

Virginia Intermodal Management, L.L.C.



March 21, 2007

Docket Management Facility
U.S. Department of Transportation
400 7th Street, SW
Room PL-401
(NASSIF Building on the Plaza Level)
Washington, DC 20590-0001

Re: Docket No. FMCSA-2005-23315
Comments on Requirements for Intermodal Equipment Providers and Drivers Operating
Intermodal Equipment

Dear Sir:

Virginia Intermodal Management, LLC ("VIM") manages HRCP II, LLC, which is the chassis pool operating in the Port of Hampton Roads. We write to comment on the proposed roadability regulations.

VIM current manages approximately 14,000 intermodal chassis for HRCP II. HRCP II is one of the most efficient chassis pools in the country. It has standardized the quality of chassis available to users of the pool; improved the quality of maintenance and repair of chassis; increased the speed, efficiency, and safety of transmodal interchange of containers, and lowered the cost of chassis use. Based on our experience with chassis management, maintenance, and safety, we feel we speak with authority on the proposed regulations.

Our primary concern is that as written, the proposed manner of marking IEP numbers on chassis has an unnecessarily high cost and little benefit. The statutory requirement can be achieved in a much simpler and inexpensive manner.

The basic problem is that the proposed regulations follow the same regulations which apply to CMVs. As a result, the proposed regulations require the application of the IEP information to chassis in the same manner that owner information is currently applied to CMVs. IEPs are much different from owners of CMVs, in that there are usually multiple IEPs for a chassis at any given time. Further, because of the nature of chassis usage, IEPs change much more frequently than do owners of CMVs.

After commenting on the problems of applying the IEP identification number on chassis in the manner you propose, we offer a simpler, less expensive, and more practical proposal.

Cost. As stated by other commentators, your estimated cost of applying the IEP number(s) to chassis is significantly lower than the actual cost. As part of our operations, we have already marked over 20,000 chassis in the real world with a six large letters. In a marine terminal environment, the direct cost of marking a chassis is well over \$25.00 per chassis in labor and materials, which is over double your estimate. In this regard, please consider that we estimate that HRCP II alone, representing less than 2% of the total chassis in the U.S., would incur a direct cost

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in excess \$380,000 simply to re-mark the chassis currently in our chassis pool. This amount does not take into the consideration the constant migration of chassis in and out of the chassis pool. Due to the migration of chassis in and out of chassis pools, we estimate that the direct cost to HRCP II alone would exceed \$125,000 each year after the initial marking of chassis, or almost 25% of the original cost of applying the identification numbers. In this regard, please consider that given the ramp-up time necessary to put these numbers in place, a large portion of the effort and cost would be wasted by the time the requirement took effect, because a large number of the pre-marked chassis would have already migrated out of the pool. Accordingly, your estimate of the initial cost should take into account the need to mark a significant number of chassis twice.

Further, your analysis does not include the indirect cost of labeling chassis to the shipping industry and ultimately the consumer. Chassis must be taken out of service piecemeal to be marked. There is a ripple effect to this process. The chassis taken out of service must be hauled to the area for application of the number. These chassis must then be replaced by chassis from another source, involving additional equipment cost, drayage and other incidental costs. These additional chassis and associated congestion will adversely affect terminal operations and efficiency. Truckers will incur additional costs due to the reduced availability of chassis, congestion, and delays. Although not readily quantifiable, these indirect costs are real, and likely exceed the actual direct cost of applying a unique identification number to each chassis. In sum, we believe your estimate of the cost of applying a new number to chassis is low by several orders of magnitude.

Method. We also note that on page 76813 of your proposed rule making, you state, "FMCSA does not mandate a particular method of vehicle identification." As you know, however, the proposed change to section 390.21 would impose the same identification required for CMVs, i.e., that the number be readily legible from a distance of 50 feet. There is no need for this requirement to apply to chassis. It is not required by the statute and should not be part of the regulations for chassis. In most cases, safety issues will be identified at the location of the IEP during the mandated inspections or as a result of complaints, both of which are addressed in the proposed regulations. In other cases, such as a breakdown, accident, or traffic stop, the chassis can be examined more closely to obtain the IEP number.

