services, Inc.

Securing the Future of Logistics: Combating Profit Loss with Enhanced Data Capture

The logistics industry, a labyrinth of moving parts and data streams, is increasingly vulnerable to the silent scourge of poor data capture.

This isn't mere inefficiency; it's a financial sinkhole that can quietly bleed companies dry, with the potential loss averaging a staggering [\\$12.9 million each year](#) due to poor data quality.

The ripple effects are manifold: from product mislabeling to inventory errors, businesses find themselves grappling with inflated operational costs and delayed decision-making, necessitating an urgent shift to smarter data-capture strategies.

Harnessing Analytics for Strategic Advantage

[Predictive analytics](#) tools and strategies have become an industry standard for supply chain managers. These sophisticated tools parse through extensive data sets, enabling enhancements across the supply chain spectrum—from judicious carrier selection to acute risk management.

The integration of big data is particularly transformative, equipping organizations with comprehensive visibility and the agility to make decisions in real-time, crucial for keeping pace with the volatile ebb and flow of market requirements.

The Ripple Effect of Data Capture Failures

In a survey among logistics managers, a striking [41% of professionals](#) rank data analysis as a top technological priority.

Yet, this focus contrasts starkly with the harsh reality that the effectiveness of analytics is often severely compromised by subpar data capture practices. Inadequate data collection acts as a critical bottleneck, warping the flow of information crucial for advanced analytical systems.

This distortion leads to a series of strategic errors: inefficient carrier routes, skewed risk assessments, and a clouded view of supply chain operations. These disruptions not only impede immediate operational effectiveness but also pose a significant threat to the long-term strategic position in an industry increasingly dominated by data-driven decision-making.

Operational Inefficiencies and Employee Impacts

In the logistics sector, each error in data capture acts as a multiplier of operational inefficiencies, driving up costs and eating into profit margins. But the implications extend into the workforce as well. With a significant percentage of employees facing burnout due to inefficient processes, the need for an overhaul of data-capture systems is clear.

Closing gaps in data capture is not only crucial for the financial vitality of logistics operations but also for bolstering the employee experience. Improving data capture methods enhances job efficiency, reduces the strain on employees, and ensures adherence to safety standards, creating a more engaged and compliant workforce. These improvements are essential in building a sustainable, resilient, and employee-friendly logistics environment.

AI and Machine Learning: The New Frontier

The logistics sector's adoption of AI and machine learning algorithms is not just an upgrade—it's a paradigm shift. These technologies are critical in deciphering complex demand patterns and translating them into accurate forecasts, with the potential to reshape the industry's approach to inventory and risk management.

The transformative power of AI in the logistics market is expected to exceed a valuation of [\\$17.5 billion by 2028](#), underscoring the profound impact these tools will have on the profitability and resilience of supply chains.

Embracing Change for Profitability

Companies can no longer afford to ignore the silent killer of profitability, which is poor data capture. To navigate a path to efficiency and resilience, the sector must embrace the data revolution, investing in technologies that not only predict the future but also create it.

A commitment to this digital evolution is the first step towards safeguarding against the unpredictability of global markets and securing a profitable future.

MOTOR

WORKER CLASSIFICATION

On March 11, 2024, the U.S. Department of Labor's ("DoL") final rule, Employee or Independent Contractor Classification Under the Fair Labor Standards Act ("FLSA") became effective.*

* Visit <https://www.dol.gov/agencies/whd/flsa/misclassification/rulemaking> for more information

According to the DoL website, this new rule does not adopt the “ABC” test that was the core of the California law, AB5 that effectively prohibited truckers from being independent contractors. The DoL also notes that this final rule only revises the DoL’s interpretation under the FLSA and that it has no effect on other laws, federal, state or local, that use different standards for employee classification. So, it has no impact on state wage and hour laws which use the ABC test, such as California and New Jersey.

Specifically,*

This final rule continues to affirm that a worker is not an independent contractor if they are, as matter of economic reality, economically dependent on an employer for work. Consistent with judicial precedent and the Department’s interpretive guidance prior to 2021, the final rule applies the following six factors to analyze employee or independent contractor status under the FLSA:

- (1) opportunity for profit or loss depending on managerial skill;
- (2) investments by the worker and the potential employer;
- (3) degree of permanence of the work relationship;
- (4) nature and degree of control;
- (5) extent to which the work performed is an integral part of the potential employer’s business;
- and
- (6) skill and initiative.

