



**SURFACE EXECUTIVE WORKING GROUP
MEETING MINUTES
27 July 2022**

NOTICE

The purpose of the Surface Executive Working Group (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-chairs: 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), and the Department of Transportation (DOT). USTRANSCOM determines the EWG industry representatives in collaboration with SDDC. Invitations to all participants are based on agenda focus areas. NOTE: The EWG is a discussion body used to strengthen the strategic relationship between DOD, DOT, and our commercial partners. The EWG is not a forum to be used for contract negotiations or contract discussions between carriers and the DOD; such negotiations or discussions will be in accordance with applicable DOD contracting policies and procedures. The EWG is not a decision-making forum and is not intended to reach consensus on issues. EWG discussions cannot and do not obligate the Government contractually or set formal policy in any way. The DOD and its components, including USTRANSCOM, do not endorse any company, its products, or services. By making the minutes of EWG meetings available electronically, DOD, DOT, 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.

ATTENDING INDUSTRY REPRESENTATIVES:

<u>Organization</u>	<u>Telephone</u>
AAT Carriers	(866) 888-2187
BNSF	(817) 867-0644
Boyle Transport	(978) 670-3408
Mercer Transportation	(502) 625-3214



National Defense Transportation Association	(703) 751-5011
Norfolk Southern Corporation	(478) 258-0027
Port of Beaumont	(409) 835-5367
Port of Virginia	(757) 683-2105
Tri-State Motor Transit	(623) 344-1144
TTX	(312) 984-3853
UNCOMN	(618) 744-9777

TASKS

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

MEETING SUMMARY

Notes:

(a) Where possible, this meeting summary is a chronological synopsis of related discussions (See Attachment 2 for overall agenda). In some cases, these minutes capture individual questions or comments. In other cases, the paragraph summarizes a common thought or understanding.

(b) The term “industry” appears in this document both in a collective sense (i.e., at large) as well as by mode (e.g., trucking, rail, or seaports).

(c) In some cases, comments or points are associated with individuals, while in others the comments are simply noted collectively (e.g., “industry”). The difference is for clarity based on a single comment or point versus a more collective discussion. Comments or points by individuals are not meant to imply there may be others in industry or industry mode who do or do not share the same view.

1. Opening Remarks:
 - a. Lieutenant General John Sullivan (TCDC) – Welcomed attendees, highlighted USTRANSCOM leadership changes, and discussed the desired meeting outcome, which included to better understand how industry and Government can work together to support DOD requirements and priorities in a complex environment.



- b. Brigadier General Gavin Lawrence (SDDC CG) – Welcomed attendees, discussed his background, and looked forward to hearing what is important to the commercial surface transportation industry in person.
2. Operations and Intelligence Update: Captain Richard Bosworth (TCJ2), Colonel Steven Putthoff (TCJ3).
 - a. The intelligence update primarily focused on the situation in Ukraine. Briefing comprised of publicly available information generally describing the conflict as a “War of Attrition.” The conflict demonstrates how an adversary might utilize cyber operations to shape operations with “ransomware” being the greatest disruptor to operations. Although the majority of attacks have been limited to the conflict region, it is expected that cyber threats will expand from direct attacks on Ukraine to ultimately target non-DOD dependencies (JDDE Commercial Partners and Global Seaports).
 - b. Operations update focused on the transportation support to Ukraine.
3. State of the Industry (Rail): Ms. Jennifer Sackson (BNSF)
 - a. Infrastructure: From 1980 to 2022, America’s freight railroads spent more than \$740 billion - of their own funds, not Government funds - on capital expenditures and maintenance expenses related to locomotives, freight cars, tracks, bridges, tunnels, and other infrastructure and equipment. This spending is more than 40 cents out of every revenue dollar, reinvested right back into a rail network.
 - b. DOT projects freight volume to grow 30% by 2040.
 - c. Rail Discussion:
 - i. Importance of railcar planning: Ordering the correct number of railcars to reduce the over excessive spotting of equipment. The Joint Distribution Process Analysis Center (TCAC) is developing a railcar estimator for day-to-day and wartime planning.
 - ii. Securement of equipment is essential to safe operations and avoiding train stoppages. It is a unit responsibility to secure their loads.
 - iii. Labor is not expected to return to pre-pandemic levels of service until second quarter 2023. Those workers who were furloughed for COVID did not return as they have in the past (previously



80%, now 30-40%). This combined with a competitive job market and a high training dropout rate are the causes for the slow recovery. Current labor negotiations have stalled leading to President Biden creating an Emergency Board preventing a potential strike by requiring two 30-day cooling off periods. DOD has its own special requirements that other customers do not require such as vendors to help secure and inspect loads prior to movement. The U.S. Army is losing this skillset. Labor that supports this task is also in short supply.