Number of IEPs. A related problem with the proposed regulations is that they fail to take into account the large number of IEPs that a chassis can have at one time. In particular, with regard to a chassis pool, there could be any number of entities that have a "contractual responsibility for the maintenance of the intermodal equipment." As a result, a pool chassis could have five or six IEPs at any one time, including:

- the chassis pool itself,
- the manager of the chassis pool,
- maintenance and repair vendors who perform the actual maintenance and repair of the chassis;
- the terminal operator which might have an obligation with respect to the interchange of the equipment, and
- the lessee of the chassis (many chassis are leased to steamship lines), which is under an obligation to the chassis's owner to maintain the chassis.

The regulations as written could be interpreted to require all of these entities' IEP numbers to be displayed in large letters on each chassis. There is not nearly enough room on a chassis to do so. Additionally, unless this regulation is changed, your cost estimate must be quintupled.

A recent development in the industry is the practice of “virtual interchange” whereby motor carriers can pick up chassis off-terminal from other motor carriers. This process relieves terminal and road congestion and pollution by not requiring the releasing motor carrier to bring an unloaded chassis back to a terminal and, in turn, not requiring the receiving motor carrier to pick it up from the terminal. There are agreements in effect with regard to this transfer of the chassis. Is the releasing trucker performing an interchange thus making it an IEP? Does yet another number have to go on the chassis?

Lack of Detail. The proposed regulations would amend section 390.19(f) to require, “The intermodal equipment provider must display its assigned number on each unit of interchanged equipment.” The proposed regulations do not address fundamental issues unique to chassis such as:

- Which is “the” IEP whose number must be on a chassis at a given time?
- Not all IEPs interchange chassis. What “interchanged intermodal equipment” is referenced here?
- How long must the number stay on? When is it allowed to be removed? Required to be removed?
- What happens when a chassis migrates to another region of the country and the IEP no longer has responsibility for the chassis?

These issues demonstrate the real-world difficulties of the proposal and the additional complexity and cost that would be required to make the regulations workable. In sum, the proposal for marking chassis is an expensive, unwieldy, and unrealistic system with little or no marginal benefit. Much additional work on the details of the system would have to be done to make it effective at all, and the costs of compliance would be enormous.

Alternative. We acknowledge that the statute requires a system to tie a chassis to an IEP number. We propose a simpler process which would comply with the statute and fulfill the letter and policy of the statute.

As an initial proposition, the regulations must address which IEP must be identified on the chassis. Only one current IEP should be required to be identified on a chassis. If a chassis is in a pool, it is reasonable to require the pool to be identified as the IEP on the chassis. This change alone would reduce a great deal of cost and confusion.

As for the manner of identification, there is already a practice in place in the industry that would be easily adapted for this purpose. Many IEPs (including our pool) currently comply with the section 396 inspection process, and put a sticker on the chassis with information regarding the inspection, including the name of and contact information for the IEP and the date of the inspection. We propose that a similar sticker be used as a substitute for the costly proposed method of identification. The sticker would be required to:

- be applied to one side of the main rail of each chassis,
- be of a material and design to last at least 12 months under normal operating conditions,
- be at least 4” X 3” (fits the main rail of the chassis),
- be applied within thirty (30) days after a change in the IEP (to accommodate chassis interchanged virtually which take some time to arrive at the new pool or IEP facilities),

- stay on the chassis for at least twelve (12) months, unless replaced by the same IEP during that time,
- display the following information in at least twelve (12) point type:
 - The IEP name and IEP number,
 - Contact phone number, and
 - Date of application of the sticker (may be applied in handwriting in indelible ink).

As discussed above, there is no marginal benefit, and a significant downside, to requiring a display of IEP numbers for chassis in the manner required for CMVs. The IEP can have stickers made up for pennies apiece. The date can be filled in by hand when the sticker is applied to a chassis. Part of the required routine maintenance and inspection would be to make sure the chassis has a current sticker. The ease of use of the system would make it much more likely to be successful in practice than the process proposed in the regulations. This system matches chassis to the IEP cheaply and efficiently as required by the statute.

Thank you for the opportunity to comment, and please contact me if you would like any additional information.

Sincerely,

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Joe Ruddy, General Manager