The final rule provides detailed guidance regarding the application of each of these six factors. No factor or set of factors among this list of six has a predetermined weight, and additional factors may be relevant if such factors in some way indicate whether the worker is in business for themselves (i.e., an independent contractor), as opposed to being economically dependent on the employer for work (i.e., an employee under the FLSA).

On a practical side, independent contractor (“IC”) pay is reported on IRS form 1099, and there are new IRS rules along with more stringent requirements in New York State. According to a March 14, 2024 blog post from the Grassi Advisory Group, Inc.:†

Businesses across the country are facing changes to their 1099 filing process this year. The IRS now requires companies that pay 10 or more independent contractors (ICs) to file 1099s electronically. This rule previously applied only to companies paying 250 or more ICs. Filing incorrectly will result in a \$290 penalty per 1099.

For New York businesses, the new “Freelance Isn’t Free Act” will necessitate additional changes as of May 20, 2024. The Act requires every business in the state to enter into a written agreement with any IC (“freelancer”) who:

- provides services with a value of \$800 or more; or
- provides services that, when combined with prior agreements between the parties in the preceding 120 days, have an aggregate value of \$800 or more.

The written agreement must contain all of the following information:

- name and address of hiring party and freelancer
- itemization of all services to be provided

* <https://www.dol.gov/agencies/whd/flsa/misclassification/rulemaking/faqs#s7>

† https://www.grassiadvisors.com/blog/businesses-face-new-1099-requirements-in-2024/?_hsmi=298308600

- compensation rate and method
- date on which the freelancer will be paid, or an explanation of how that date will be determined*
- date by which the freelancer must submit invoices or other list of services rendered

*If not specified in the agreement, the payment date must be no later than 30 days after the completion of services.

In addition to providing a copy of the written agreement to the freelancer, the hiring party must retain a copy of the agreement for six years.

Definitions & Exemptions

Under the Act, a freelancer is defined as a person or organization composed of no more than one natural person that is hired to provide services in exchange for \$800 or more (in a single contract or aggregated contracts within the preceding 120 days).

Sales representatives, attorneys, licensed medical professionals and certain construction contractors are exempt under the Act.

Prepare for Compliance

All written agreements must be entered by May 20, 2024. Follow these steps to ensure timely compliance with the Act:

- Review your existing IC relationships to determine which ones exceed the \$800 threshold.
- For freelancer contracts not exceeding \$800, review services provided by the freelancer in the prior 120 days.
- Train appropriate employees on how to enter into freelance agreements moving forward.

The Act imposes up to \$25,000 of injunctive relief and civil penalties for repeated noncompliance. Freelancers who file a complaint alleging non-payment may be entitled to double damages, injunctive relief, attorney fees and other remedies.

ZERO-EMISSION FREIGHT CORRIDORS

On March 12, 2024, the Administration released its plan to establish a charging and refueling infrastructure network for zero-emission commercial trucks. From the Federal Highway Administration (“FHWA”) press release:*

The Biden-Harris Administration today released the [*National Zero-Emission Freight Corridor Strategy*](#). Developed by the [Joint Office of Energy and Transportation](#) and U.S. Department of Energy (DOE), in collaboration with the Department of Transportation (DOT) and the Environmental Protection Agency (EPA), the Strategy will guide the deployment of zero-emission medium- and heavy-duty vehicle (ZE-MHDV) charging and hydrogen fueling infrastructure from 2024 to 2040. The Strategy is designed to meet growing market demands by targeting public investment to amplify private sector momentum, focus utility and regulatory energy planning, align industry activity, and improve air quality in local communities heavily impacted by diesel emissions.

* <https://highways.dot.gov/newsroom/biden-harris-administration-releases-first-ever-national-strategy-accelerate-deployment>

“For over a century, petroleum-fueled freight has transported vital food and resources to American families but at the same time, these vehicles have also contributed to lower public health, especially in densely populated communities,” said **U.S. Secretary of Energy Jennifer M. Granholm**. “The Biden-Harris Administration is addressing this issue head-on with innovative strategies to transform freight so it not only supports American families and businesses, but also protects the environment for future generations.”