- iv. Weather effects rail operations. Recent topic of discussion is the effect of heat on rail speeds. Autonomous track geometry cars are utilized to inspect track increasing overall numbers.
 - v. All railroads are meeting Positive Train Control (PTC) compliance.
 - vi. The fleet is well sized and above its 1,500 planned minimum.
4. Strategic Seaport Update: Mr. Kevin Tokarski (Maritime Administration (MARAD))
- a. Supply Chain and Freight Logistics Optimization Works (FLOW): MARAD actively continues to monitor and, with the DOT, respond to the supply chain crisis. Since this group last met, there has been a major change at the head of that effort, with retired General Stephen R. Lyons replacing Mr. John Porcari as the Port and Supply Chain Envoy to the Biden-Harris Administration Supply Chain Disruptions Task Force. [FLOW is a joint endeavor between DOT and the freight industry aimed at improving key freight information exchange between parts of the goods movement supply chain. The pilot program was launched in summer 2022.]
 - b. DOT & MARAD Discretionary Grants: The Bipartisan Infrastructure Law funded and expanded several DOT grant programs, most relevantly the Port Infrastructure Development Program (PIDP). The PIDP grant application period for 2022, closed on May 15th with announcements scheduled for this fall. This along with other programs amount to more than \$2.3 billion with an additional \$3.5 billion in state and local matching funds, which provides \$5.8 billion in resources for port development projects.



- c. **Commercial Congestion:** While far off the highs from last year, continues to impact U.S. ports. Currently, MARAD's Office of Policy assesses the worst congestion is centered on the Port of Savannah, with around 39 vessels anchored off the port as of July 12th. The Ports of Los Angeles, Long Beach, and Oakland continue to manage potential congestion through a virtual vessel queuing system, which has effectively eliminated loitering in anchorages; however, as of July 8th, the Marine Exchange of Southern California reported that 25 vessels were waiting for berth space while slow steaming from their load ports. Expect to see more congestion as the busiest part of the season is approaching for container shipping, especially on the West Coast.
 - d. **Impact on Strategic Seaports:** Based on self-reporting, current conditions will delay access to a select group of staging areas identified in Port Readiness Plans. Temporary substitute staging areas have been identified and the impact to overall DOD flow is expected to be negligible.
5. **State of the Industry (Trucking):** Mr. Marc Boyle (Boyle Transportation).
- a. **Key Trucking Stats:**
 - i. 80% of the nation's freight dollars are spent on truck transportation.
 - ii. \$732 billion market.
 - iii. 7.7 million Americans work in trucking; 3.4 million professional drivers.
 - iv. 42% of truck drivers are minorities; 8% are women.
 - v. Small business generator: 97% of fleets operate fewer than 20 trucks.
 - b. **Highlights of the brief:**
 - i. **Perspective:** It takes approximately 50 trucks a week to service a Walmart.
 - ii. Personal consumption is in a slight decline based on previous historic highs.
 - iii. Spot rate market is well below contract rates; however, the spot market only makes up 5-15% of the total market. DOD typically



- utilizes the spot market. Larger truck companies are faring well based on negotiated contract rates with shippers.
- iv. Total truckload contract loads (volume) have not recovered to pre-pandemic levels because of constrained supply (lack of drivers and equipment) which is why the spot market surged during the pandemic.
 - v. Overall, there are more truck drivers in the market, but there is still a shortage in the CDL fields such as Less-than-Truckload (LTL) and long-haul Truckload (TL). Labor is a national problem for multiple industries besides Trucking.
 - vi. Right or wrong, the criminalization of marijuana is limiting access to the driver pool. Mandatory drug and alcohol reporting are up further limiting access to the driver pool.
 - vii. California's "AB5" law seeks to make all drivers (and other freelancers) employees. Many truckers legitimately are independent; however, some are misclassified as independent. State patchwork of laws and enforcement complicates interstate commerce. This will have limited impacts nationally and the industry will adapt unless other states follow California's lead.
 - viii. OEM backlogs and parts shortages are affecting the industry. 12 to 18-month tractor OEM backlog results in a 20-30% price increase for both tractors and trailers.
 - ix. Electric trucks area a very long way from significant electric vehicle (EV) penetration for long haul markets.
- c. Overall, the industry remains resilient.
 - d. Larry Minor (Freight Motor Carrier Safety Administration (FMCSA)):
 - i. FMCSA has established a Truck Leasing Task Force (TLTF), in consultation with the U.S. Department of Labor. The Task Force is an initiative mandated by the Bipartisan Infrastructure Law and a long-term effort of the Trucking Action Plan. As part of the Plan's initiatives, the TLTF will evaluate the impacts of commercial motor vehicle (CMV) lease agreements and discuss best practices for future agreements.



