

CSA 2010

Information for shippers and freight forwarders

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Introduction

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The Market Crash in 2008-09 was historic.



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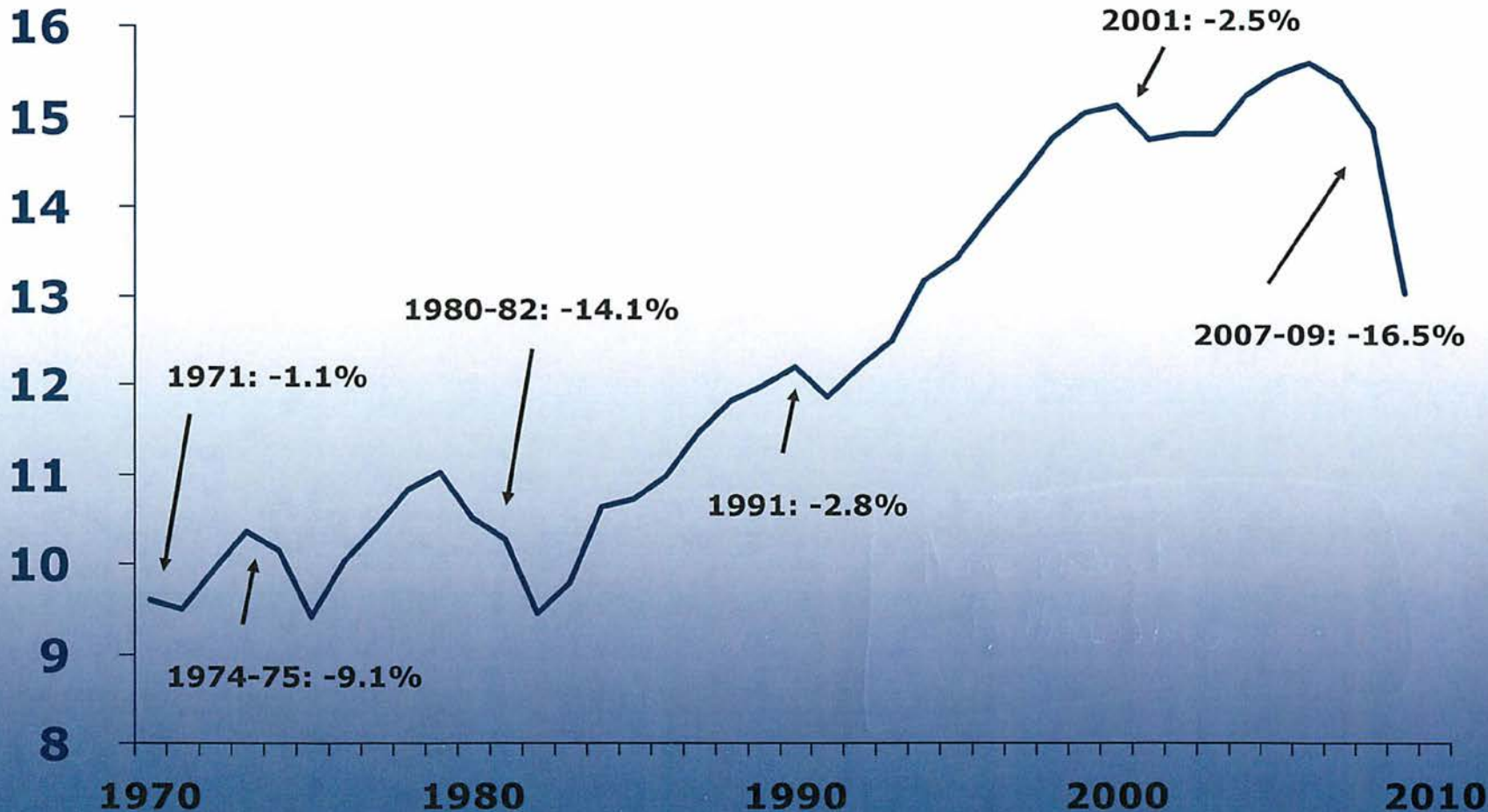


Good stuff.