“This is a big move to deliver environmental justice – 75% of heavy truck traffic travels on just 4% of our nation’s roads, jeopardizing the health of our most vulnerable communities,” said **President Biden’s National Climate Advisor Ali Zaidi**. “President Biden’s historic investments in zero-emission infrastructure on those high-traffic roads and the hubs they connect will rapidly transform freight transport in the U.S. and strengthen American innovation. Through the President’s whole-of-government strategy, this administration is delivering a win-win-win for frontline communities who will benefit from cleaner air, businesses that will save millions on fuel costs, and for our climate.”

“This landmark strategy brings us one step closer to achieving a zero-emission transportation sector that provides clean air for communities, creates market certainty for industries investing in clean technology, and strengthens our supply chains,” said **Senator Alex Padilla**. “I’m grateful to the Administration for advancing this whole-of-government effort and heeding my calls to launch a national strategy to accelerate the build-out of heavy-duty vehicle infrastructure. This all-hands-on-deck approach from the federal government and industry partners will enable us to realize California’s and the Administration’s zero-emission goals.

Providing ubiquitous and convenient access to electric vehicle (EV) charging and hydrogen refueling along our nation’s freight corridors and at intermodal freight facilities and high-usage ports is key to achieving [U.S. goals to promote at least 30 percent ZE-MHDV sales by 2030 and 100 percent sales by 2040](#). The goal of the Strategy is to align public policy and investments by prioritizing, sequencing, and accelerating infrastructure along the National Highway Freight Network (NHFN) in four phases. A core objective of the Strategy is to meet freight truck and technology markets where they are today, determine where they are likely to develop next, and set an ambitious pathway that mobilizes actions to achieve decarbonization.

The 318 page document is available at <https://driveelectric.gov/files/zef-corridor-strategy.pdf>.

TRUCK DETENTION

Two months ago the American Transportation Research Institute (“ATRI”) announced that it was requesting motor carriers and owner-operators to participate in a survey on the costs of detention. On February 16, 2024 the Federal Motor Carrier Safety Administration (“FMCSA”) published a Notice and Request for Comments in the Federal Register seeking comments on a proposed information collection titled Impact of Driver Detention Time on Safety and Operations. Now, on March 26, 2024, ATRI announced that it was asking drivers to participate in a survey on detention, to provide data on their detention experiences at customer facilities. From the press release:*

This latest data collection is part of a larger ATRI study examining the effects of detention on the trucking industry.

* <https://truckingresearch.org/2024/03/atri-issues-call-for-truck-drivers-to-participate-in-detention-survey/>

Driver detention – time spent waiting at shipper or receiver facilities outside of loading/unloading – is a longstanding issue in the trucking industry. Accordingly, ATRI’s Research Advisory Committee (RAC) identified the need for new research to document the widespread negative consequences of driver detention for carriers, truck drivers, shippers, and the economy as a whole.

The short survey asks truck drivers to share details confidentially on their experience with driver detention and how it impacts their day-to-day life, professional livelihood and perceptions of the industry.

While at the Mid-America Trucking Show last week, ATRI staff collected over 250 surveys from truck drivers in attendance. This online version now provides the opportunity for drivers nationwide to provide their input into this critical research.

“Drivers routinely rank detention/delay at customer facilities among their top industry concerns,” said ATRI President Rebecca Brewster. “This research will update our 2019 analysis on detention to see how and if things have changed post-pandemic.”

Truck drivers are encouraged to complete the survey **by clicking here**. The survey will remain open through April 26, 2024.

UPCOMING ECLIPSE TO IMPACT TRAFFIC

On April 8, 2024 the path of the total eclipse of the sun will cross the United States diagonally from mid-Texas in a northeasterly direction and exit the country in northern Maine. Millions of people will be within the path of totality and millions more are expected to hit the road in an effort to experience a total eclipse that will be visible (weather permitting) around two (central time) or three o’clock (eastern time) in the afternoon.