7. Legislative Affairs Update: Mr. Doug Hall (TCLA).
 - a. National Defense Authorization Act (NDAA):
 - i. The House passed their NDAA on 14 July, vote 329–101. Over 500 amendments passed that will be included into the bill and the revised version of the bill should be available soon.
 - a) Rep Steele’s (R-CA) amendment: Prohibits the DOD and defense contractors from using LOGINK. (LOGINK is China’s National Public Information Platform for Transportation and Logistics).
 - b) Installation Access Standards: Requires USD Intel and Security to brief HASC by 31 December 2022, on access standard implementation, to include an assessment on issuing credentials for expedited access for categories of workers and organizations (transportation workers, motor carriers).
 - c) Rep Garamendi (D-CA) amendment “Improvements Relating to Access to Military Installations in United States”: Requires the DOD to provide standard rules for base access for persons with a valid reason for entry on a military installation.
 - ii. The Senate Armed Services Committee released their NDAA last week (18 July), but the full Senate is not expected to take any action on the NDAA until they return from recess.
 - b. Recent introduced bill of interest:
 - i. HR2187: HTIC approved the truck parking bill, “Truck Parking Safety Improvement Act,” by voice vote on 20 July. The bill, sponsored by Rep Mike Bost (R-IL), would provide \$755 million in competitive grants over four years for truck parking projects.
 - ii. HR8417, “Let Every Trucker in the U.S. Drive (LET US Drive) Act,” by Rep Mast (R-FL) (Rep Mast: This bill permanently would repeal a DOT regulation restricting the number of hours truckers are allowed to drive.)
 - iii. HR8412, “Freedom to Haul Act” by Rep Mast (R-FL) (This bill would increase the permissible weight of a semitrailer from 80,000 pounds to 97,000 pounds to increase the amount of goods that can be transported at once.)



- iv. HR8411, no title, by Rep Mast (R-FL) (This bill would extend the permissible length of a semitrailer from 28 to 33 feet so that trucks can transport additional goods.)
- v. Maritime Administration (MARAD) Reauthorization Act FY23
 - a) \$1.6B bill for DOT and maritime industry and workforce.
 - b) Authorizes \$750M for the Port Infrastructure Development Program.
- 8. Case Study of Commercial Industry Support to U.S. European Command (USEUCOM) Contingency Operations: COL Steven Putthoff (TCJ3), Mr. David Banian (JMC), CAPT David Rodebush (SDDC), Mr. Don Welchoff (Tri-State Motors), Mr. Larry Minor (FMCSA).
 - a. Presidential Drawdown Authorities (PDA) in support of EUCOM contingency operations have been large and rapid requiring DOD and Industry to adapt to meet requirements. As of 22 July 2022, transportation support to the allies and partners in Europe (Ukraine Conflict) delivered 550 air flights, 25 sealift vessels, 67 trains, and 1,500 truckloads of equipment and supplies. Industry should expect PDAs with short time requirements to continue through the calendar year.
 - b. Briefing focused on coordination between Industry, Joint Munitions Command (JMC), SDDC, and DOT (Freight Motor Carriers Safety Administration) to support requirements. Important points were the direct coordination with industry to determine capacity and understanding the regulatory limitations that may prevent meeting required delivery dates. Keys to success:
 - i. Communication / Collaboration / Flexibility between JMC/SDDC/AMC/USTRANSCOM/Rail and Truck companies.
 - ii. Dedication of depot staff, carrier industry, and aerial port staff.
 - iii. Use of DODX railcars and expedited repositioning of commercial railcars (40% moved on DODX, 26% moved by TPEX, 35% moved by other).
 - iv. Special train use, CSX prioritized munitions move over commercial.