Freight Recessions (All Modes)

Billions of
Tons



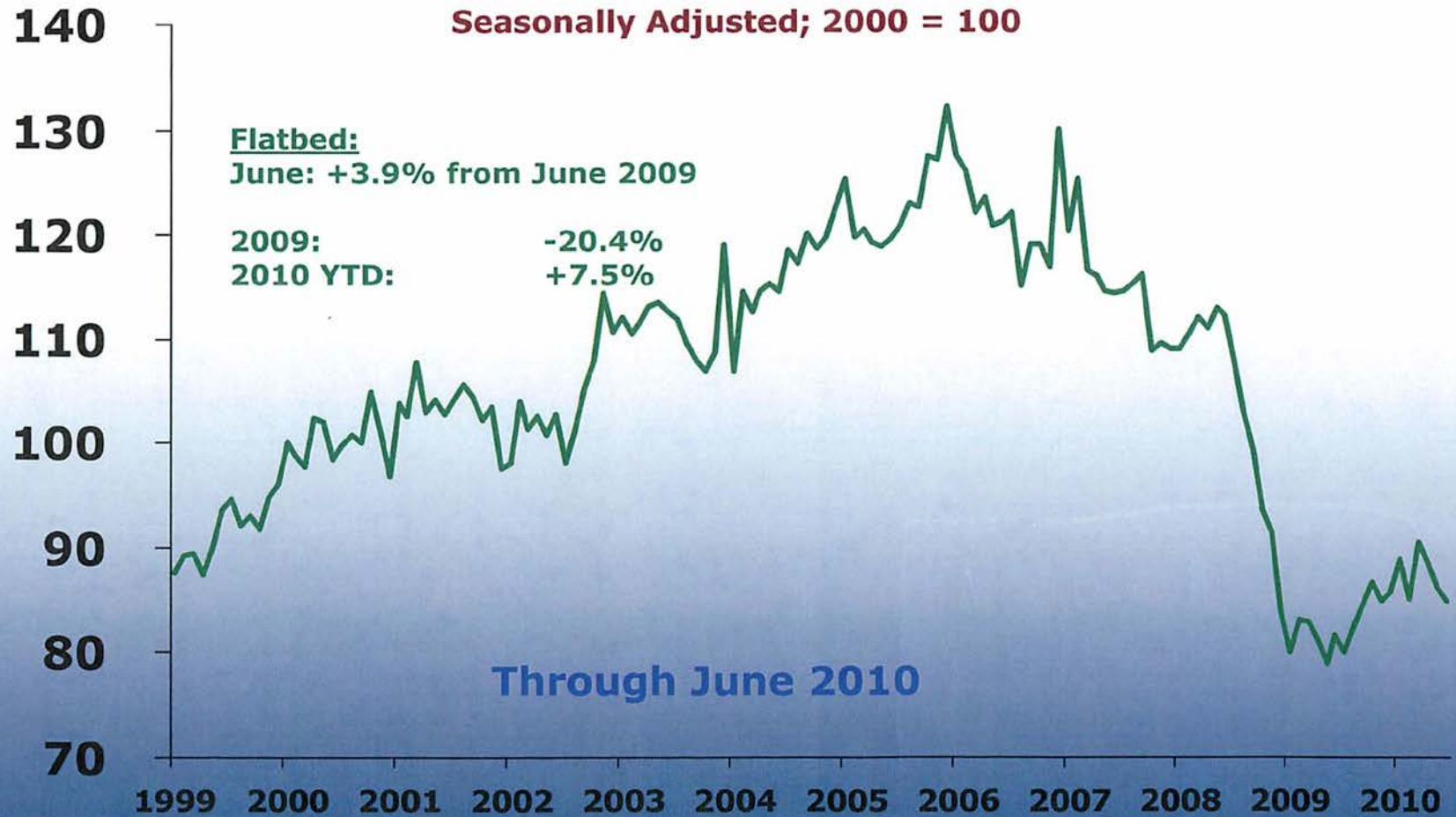
Source: ATA



Good stuff.