The last total eclipse visible in the U.S. was in August 2017, and the path of totality crossed the country in a broad arc from Oregon to South Carolina and millions of people hit the road in an effort to participate in that event. As a result, there was a brief surge in traffic accidents according to an analysis published in the Journal of the American Medical Association (“JAMA”).*

The JAMA analysis found a 31% increase in traffic risks around the time of the eclipse, which in absolute terms averaged to 1 extra crash-involved person every 25 minutes and 1 extra crash fatality every 95 minutes. “The overall relative risks were similar in magnitude to the increased traffic risks observed around Thanksgiving, Memorial Day, or the July 4th weekend.”

According to a March 25, 2024 CNN article discussing the JAMA study:†

Dr. Don Redelmeier, co-author of the analysis and professor of medicine at the University of Toronto, said that the heightened traffic risk is not due to the eclipse itself and the transient change in light but rather the increase in the number of people traveling. An estimated 20 million people in the US traveled to another city to view the 2017 solar eclipse, according to the study.

* <https://jamanetwork.com/journals/jamainternalmedicine/fullarticle/2816762?guestAccessKey=abfddaad-b199-480d-8902-97bd033e66ff>

† <https://www.cnn.com/2024/03/25/health/traffic-accidents-total-solar-eclipse/index.html>

People are more likely to be distracted, driving on unfamiliar roads and speeding to arrive at their destination on time, Redelmeier said. They may also be intoxicated from eclipse-related celebrations or may choose to view the event from unsafe roadside locations, he added.

Based on experience learned from the 2017 eclipse, states are making plans to avoid problems and traffic disruptions in particular. Some states are suggesting schools either close or dismiss early; some Texas municipalities are declaring a state of emergency; and truckers are being advised to try to time deliveries so as to avoid the worst congestion, if possible.

Even the Federal Highway Administration (“FHWA”) Administrator Shailen Bhatt has posted on X regarding the upcoming eclipse at <https://twitter.com/USDOTFHWA/status/1770526153201086560>.

CONGESTION PRICING IN NEW YORK

On Wednesday, March 27, 2024, the Metropolitan Transit Authority (“MTA”) Board voted to approve a congestion pricing plan for part of New York City, the first of its kind for a major U.S. city. The toll for drivers entering Manhattan south of 60th Street is expected to start around June 15. An official date will be unveiled once a federal review on the tolling structure is completed and when critical infrastructure for the tolling, such as more license plate readers, are installed, according to a transit official.

The fee structure is as follows:

- Cars will pay \$15 to enter Manhattan at 61st Street and below during the day, and \$3.75 at night
- Motorcycles will pay \$7.50 during the day and \$1.75 at night
- Trucks will pay between \$24-36 during the day and \$6-9 at night depending on vehicle size
- Taxi drivers will see a \$1.25 surcharge per ride, while Uber and Lyft drivers will pay \$2.50

Visit <https://congestionreliefzone.mta.info/> for more information.

OCEAN

BALTIMORE BRIDGE COLLAPSE

Early in the morning of March 26, 2024, a large container vessel lost operational control and impacted the Francis Scott Key Bridge in Baltimore, causing it to snap and collapse into the river below. Fortunately, authorities were alerted to the impending impact and were able to block traffic and thereby preventing what could have been a significantly larger number of deaths. Two persons were rescued from the water and another six were missing and presumed dead when this was written. The victims were construction workers that were on the bridge filling potholes.

The bridge carried the I-695 Outer Loop around the city and was used to transport wide loads and hazardous materials that were prohibited from going through the Harbor Tunnel or Fort McHenry Tunnel.* Obviously, motor traffic will have to be rerouted for the indefinite future. For up to date information, visit the Maryland Transportation Authority (“MDTA”) website at <https://mdta.maryland.gov/keybridgenews>.

* Visit <https://www.baltimoresun.com/2024/03/26/key-bridge-collapse-what-we-know-about-the-bridge/> for more information and a pictorial history of the bridge.

According to the MDTA, the Port of Baltimore is still open for truck transactions, however all vessel (waterway) traffic into and out of the port is suspended until further notice.

While the time it will take to rebuild the bridge will likely be measured in years, clearing the debris out of the channel in order to reopen the port could be accomplished within weeks to a few months, largely dependent on how far away the necessary heavy lift equipment is. [Latest news is that the Army Corp. of Engineers has heavy lift equipment on site, with more coming, and they are already starting the process of cutting and removing debris and so the next paragraph may not be particularly relevant.] There is one caveat to this optimistic timeline however, and that is Foreign Dredge Act of 1906.