- c. Transportation Protective Services (TPS) providers asked for four areas to be considered to improve service/capacity at peak times:
 - i. Hours of Service: Develop timely and efficient method to request Waiver/ Notice of Enforcement Discretion Determination (NEDD) for Hours of Service (HOS).
 - ii. California Air Resources Board (CARB) Compliance: CARB limits age of trucks that can operate in the state, which will limit capacity moving in and out of CA.
 - iii. Overweight Permits: Permit overweight shipments to move without being reconfigured to meet weight requirements.
 - iv. Dual Driver Security Clearance Requirements: Investigate possibility of reducing or waiving driver clearance requirements including:
 - a) Use of driver teams consisting of one cleared and one uncleared driver.
 - b) Use of convoys consisting of trucks with uncleared driver teams escorted by Security Escort Vehicles (SEV). Security Escort Vehicles have cleared driver teams.
 - d. FMCSA was asked about the possibility of relief from Truck Driver HOS requirements for Arms, Ammunition & Explosives (AA&E) drivers supporting the PDA for EUCOM contingency operations. While FMCSA did not issue a waiver to the HOS requirements, further inquiry, and coordination with the Senior DOT Representative to USTRANSCOM resulted in the issuance of a Notice of Enforcement Discretion Determination (NEDD) stating FMCSA would choose to not enforce HOS for specific AA&E drivers supporting USEUCOM contingency operations. The discussion turned to creating a working group to develop an internal DOD process to request relief from DOT and FMCSA if conditions become apparent that the mission may be in jeopardy (based on HOS requirements). (New Task #202207-1).
9. Supply Chain – Information Highway: Mr. Nick Powers (UNCOMN).
- a. Presentation focused on improving the data sharing environment for authorized supply chain partners to access data that will increase cargo visibility and delivery. Project has multiple ports and carriers



participating to share common data in one place to eliminate multiple systems accessing multiple data sets creating multiple points of failure for a secure environment.

- b. Using the Port of Long Beach (POLB) as a primary test case:
 - i. How does data get into the system?
 - a) POLB is working with a subset of supply chain partners:
 - 1) Terminal Operations (Long Beach Container Terminal).
 - 2) Ocean Liners (OOCL, Wan Hai, Evergreen, ONE).
 - 3) Rail (BNSF).
 - 4) Beneficial Cargo Owners (BCO) (PetSmart, Bella Canvas, Carter's).
 - b) Partners connect using secure methods and transfer data to the environment for ingest. This includes Electronic Data Interchange (EDI), Extensible Markup Language (XML), Comma-Separated Values (CSV), and other formats.
 - c) The current prototype focused on container visibility.
 - 1) EDI X12 301, 304, 315, 322, 215, and 415.
 - 2) Potential for pilot schedules (converted into an event format).
 - ii. How does the system provide data?
 - a) Industry standard Application Programming Interface (API) that provides Representational State Transfer (REST) web services to query for container event data.
 - b) Only authorized accounts can connect.
 - c) The API outputs JavaScript Object Notation (JSON).
 - d) The search capability quickly aggregates a result set, verifies access rights, and publishes.
 - e) Query includes filters for container, Bill of Lading #, and Vessel.



iii. Examples of use:

- a) As a data source for a transportation provider's planning, scheduling, or optimizer.
- b) To help get information, such as last event location / time for a specific container that can be ingested into your enterprise resource planning (ERP) system to increase / decrease lead time calculations.
- c) For a freight forwarder to gain insight into the last location of a container.
- d) For a terminal operator to see the number of containers to be unloaded from a vessel that is farther off in the future—i.e., weeks away versus days away.
- e) For a warehouse pickup scheduling person to see when a container might be available for pickup at the port.

10. Open Discussion (Odds and Ends):

- a. Larry Minor (FMCSA) updated the group on the Safe Driver Apprentice Pilot Program to increase the pool of available drivers on the national level. This three-year program will help individuals ages 18, 19, and 20 explore interstate trucking careers and help trucking companies hire and train new drivers through an apprenticeship pilot program.
- b. National Defense Transportation Association (NDTA) - USTRANSCOM Fall Meeting 2022: (VADM(R) William Brown).
 - i. The NDTA and the USTRANSCOM will be co-sponsoring the Fall Meeting 2022, at the Union Station Hotel, St. Louis, Missouri, 17-20 October 2022.
 - ii. The tenth annual Fall Meeting is a four-day event that provides Government and industry with the opportunity to gather to identify and solve logistics and transportation issues, learn about new technologies and business processes, develop best practices, and build professional relationships. This year's theme, "Defense Transportation & Logistics...Evolving the Strategic Advantage" focuses attention on the importance of the United States' ability to deploy, sustain, and redeploy forces to any point on the globe through the efforts of the DOD, Government



agencies, and commercial industry partners. Expected attendance is 1,600+ with attendees representing a wide range of DOD, Government, industry, and academic professionals with expertise in transportation, logistics, and myriad other key professions.