ATA's Flatbed Loads Index



Source: ATA

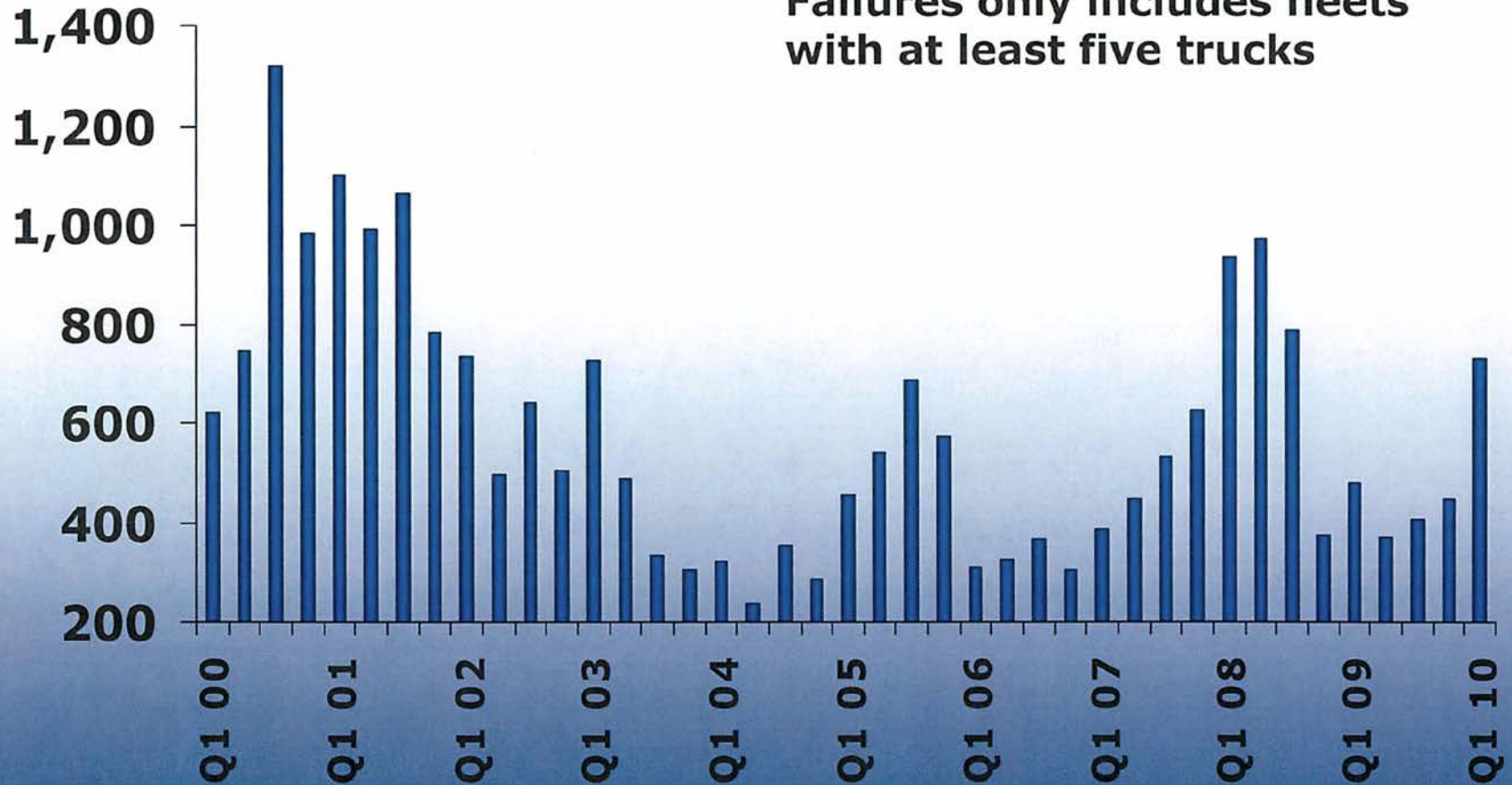


Good stuff.



Trucking Failures

Failures only includes fleets with at least five trucks



Source: Avondale Partners, LLC



These changes have resulted in:

- Fewer trucks on the road
- New truck purchases are below any reasonable replacement rate
- Increased barriers to entry
 - ✓ Tight capital markets
 - ✓ CSA 2010
 - ✓ Increased regulation

Because of this, trucking companies and shippers are re-defining their relationship.





The role of the trucking company is evolving rapidly.

Transition from Vendor to Business Partner.

Today's trucking company must be a subject matter expert in:

- ✓ Matching the correct equipment, trained driver and cargo
- ✓ In Bond Transit
- ✓ DOT regulations and permits
- ✓ Homeland Security
- ✓ Safe cargo handling/proactive risk-management solution
- ✓ "On the Ground" project management
- ✓ Intermodal terminal operations





Trucking companies must aggressively use technology to reduce transaction costs and improve information flow.