A March 27, 2024 article on reason.com* discussing the Foreign Dredge Act, likens it to the Jones Act, which bans foreign-built ships from moving goods between American ports - foreign-built dredges are banned from operating in the U.S. Unfortunately, a result of this protectionist legislation has been to severely curtail the number of dredges available to handle work like removing the debris from this bridge collapse. The article suggests that waiving the Foreign Dredge Act might help by allowing better equipment to be brought in from Canada or somewhere else nearby, rather than relying on outdated equipment that would likely take longer to get the job done.

Until the Port of Baltimore reopens, planned shipments through Baltimore will have to be rerouted, potentially increasing cargo flow to New York, Norfolk and other nearby ports. For some perspective, according to a March 26, 2024 CNBC article on the matter:†

More than 52 million tons of foreign cargo, worth some \$80 billion were transported out of the port last year, according to Maryland Gov. Wes Moore. The 11th largest port in the nation, Baltimore served an average of 207 calls a month last year, according to the shipping journal Lloyd's List.

The Port of Baltimore is the top American port for the import and export of autos and light trucks, as well as wheeled farm vehicles and construction machinery.

Last year, the port handled 847,158 cars and light trucks, according to data from the port. It was the 13th consecutive year that Baltimore led all U.S. ports in the import of cars and light trucks. Other top imports include sugar and gypsum.

* * *

Top exports out of Baltimore include coal, natural gas, aerospace parts, construction machinery, agricultural components and soybeans. It is the second-busiest port for coal exports after Hampton Roads, Virginia, according to Wolfe Research.

For an in-depth discussion of this event, visit <https://www.youtube.com/watch?v=DoPRz7wk3WY>.

A TALE OF TWO CANALS – THE CANAL CONUNDRUM

It was the best of times, it was the worst of times, well, not really, as far as our two major canals go. It is more like slightly better times and getting worse.

* <https://reason.com/2024/03/27/the-obscure-protectionist-law-that-will-slow-clean-up-of-the-baltimore-bridge-disaster/>

† <https://www.cnbc.com/2024/03/26/logistics-companies-scramble-after-bridge-collapse-closes-port-of-baltimore.html>

On the slightly better news, on March 8, 2024, the Panama Canal Authority (“PCA”) announced a modest increase in the daily slots at the Panamax locks.* Two additional slots will be offered effective March 18 and a third will become available beginning March 25, bringing the total combined daily transits to 27. This is up from the daily low of 22 during December 2023.

While still far from the normal 36-38 daily transits, back in October 2023, the PCA had anticipated that it would be reducing the number of daily transits down to 18 beginning February 1, 2024.† So, while not back to normal, the trend has been improving.

Meanwhile, on the other side of the world, the Houthi continue to attack vessels in the Red Sea, the Gulf of Aden and even out into the Indian Ocean. Of note, although the Houthi recently stated that they would not attack Chinese or Russian vessels, on March 23, 2024, they launched a series of anti-ship ballistic missiles at a Chinese owned and operated oil tanker and one of them struck the MV Huang Pu.‡ Fortunately, the ship had little damage and the crew were able to extinguish a small onboard fire.

However, the lack of significant damage to this vessel was unintentional. The Houthis have attacked more than 50 ships since November, including a cargo vessel loaded with fertilizer that sank into the Red Sea and another that resulted in three deaths. There is no end in sight and until these attacks on shipping by the Houthis come to an end or are stopped, vessel traffic will continue to be diverted to alternate routes.

Despite these disruptions, rates have not spiked to anywhere near to the levels seen during the pandemic, when daily freight rates on some routes between Asia and the U.S. surged to more than \$20,000 per box, roughly five times higher than current levels.§

These events, including the bridge collapse in Baltimore, are a constant reminder that businesses must be ready to adapt to disruptions, to have some sort of contingency plans available, in the case of disruptions to the transportation systems they rely on.

