



**SURFACE EXECUTIVE WORKING GROUP  
MEETING MINUTES  
21 July 2016**

**NOTICE**

One of the initiatives following the 2012 National Defense Transportation Association (NDTA) Forum was to establish a Surface Executive Working Group (EWG). The purpose of this EWG is to promote dialogue between government and industry while focusing on preserving readiness capability and ensuring the nation has access to necessary commercial transportation capability. Within the EWG, transportation issues of government and industry are studied and the statuses of the issues are reported at large. The EWG is led by co-chair: United States Transportation Command (USTRANSCOM), and the Military Surface Deployment and Distribution Command (SDDC). The body of the EWG consists of a cross-section of senior leader representatives from the surface industry, Department of Defense (DoD), Department of Transportation (DoT), and the Department of Labor (DoL). Industry representatives of the EWG are selected on a 2-3 year rotating basis determined by USTRANSCOM in collaboration with SDDC and NDTA. NOTE: DoD officials participating in the EWG may not obligate the government contractually or make policy, nor may they transfer any authority or responsibility for government decisions to industry or to the industry members of the EWG. By making the minutes of EWG meetings available electronically, DoD, DoT, DoL, and NDTA promote the exchange of information to other forums. DoD invites interested parties to comment on issues considered at EWG meetings, to provide additional information, or to request further information.

**CURRENT INDUSTRY REPRESENTATIVES:**

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<u>Organization</u>	<u>Telephone</u>
American Short Line Rail Road Association	(202) 585-3442
BNSF	(817) 867-0644
Boyle Transport	(978) 670-3408
CSX Transportation	(904) 359-2316
Green Valley Transportation Corp.	(800) 677-5991
Hub Group	(630) 271-3711
Landstar Transportation Logistics	(904) 390-4898

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National Defense Transportation Association	(904) 337-2001
Norfolk Southern Corporation	(312) 606-1481
Northern Neck Transfer, Inc.	(800) 326-2160
Secured Land Transport	(623) 344-1144
Stevens Worldwide Van Lines	(989) 755-3000 Ext 344
The Pasha Group	(415) 927-6340
TTX Company	(312) 606-1481
UniGroup, Inc.	(636) 349-2891
Union Pacific Railroad	(402) 544-4446
United Parcel Service	(202) 675-4227
Universal Truckload Services, Inc.	(586) 920-0100
XPO Logistics	(630) 870-3001
YRC Worldwide	(301) 797-5922

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## TASKS

The updated list of tasks from the EWG is at Attachment 1.

## MEETING SUMMARY

1. Opening Remarks. Lieutenant General Stephen Lyons (LTG Lyons) welcomed all attendees with special acknowledgement of new industry representatives. LTG Lyons emphasized the goal of the Surface EWG which core theme is to maintain dialogue between the DoD and industry to discuss strategic surface issues ensuring that the DoD has sustained access to industry's vast infrastructure commercial transportation capability.
2. Trucking Industry Update (Future Focus) – Mr. Don Welchoff, Secured Land Transport.
  - a. Discussed make-up of the commercial trucking industry (e.g., public vs. private, small vs. large businesses, tonnage, etc.) in its current state as a stage setter.
  - b. Expected domestic freight increases from 2016-2026: Rail Carload – 8%; Waterborne – 10%; Trucking – 20%; Air – 36%; Rail Intermodal – 56%; and Pipeline – 115%.



- c. Driver turnover rates in the 90% range for line-haul driver category compared to 10% in less-than-truckload (LTL) at 10%. Driver shortage problem will compound over time.
  - d. Autonomous self-driving trucks are at least 10 years away. Other technologies to improve safety are introduced regularly, but they come at a cost.
  - e. Concern: impact of regulatory electronic logging devices (ELD) & driver shortage on future availability capacity. At the same time industry is planning for ELD compliance in early 2017.
3. LTL Update (Future Focus) – Brian Carter, YRC Worldwide.
- a. Briefed about high regulation of the industry. Government focus on technology and the industry focused on safety.
  - b. Many improvements in efficiencies brought about by “smart warehouses” and use of the cloud have dramatically improved in transit visibility creating expectations of complete transparency throughout shipment.
  - c. The lack of transportation infrastructure funding is affecting transportation costs and will in the inevitable future unless political will changes.
  - d. Echoed previous brief concerns about the driver shortage, and expects drivers will still be part of the supply chain for a long time especially on the first and last mile of shipments.
  - e. Current DoD actions impacting costs and future state of LTL shipments: Global Freight Management (GFM) Automation Transportation Request (ATR) has become costly to TSPs who are forced to monitor the system all day to accept shipments; and base access issues continue make working with the DoD difficult.
4. Household Goods Update (Future Focus) – Keith Tounget, The Pasha Group
- a. Major industry trends: Consolidation; lower moving van numbers; new equipment/marketing niches/alternatives to vans; smaller international market; smaller market overall; market dependent on economic factors/housing market; and markets are seasonal.
  - b. Future will depend on unknowns: Economic growth/housing markets; Future of DoD troop levels; future of overseas deployments; personal



property policy; will Defense Personal Property Program (DP3) reach its desired goals; and will DoD make radical changes to DP3?