- ✓ GPS/On-board e-mail
- ✓ EDI
- ✓ Customized reporting

Open Book Economic Relationship/Environment of Trust

- ✓ Clear understanding of rates and basis for calculation
- ✓ “Accessorial” charges are understood up front (re., waiting time, Hazmat, specialized chassis, out of gauge, tarp, in bond)

Trucking operations are tailored to needs of shipping community

- ✓ 24/7 access
- ✓ Proactive communication while load is in process
- ✓ Cargo liability limits are clearly understood
- ✓ Robust safety and compliance program is in place
- ✓ “Customer-focused” drivers/low turnover





Yesterday

1. Cheapest Rate.
2. Safety and Compliance is the trucker's problem.
3. Trucking is a commodity.
4. Shipper hires truck based on rate/availability.
5. Run the truck until it drops.
6. Information flow was difficult

Today

1. True "apples to apples" comparison.
2. "Doing it right" is everyone's responsibility (DOT, permits, TSA, Homeland Security).
3. My trucking company is a "value-added" partner. Our goals and objectives are aligned.
4. Shipper performs "due diligence" before adding trucking company to an approved vendor list.
5. Disciplined maintenance and fleet rotation programs; Environmental responsibility
6. Commitment to continuing customer education

Extreme Makeover
Home Edition



Houston Texans
School Supply Drive



Junior Achievement



Hippo Saenz



Haitian
Earthquake
Relief
01.25.2010



THE VOICE OF THE TEXAS TRUCKING INDUSTRY



Overview:

Details of CSA

- Safety Measurement System
- Safety Fitness Determination
 - Intervention Tools
 - Implementation

Future Issues

- Hours of Service



CSA Aims To:

- Help FMCSA and state partners contact more carriers and drivers
- Use improved data to better identify high risk carriers and drivers
- Apply a wider range of interventions to correct high risk behaviors

Ultimate goal:

Help reduce large truck & bus fatalities

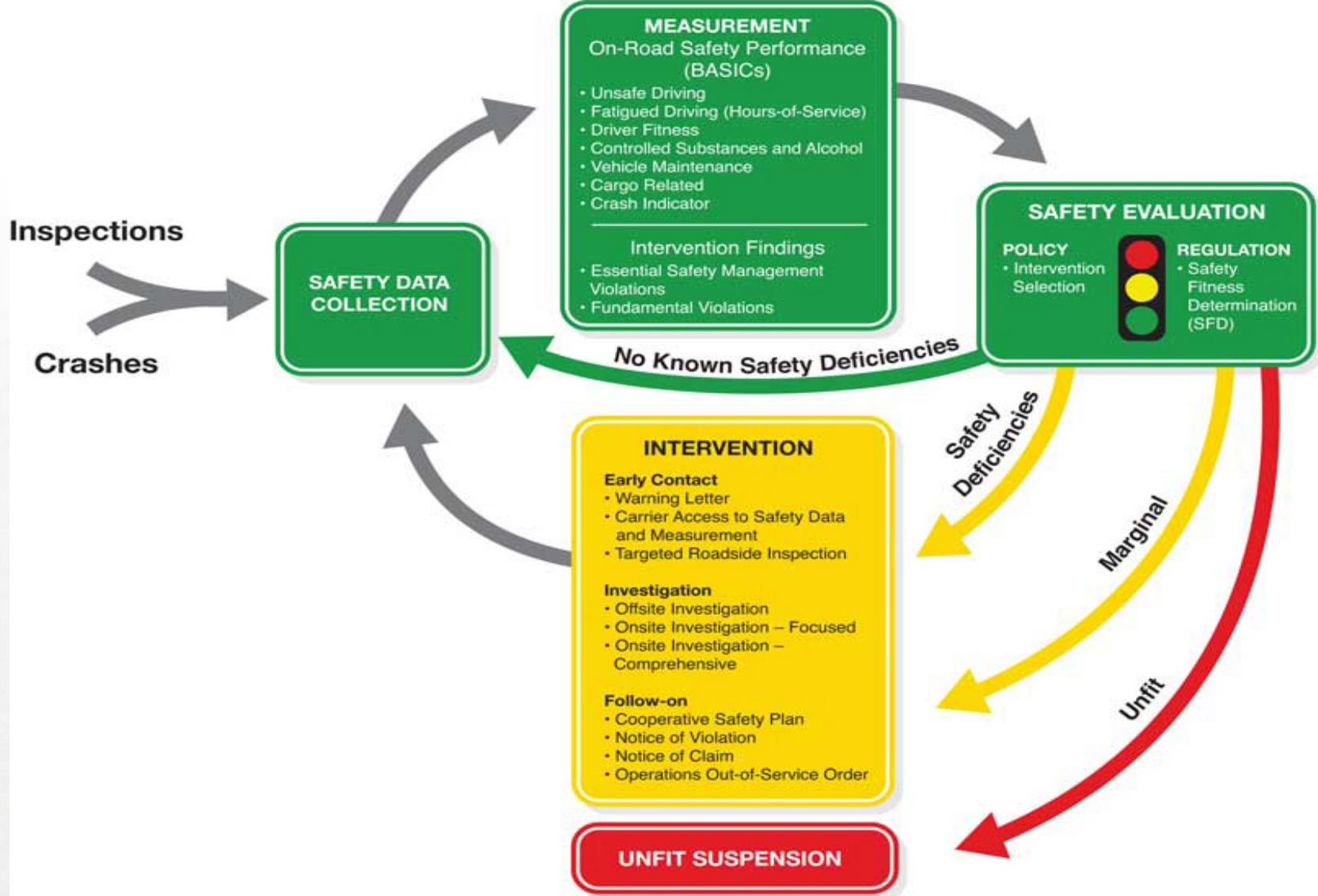


CSA introduces a new safety measurement system (SMS) that...

- Uses crash records and ALL roadside inspection safety-based violations to determine carrier/driver safety
- Assigns weights to time and severity of violations based on relationship to crash risk
- Calculates safety performance based on 7 **Behavior Analysis and Safety Improvement Categories (BASICS)**
- Triggers the intervention process (eventually would feed Safety Fitness Determination)

SMS BASICs Focus on Behaviors Linked to Crash Risk

- Unsafe Driving (Parts 392 & 397)
- Fatigued Driving -Hours-of-Service (Parts 392 & 395)
- Driver Fitness (Parts 383 & 391)
- Controlled Substances/Alcohol (Parts 382 & 392)
- Vehicle Maintenance (Parts 393 & 396)
- Cargo-Related (Parts 392, 393, 397 & HM)
- Crash Indicator





Safety Fitness Determination (SFD):

- **Incorporates on-road safety performance** via new SMS which is updated on a monthly basis
- **Continues to include** major safety violations found as part of CSA investigations
- Produce a **Safety Fitness Determination (SFD)** of:
 - Unfit *or*
 - Marginal *or*
 - Continue Operation

New Intervention Tools

Reach more carriers and influence compliance earlier

Warning Letters

Investigations

- Offsite Investigations
- Onsite Investigations - Focused
- Onsite Investigations – Comprehensive

Follow-Up on corrective actions

- Cooperative Safety Plan (CSP)
- Notice of Violation (NOV)
- Notice of Claim (NOC)
- Operations Out-of-Service Order (OOS)



National Implementation Elements and Timeline

April 12, 2010

- Motor carriers can preview their performance data

November 30, 2010

- Implementation of FMCSA's comprehensive carrier safety measurement system (CSMS) for Interstate (Intrastate?)

Spring/Summer 2011

- Remaining 41 states will be phased in

Regardless of when CSA is enforced, data going back two years will be used. It is pertinent that companies address compliance issues immediately.



Issues for the Future

Overweight

- No longer a cost of doing business
- Dire need for standardization of weight

Hours of Service

- Listening sessions
- Change could affect the entire transportation industry
- Wait times could impact carriers



THE VOICE OF THE TEXAS TRUCKING INDUSTRY

CSA SEMINAR 2010



PREPARE YOUR COMPANY
and YOUR DRIVERS



*These seminars will cover
the following information:*

- The Seven Basics
- Managing Your Score
- Driver Compliance
- CSA 2010 vs. SafeStat
- CSA 2010 Strategies

Cost

\$55 -- TMTA Members
\$75 -- Non-members

Contact TMTA for details at
(512) 478-2541

Join TMTA
today!

TMTA, IN PARTNERSHIP WITH GREAT WEST CASUALTY COMPANY,
will present key information and recommendations relating to
CSA 2010 at the following locations across Texas:

AMARILLO *May 11*

Amarillo College
1310 F Avenue, Building S
Amarillo, Texas 79111
806.335.4209

SAN ANTONIO *May 19*

Omni San Antonio Hotel at the Colonnade
9821 Colonnade Boulevard
San Antonio, Texas 78230
210.691.8888

ODESSA *May 12*

MCM Elegante Hotel
5200 East University
Odessa, Texas 79762
432.368.5885

EL PASO *May 25*

Camino Real Hotel El Paso
101 South El Paso Street
El Paso, Texas 79901
915.534.3000

LAREDO *May 18*

Embassy Suites Laredo
110 Calle Del Norte
Laredo, Texas 78041
956.723.9100

TYLER *May 27*

Tyler Rose Garden Center
420 South Rose Park Drive
Tyler, Texas 75702
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