USCG WILL NOT ENFORCE CALIFORNIA EMISSION RULE

California is often a world unto itself. It is a large state with an economy larger than many countries, and it has been given exemptions by the federal government to enact regulations that are usually stricter than the federal standards. This privilege combined with the size of its market, has at times resulted in California being able to determine the standards for the rest of the country, to the dismay of other states.

According to a February 29, 2024 article on thecentersquare.com**, seventeen states are suing the Environmental Protection Agency (“EPA”) for giving an exemption to California alone to enact its own air standards that, by power of its market size, govern much of the rest of the country

In a recent turn of events, the U.S. Coast Guard (“USCG”) announced that it would not enforce a new California Air Resources Board (“CARB”) regulation requiring the installation of diesel particulate filters

* <https://pancanal.com/en/panama-canal-announces-increase-in-daily-slots-at-panamax-locks/>

† <https://pancanal.com/wp-content/uploads/2023/01/ADV48-2023-Reduction-in-Transits-Due-to-the-Ongoing-Deficit-in-Precipitation-in-the-Canal-Watershed.pdf>

‡ <https://news.usni.org/2024/03/24/chinese-tanker-hit-with-houthi-missile-in-the-red-sea>

§ <https://archive.is/DgGz9#selection-2179.0-3446.1>

** https://www.thecentersquare.com/california/article_ffc27ffe-d733-11ee-a4d6-63e182c3d8d2.html

(“DPFs”) on commercial harbor craft (“CHC”). In a February 21, 2024 letter to the CARB from the USCG Eleventh District Commander, it stated:*

As you are aware, the Coast Guard administers navigation and vessel inspection laws and regulations governing marine safety. It is the Coast Guard’s responsibility to inspect the vessels regulated by those laws. . . . Under these laws, the Coast Guard is not responsible for issuing type approvals of engines and their performance. Additionally, Coast Guard regulations do not explicitly address DPF installations onboard commercial vessels. Please note that DPFs verified by CARB may not necessarily be accepted by the Coast Guard for installation on inspected commercial vessels. Each ship specific installation must be reviewed in its entirety and demonstrate compliance with applicable material and design standards per the relevant subchapter 46 of the CFR. It is the engine manufacturers’ responsibility to ensure that engine systems are approved and certified by the U.S. Environmental Protection Agency for marine use and the applicable emission requirements. And while final approval for the installation or modification of any system on vital machinery is the responsibility of the cognizant Coast Guard Officer in Charge, Marine Inspections, Coast Guard inspectors will not perform emission tests on vessels operating in U.S. waters to evaluate DPF system performance. Therefore, please note that the Coast Guard will not enforce California’s CHC Regulation.

The letter also detailed issues with the pending DTF requirement, citing “potential fire safety issues associated with DPFs,” “feasibility and potential stability issues,” and “potential safety issues over DPF operating temperatures and the fire load of the vessel due to varied hull materials.”

Also from thecentersquare.com article:”

DPFs capture nearly all the soot and other particulate matter leaving a diesel engine. This highly flammable material is cleared out by DPF “regeneration” — bringing the engine up to high speeds and heat to make the built-up material catch on fire to clear itself out. This regeneration process is a much higher temperature than combustion and produces carbon dioxide, water vapor, and much smaller levels of soot. While DPF filters reduce immediate particulate pollution, they are linked to many fires, including a 3,600-acre **fire** in Washington State, that weigh against this benefit.

The American Waterways Operators also oppose the rule.

“Our industry safely and efficiently moves over 665 million tons of cargo each year while emitting 43 percent less greenhouse gasses than rail and 832 percent less than trucks,” wrote AWO president and CEO Jennifer Carpenter to California Governor Gavin Newsom. “CARB has made it clear that it intends to continue to enforce the CHC rule deadlines without EPA authorization. This ill-advised position should be reconsidered not only for legal reasons, but also to protect mariner safety, the environment, and the California supply chain.”

AWO also said retrofitting each tugboat or other commercial harbor craft by the state’s deadline ten months from now would cost \$5 million per boat — cash many operators simply don’t have, and due to the lack of available drydocks, physically impossible to complete on time.