- c. DoD makes up 20-25% of the domestic market.
- d. Discussed how DoD compared to the industry's other customers. DoD is a lot more like commercial industry since we adopted the commercial tariff (400NG) under DP3. Corporate accounts are the next biggest customers for the industry and they typically only move high income employees (i.e., executives and highly skilled employees) whereas the military moves everyone. Quality moves are the most important factor for corporate accounts and during peak season they tend to pay more than DoD moves because we have a much more competitive program based on the high volume of moves compared to corporate accounts. Non DoD/corporate moves tend to focus solely on cost and that is where the industry is starting to see less than full service alternatives take root (e.g., Portable On Demand Storage (PODS)). DOD is unique compared to because all our moves are 'full service' moves compared to trends in the Non DoD/corporate move arena.
- e. HHG drivers are the most prized drivers in the trucking industry as they are highly involved with the whole moving process and communicate directly with the customer.

5. Railroad Industry Update – Rob Robinson, Norfolk Southern.

- a. Make up of Class I traffic continues to shift to intermodal based on the loss of coal productions and the reduction of big item sales (e.g., farm equipment). Intermodal growth (freight tons) expected to grow by 10% every 10 years through 2045.
- b. Industry is currently on pace to implement Positive Train Control (PTC) by 2020. Expect costs to be passed along to shippers.
- c. Discussion on how rail intermodal could solve some of the long haul truck driver shortage problems and at the same time save DoD money. DoD does not make a rail a viable option based on the required delivery dates (RDD) used to move freight. If RDDs were extended slightly then rail would become another option to move freight.
- d. SDDC took for action:



**SURFACE EWG TASK # 201607-1:**

***Business Case—DoD Better Employment of Intermodal Services***

**OPR/OCR(s):** SDDC (Lead); TCJ4; TCAC/TEA; TCAQ; Rail Subcommittee; DLA

**ISSUE:** DoD may be able to better employ intermodal services (truck, rail, truck), and business case must be developed to understand.

**TASKs:**

- a. Describe most likely beneficial use of intermodal
  - b. Identify potential government impediments that discourage use of intermodal solutions (to include systems and arbitrary RDDs)
  - c. Industry to identify intermodal options that precludes government from knitting together disparate intermodal elements and provides level-of-service and cost for tradeoffs.
  - d. Provide brief/update at next Surface EWG.
6. Defense Personal Property System (DPS) – Lt Col Nadine Landrum, USTRANSCOM DPS Program Manager (TCAQ).
- a. Provided update on DPS current state and accomplishments to date. Highlights prior to peak season: Upgraded operating systems on Windows servers; completed Java and Siebel commercial-off-the-shelf (COTS) upgrades; resolved system stability/performance bottlenecks; and implemented new server environment in support of future capability and ongoing architecture modernization.
  - b. Highlighted peak season maintenance activities, and briefed remaining DPS FY16 Release Schedule.
  - c. Briefing focused on improving communications with industry through advisories; involving industry in DPS release testing; encouraging industry to report problems; and continuing engagement through the



- American Moving and Storage Association (AMSA) and International Association of Movers (IAM).
- d. Discussed the network outage that occurred on 19-20 July. USTRANSCOM understood the amount of man-hours and inputs lost by all parties and would provide root cause update to the Services and industry during the Fall Personal Property Forum (13-15 September 2016) in Washington D.C.
7. Defense Personal Property Program (DP3) – Lt Col Todd Jensen, SDDC Personal Property Director.
- a. Briefed group on status of DP3 2016 and advised the Peak Season Hot-Wash with HHG carriers would take place the week of 12 Sep 2016.
8. Congressional Actions Update – Kurt LaFrance, USTRANSCOM Legislative Affairs (TCCC-LA).
- a. Discussed House version NDAA FY17:
- (1) Motor carrier safety performance and safety technology.
  - (2) Use of TWIC to gain access at DoD installations.
  - (3) Committee Report: Discrepancies in the transportation of HAZMAT.
  - (4) Committee Report: Implementation by Services of recommendations listed in “Program to Assist Veterans to Acquire Commercial Driver’s Licenses Report to Congress.”
- b. Discussed Senate version NDAA FY17:
- (1) Priority processing of applications for TWIC for members undergoing discharge or release from the Armed Forces.
  - (2) Committee Report: DoD TPS.
- c. Discussed Appropriations Bill 2017:
- (1) House DoD Committee Report: Base security and access control systems.
  - (2) House Transportation, Housing and Urban Development (THUD) Committee Report: Commercial permitting and licensing.