11. Review of Due Outs:

a. Taskers closed:

- i. (#201401-3) Update progress on base access for trucking providers. Request DASD(Log) to provide update as required. (Enduring; will no longer track as a separate task)

b. Taskers remaining open:

- i. N/A

c. New Taskers 2022:

- i. #202207-1 Create a working group focused on processes and policies associated with the issues identified by the trucking industry that limit potential capacity with regards to the movement of Arms, Ammunition and Explosives (AA&E) (e.g., Hours of Service (HOS), California Air Resources Board (CARB) compliance, overweight (OW) permits, and driver security clearance).

12. Closing Remarks:

- a. BG Lawrence thanked the group for providing a better understanding of the industries and their challenges.
- b. LTG Sullivan echoed earlier comments to expect the PDAs to continue in the foreseeable future, which will require Industry and Government to synchronize processes to continue to meet national strategic commitments/goals. He thanked the group for attending and adjourned the meeting.
- c. Meeting adjourned at 1340. Next Surface EWG to be held in July 2023.

ATTACHMENTS:

1. Surface EWG Tasks
2. Surface EWG Agenda



U.S. TRANSPORTATION COMMAND

POINTS OF CONTACT
USTRANSCOM/J5-I (618) 220-4948
SDDC (618) 220-6507

UPDATES AND CORRECTIONS.

Contact the USTRANSCOM J5-I point of contact at (618) 220-4948 or email: transcom.scott.tcj5j4.mbx.i-division@mail.mil for updates or corrections to these minutes.

COPIES OF ASSOCIATED BRIEFS.

This meeting was primarily discussion-based. Contact the USTRANSCOM J5-I point of contact at (618) 220-4948 or email: transcom.scott.tcj5j4.mbx.i-division@mail.mil for copies of the slides presented during this Surface EWG meeting.



ATTACHMENT 1 SURFACE EWG TASKS

New Tasks:

TASK	LEAD	STATUS
(#202207-1) Create a working group focused on processes and policies associated with the issues identified by the trucking industry that limit potential capacity with regards to the movement of Arms, Ammunition and Explosives (AA&E) (e.g., Hours of Service (HOS), California Air Resources Board (CARB) compliance, overweight (OW) permits, and driver security clearance).	TCJ5-I	Opened.

Ongoing Tasks:

TASK	LEAD	UPDATES DUE
N/A		

Tasks Closed Since Previous EWG:

TASK	LEAD	COMPLETED
(#201401-3) Update progress on base access for trucking providers. Request DASD(TP) to provide update as required.	DASD (Log) (TP)	Enduring will no longer track as a separate task. Closed.



U.S. TRANSPORTATION COMMAND

ATTACHMENT 2 AGENDA

Surface Executive Working Group Meeting

126th Air Refueling Wing
Multipurpose Facility
Scott AFB, IL

27 July 2022

AGENDA

Uniform: Class B (tie optional)
Civilian: Business Attire

TIME (CDT)	TOPIC	POC
0900-0930	Registration, Payment, Check-in	All
0930-0945	Surface EWG Begins <ul style="list-style-type: none">• Welcome Admin• Opening Remarks	All Jack Svoboda LTG Sullivan BG Lawrence
0945-1000	Operations and Intelligence Update	TCJ3/TCJ2
1000-1130	Health of the Industry <ul style="list-style-type: none">• Industry Sector Review<ul style="list-style-type: none">○ Rail○ Strategic Seaports○ Truck	Rail – BNSF Ports – MARAD Truck – Boyle Transportation
1130-1205	Working Lunch <ul style="list-style-type: none">• Grab Lunch/Break (15 min)• Department of State Update• Legislative Affairs Update	All POLAD TCLA
1205-1330	Discussion Topics (85 min) <ul style="list-style-type: none">• Ukraine Support – Leader Discussion• Supply Chain Information Highway	TCJ3/JMC/SDDC/Industry/FMCSA UNCOMN
1330-1400	Open Discussion – Around the Room	All
1400	Wrap Up <ul style="list-style-type: none">• Due Out Review• Closing Comments• Adjourn	Jack Svoboda BG Lawrence LTG Sullivan All