CARB is increasingly under pressure from businesses and other states who say the state’s unique, federal government-granted sway in environmental standards is unfair. A 17-state coalition suing the EPA claims California’s exceptional status violates the doctrine of equal

* Letter available at <https://www.politico.com/f/?id=0000018d-ecfe-d22b-a1ad-ecff43380000>

sovereignty among states and effectively allows the state to dictate national environmental policy. California was allowed to start creating its own air standards under the 1970 Clean Air Act due to the tremendous smog and pollution in the state at the time.

Notably, while Southern California's smog levels must still be cut by 100 tons per day to reach the EPA's 1997 ozone standards, the South Coast Air Quality Management District says $\frac{2}{3}$ of the required cuts must be done at the federal level for trains, ships, and aircraft because it lacks the power to regulate them itself.

This situation shows how regulators seeking to achieve a particular outcome can be unaware of the practical realities involved, and thereby create dangerous or impossible situations.

QUESTIONS & ANSWERS

By George C. Pezold, Esq.

FREIGHT CLAIMS – INTRICACIES OF DAMAGED WINE CLAIM

Question: I have a question on an alcohol shipment that was damaged.

Freight-Trac had a bulk shipment of alcohol that was delivered by ABF Freight. After pickup, the tote of high-end wine was punctured by the carrier. The carrier, unbeknownst to us, transferred the wine into another tote and delivered to the receiver with a sticker across the tote that said "Non-Hazardous Waste".

The carrier did not let us know about this and we only found out from our customer. The customer called wondering where the freight was as the receiver didn't show it as being delivered. After some investigating, we found out about the punctured tote and how the carrier delivered it.

I couldn't find anything online or in the Freight Claims manual regarding this matter. Is what the customer saying below correct?

I am on the East Coast and met with the vendor from whom I purchased the wine and he is not happy (I have not been able to pay him yet).

This is not just a normal claim for mishandled freight. He told me that transferring wine (alcohol) from the original container to another is a felony according to the TTB (Alcohol, Tobacco and Tax Bureau) and the ABC (Alcohol Beverage Control) and that we can report this issue to them and there will be swift repercussions.

If we report this issue, then agents will want to come out to both Freight Track office as well ABF-(both the New Jersey warehouse and the Georgia warehouse) and investigate the issue and fines will be incurred. It will also be reported to the Department of Transportation.

He assures me this is not an idle threat and I believe him. He is a large wine importer and has had to do this in the past. These agencies have the authority to do this and will not hesitate. He has given me a number to call them and report this. Again, this is considered a serious violation because it is wine.

I do not want to "blow smoke" or strong arm this situation but I need to get this paid. A solution would be for Freight-Trac to pay us and then you can wait to get paid by ABF (as I assume the check will come to you as the original carrier)

Let's not make this get worse, someone in authority at ABF can get a check cut so let's get it resolved now. Please let me know.

I will wait to hear from you. If this is still in limbo I will have to move forward. This large vendor said he would help pursue this,

The loss was not promptly reported. We were told by ABF Freight that it was lost shipment and several days later found out from our customer that ABF Freight had repackaged and delivered to the receiver with the sticker "Non-Hazardous Waste". The receiver called the customer freaking out wanting to know what the Non-Hazardous Waste was and when it would be picked up.

I was wondering about the laws that were referenced. Couldn't find anything about it when I was looking.

Answer: I see that this wine was a "bulk" shipment (as opposed to bottles). I know from experience that any damage to wine (in bottles) such as from breakage or water damage to the labels is strictly controlled, but this is the first time I have seen damage to a tote.

If the wine was promptly destroyed and will never be repackaged or sold, it may not be as serious as you have indicated. However, from the info you provided it is clear that the damage occurred in ABF'S terminal. Unless it was in one of your facilities, I don't see that you have any liability as the broker.

The federal regulations administered by the Alcohol and Tobacco Tax and Trade Bureau (TTB) are contained in Chapter I, of Title 27, Code of Federal Regulations. There are a number of sections, for example, with permit requirements and specifically with wine: 27 CFR Part 1—Basic Permit Requirements Under the Federal Alcohol Administration Act, Nonindustrial Use of Distilled Spirits and Wine, Bulk Sales and Bottling of Distilled Spirits; 27 CFR Part 24—Wine. Most all states have "ABC" regulations that also apply and which I believe would cover transfer or repackaging of bulk wine (as well as labeling bottled wine).