9. Category Management (CM) Lessons Learned – Greg Diven, UPS.
  - a. Overview of the Office of Management and Budget (OMB) sponsored initiative.
  - b. Lessons Learned:
    - (1) Surface EWG should get involved early.
    - (2) Communication is the key to success.
    - (3) Initial oversimplification of small package acquisition as a “one size fits all” approach.
    - (4) Government doesn’t fully understand industry variable cost structure.
    - (5) Federal Law and regulation recognize and require commercial solutions and limiting government requirements, contract terms and conditions.
    - (6) Encourage the use of NDTA forums to discuss potential challengers.
    - (7) Government needs industry input to ensure sound procurement.
    - (8) If CM expands, then many industry variables will need to be discussed and considered in the final procurement vehicle.
    - (9) Ensure leadership engagement and involvement USTRANSCOM gains experience in CM and looks at expansion.
  
10. Freight Motor Carrier Safety Administration Update (FMCSA) – Larry Minor, FMCSA
  - a. Commercial Driver License (CDL) skills test exemption for military drivers for Missouri and all other State Driver Licensing Agencies (SDLA). Effective 8 July 2016-8 July 2018.
  - b. Seeking comment on possible exemption for CDL knowledge test for military drivers.
  - c. Updated group on MAP-21 CDL Rulemaking for Military Drivers.
  - d. Updated group on National Registry of Certified Medical Examiners (NRCME).



11. Federal Railroad Administration (FRA) Update – Patrick Warren, FRA
  - a. Drug and Alcohol amendment (June 2016).
  - b. Maintenance-of-Way-Rule Amendment (June 2016).
  - c. System Safety Rule (pending) (July 2016).
  - d. New rule making effort – Obstructive Sleep Apnea.
  
12. Motor Carrier Installation Access Update – LTC (P) Todd Burnley, OSD (TP)
  - a. Update group on current status inside of DoD (see attached advisory).
  
13. New Business / Around-the-Room.
  - a. Jack Svoboda, TC-ERC: Reminder to plan for the NDTA-USTRANSCOM Fall Meeting in St Louis (31 Oct 2016). Transportation University will be expanded with 62 training classes offered to all Fall Meeting attendees and designed for all levels of responsibility and experience.
  - b. Minutes can be found on USTRANSCOM website:  
<http://www.transcom.mil>.
  - c. Mr. Marc Boyle raised the question and subsequently EWG discussed industry's concern regarding recent rate Syncada rate increases. SDDC and TCAQ took for action:

**SURFACE EWG TASK #201607-2;**

***Review of Syncada Rate Increase.***

**OPRs:** SDDC (Lead) and TCAQ

**ISSUE:** Industry noted Syncada fee/rate increase without forewarning/discussion.

**TASK:** SDDC, in conjunction with TCAQ, to investigate and address as required. Provide update/back brief at next Surface EWG.



14. Wrap up/Review the Taskers. See Attachment 1 for tasks stemming from the EWG.
  
15. Upcoming Surface EWG Schedule:
  - a. 26 Jan 2017 – O’Fallon, IL (Tentative)
  - b. USTRANSCOM is considering only having one EWG per year and would like feedback from industry on the possible reduction.
  
16. Closing Remarks.
  - a. LTG Lyons closed the meeting.
  - b. Meeting adjourned.

#### **ATTACHMENTS:**

1. Surface EWG Tasks
2. Motor Carrier DoD Installation Access Way-Forward June 2016

#### **UPDATES/CORRECTIONS**

Contact the USTRANSCOM ERC-I point of contact at (618) 220-4948 or email: [transcom.scott.tcerc.mbx.is@mail.mil](mailto:transcom.scott.tcerc.mbx.is@mail.mil) for updates or corrections to these minutes.

#### **COPIES OF ASSOCIATED BRIEFS**

Contact the USTRANSCOM/ERC-I point of contact at (618) 220-4948 or email: [transcom.scott.tcerc.mbx.is@mail.mil](mailto:transcom.scott.tcerc.mbx.is@mail.mil) for copies of the briefs presented during this Surface EWG meeting.