CCPAC NEWS

CERTIFIED CLAIMS PROFESSIONAL ACCREDITATION COUNCIL, INC. NEWS



By: David Nordt, CCP – CCPAC Executive Director

News from the CCPAC Annual Membership Meeting, at The Francis Marion Hotel,

Charleston, SC, on March 20, 2024. David Nordt, CCP Executive Director would like to announce our membership elected the following leadership team for 2024 - 2025.

Congratulations

Chairman of Board of Directors – Carrie Frisbie, CCP – Seko Logistics

President – Carla Bay Rumford, CCP, CTB – BM2 Freight Services, Inc

Executive Vice President – Christine Gramse, CCP – Land O'Lakes

VP Secretary – Robyn Connelly, CCP – Syfan Logistics

VP Treasurer – Benson YE, CCP - Mitsui Sumitomo Marine

VP Communications & ProClaim Editor – Jessica Renner, CCP = Jarrett Logistics

VP Certifications & Member Services – Susan LePage, CCP – Kuehne + Nagel

Past President – Wally Damman, CCP – T.A.B.

Board of Directors

Ashley Grosch, CCP, Overdrive Logistics

Tessy Merrick, CCP – LinQ Transport

Tony Bennett, CCP – Kenco Group

Hannah Sosebee, CCP – Syfan Logistics

Historian & Advisory Consultant – John O’Dell – ACA, CCA, CCP

Congratulations to the Class of 2024. Three new candidates successfully passed the CCP Exam in Charleston, South Carolina earlier this month. Each year, in conjunction with the Transportation & Logistics Council’s Annual Conference; the Certified Claim Professional Accreditation Council offers those seeking to become a Certified Claim Professional an opportunity to personally attend a “Live Version” of the CCP Primer Class and the CCP Exam.

The following attended the CCP Primer Class at The Francis Marion Hotel, March 17, 2024 and successfully passed the CCP Exam the following Wednesday, March 20, 2024.

Congratulations to:

Cara Richter, CCP- Fedex ***

Cory Eidman, CCP- DAP Global

Archelle Smith, CCP – Bargreen Ellingson

***Denotes High Score

For those who cannot travel, the on-line version of the CCP Exam Primer Class and the CCP Exam are both available on-line to all who qualify 24/7. Applicants wishing to take the new on-line version of the CCP Primer Class and/or the CCP Exam must complete a pre-qualification application and score a minimum of 100 points. Once the application is completed, it will be reviewed and approved by CCPAC. Once approved, candidates can pre-register by clicking on the Exam Portal link on the home page of the website and create an account with their name and email address. Once the account has been created, the candidate can enter the CCP Exam Portal.

Reminder to Renew Your 2024 CCPAC Membership

Each certified member must renew their membership each calendar year and pay the annual membership dues to remain in good standing with the Council. Once certified, 30 hours of continuing education credits are required every three years to maintain certification. Associate members also must renew each year and pay membership dues to remain an active associate member in good standing with the Council.

New applicants and members can join or renew membership easily and pay on-line with a major credit card by clicking on the “Join Now” or “Renew Membership” tab.

Members can also download the renewal application from the on-line renewal page and mail the completed form with your check made payable to **CCPAC at:**

Renewal Dept.

CCPAC Inc.

P O Box 724

Barnegat, NJ,08005

NEXT “Live” CCP EXAM & PRIMER CLASS

The Officers and Board has announced the next Live CCP Primer Class will be Sunday, March 16, 2025, and the next CCP Exam will be Wednesday, March 19, 2025, both to be held at the Hilton Houston Post Oak by the Galleria in Houston, TX. Mark your calendars now and plan to attend these events next year.

Who Do You Know? Who Do You Know that would Benefit by membership in CCPAC?

For information on becoming an Associate or Certified Member of CCPAC, contact any Officer, Board Member or Council Headquarters at www.ccpac.com, also follow us on Facebook, LinkedIn, and X at:

FaceBook: www.facebook.com/certifiedclaimsprofessional

FaceBook Blog: www.facebook.com/groups/410414592821010/

LinkedIn Group: www.linkedin.com/groups/4883719/

X (Twitter): twitter.com/ccpac_1



CCPAC Board of Directors

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