## ATTACHMENT 1 SURFACE EWG TASKS

### New Tasks:

TASK	LEAD	UPDATES DUE
(#201607-1) Business Case - DoD Better Employment of Intermodal Services.	SDDC	26 Jan 2017
(#201607-2) Review of Syncada Rate Increase.	SDDC	26 Jan 2017

### Ongoing Tasks:

TASK	LEAD	UPDATES DUE
(#201401-3) Update progress on base access for trucking providers. Request DASD(TP) to provide update at next Surface Transportation Committee Meeting and next Surface EWG.	OSD(AT&L)	26 Jan 2017
(#201602-2) Review “No Refusal” impact on HHGs.	SDDC PP	26 Jan 2017
(#201602-3) Examine HHGs cost per 100lbs from 2014 to 2015 and report to USTRANSCOM EWG members.	SDDC PP	26 Jan 2017

### Tasks Closed Since Previous EWG:

TASK	LEAD	COMPLETED
(#201602-1) Discuss with MARAD way ahead on Surface EWG. <b>CLOSED</b>	TCERC	1 Jun 2016
(#201602-4) Provide volume of freight over time by contact instrument to TCDC. <b>CLOSED</b>	SDDC G3	19 Feb 2016



# Motor Carrier DoD Installation Access Way-Forward June 2016

The Department of Defense greatly values the trucking industry in supporting its mission and is committed to standardizing procedures for enabling unescorted access to its military installations. The Department is modifying its electronic physical access control systems (ePACS) requirements to include a capability to authenticate authorized identification cards and to determine an individual's "fitness" to simplify access to military installations. For motor carriers, this means that DoD gate personnel will verify driver's identity by electronically scanning their identification card, and determine their "fitness" (not a threat to installation personnel or resources) by electronically checking them against Government files such as the National Crime Information Center Wants and Warrants file after they have been enrolled in the ePACS database. The Department is also working to authorize unescorted access for drivers with security clearances given that "fitness" has already been determined.

## ***What is ePACS?***

ePACS are physical access control systems that the Department is modernizing that will include the ability to verify driver's identity and to determine driver "fitness" to simplify motor carrier access to military installations. ePACS connects to various Government files to authenticate the certificate on the identification card and checks the driver against Government files such as the National Crime Information Center Wants and Warrants file.

## ***When will ePACS be available at installations?***

At least 70 percent of the Department's facilities and installations will have modernized ePACS by December 2016. Initially, this capability will include scanning of the Transportation Worker's Identification Credential, with expansion for scanning the REAL ID Act compliant driver's license in the near future.

## ***How do drivers enroll in ePACS?***

Drivers may enroll at any installation visitor control center that is ePACS capable. Drivers will be required to provide an identification card that proves their identity. If they do not have an authorized identification card, then a combination of other acceptable identification documents such as a Social Security card with full name, may be provided in order to enroll in the ePACS. As part of this process, drivers will not be required to provide proof of citizenship for access. Installation personnel will conduct a criminal history background check against Government files. If the driver meets the "fitness" criteria, DoD will enroll the driver into ePACS.

After initial enrollment in ePACS, DoD gate personnel will electronically scan the driver's identification card and the driver will automatically be screened via the Identity Matching Engine for Security Analysis, which is a component of ePACS and supports continuous screening

of persons with access. If the screening does not identify any threat issues, the driver will retain unescorted access privileges.

The Department's goal is to establish DoD-wide fitness criteria and standards to ensure consistency in access control decisions. Additionally, enrollment in ePACS at one installation will eventually serve as enrollment for all installations.

***Does the driver still need a valid reason for requesting unescorted access to the base?***

Unescorted access will not be granted unless the driver can establish that he/she has a valid reason to access the installation, such as a pick up or delivery as evidenced by a bill of lading (electronic or hard copy).

***How much does enrollment in ePACS cost?***

Enrollment in ePACS is at no cost to the driver; however, carriers/drivers are responsible for costs associated with obtaining an identification card such as a Transportation Worker's Identification Credential, REAL ID Act compliant driver's license, or Enhanced Driver's License.

***What if a driver doesn't have a TWIC?***

All ePACS will eventually be capable of reading other identification cards such as Driver's Licenses that are REAL ID Act compliant.

***What if an installation denies a driver unescorted access or secure hold for Arms, Ammunition & Explosives (AA&E) shipments?***

Per DoD 5100.76M, "Physical Security of Sensitive Conventional AA&E," installations must accept AA&E shipments and provide appropriate secure holding protection commensurate with the sensitivity of the shipment. The Department will reiterate this policy to emphasize that installations will provide escorts to drivers during normal pick-up and delivery hours if the driver is determined "not fit" for unescorted access.

***How and when will installations validate driver security clearances?***

The Office of the Undersecretary of Defense for Intelligence is the Department's proponent for installation access policy and will issue guidance that will allow installations to verify security clearances, instead of re-determining "fitness," when drivers are picking up or delivering AA&E or classified materiel/information. When entering DoD installations, drivers can assist in the process by conveying that they have a current DoD security clearance and are picking up or delivering AA&E.

**The Department will update this paper and distribute it to industry as installation access policy is updated and modernized ePACS deployed.**