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Ferro to Drivers: Step Away From the Chicken Fried Steak

The health of commercial truck drivers is the next frontier for the Federal Motor Carrier Safety Administration, according to its chief Anne Ferro.

“Driver health remains a top priority, because of its direct link to safety,” she declared in a Jan. 14 speech to the Transportation Research Board annual meeting in Washington, DC. “That is why we work to identify the links between driver health and safety and to develop solutions to improve both.”

She cited the disturbing results of a study of long-haul drivers’ health funded by FMCSA and performed by National Institute for Occupational Safety and Health and Centers for Disease Control.

Compared to the national working population about 70% of the drivers indicated that they were obese – more than twice the national average of 31%, the study found.

Half the drivers said they smoked cigarettes, compared to the national figure of 19%. In addition, about 14% of the long-haul truckers self-reported diabetes, double the national average of 7%.

“These study results are troubling,” Ferro said. “Research has proven that diabetes, obesity, and cigarette smoking contribute to serious health issues, such as heart disease and respiratory disorders. Individually or combined, these health conditions can affect a driver’s behavior, both on and off the road.”

Two weeks after her speech FMCSA released its study of the new hours-of-service regulations.

Not surprisingly, FMCSA’s own study found that everything was fine. The rules’ restart provision will impact only 15% of drivers while nonetheless managing to prevent 1,400 accidents, the study found.

American Trucking Associations and the Owner-Operators Independent Drivers Association slammed the study, calling it inadequate and inaccurate.

Rep. Richard Hanna (R-NY), author of a bill that would rescind the restart provisions, termed the study “worthless” because it examined only 106 drivers from three companies. He is seeking a delay in the restart provision's implementation while the Government Accountability Office to conduct an independent study.

At TRB Ferro said the next step in combatting truck driver fatigue is formulating strategies to mitigate driver detention times and their associated risks, supported by research to be released this year.

“Excessive waiting times associated with loading or unloading cargo can negatively impact a driver’s schedule and interfere with that driver’s ability to comply with hours-of-service regulations,” she said.

“Ultimately, we need more carriers, shippers and receivers to focus needed attention on uncompensated detention time, because what makes the job better often makes the job safer.”

FMCSA Proposes Driver Drug Testing Clearinghouse

Under pressure from Congress, Federal Motor Carrier Safety Administration has proposed the creation of a commercial driver alcohol and drug testing clearinghouse that would make testing records available to employers.

The proposal drew support from Bill Graves, President of American Trucking Associations, who noted that ATA has been promoting the concept for 15 years.

"It is unfortunate that it took so long for FMCSA to act on this common-sense safety solution, but we are pleased the agency has finally taken the first step toward creation of this clearinghouse," Graves said.

Under the proposal, employers, medical professionals and testing labs will be required to record information about a driver who fails a drug and/or alcohol test; refuses to submit to a test; and who successfully completes a substance abuse program and is legally qualified to return to duty.

To ensure privacy, each driver would need to provide his or her consent before an employer could access the clearinghouse.

Drivers who refuse to provide this information could still be employed – just not as a driver or in any other safety-sensitive job.

In 2013, during 2,095 roadside inspections, just 0.23% of the time, drivers were placed out of service and cited for violating federal regulations governing alcohol consumption, and on 1,240 occasions, 0.13% of the time, they were cited for use of controlled substances.

“We are leveraging technology to create a one-stop verification point to help companies hire drug and alcohol-free drivers,” said FMCSA Administrator Anne Ferro.

In the meantime, a bill has been introduced in Congress that would allow hair testing of commercial drivers for drugs, a method that some regard as superior to urine tests.

Obama Orders New Truck Mileage Standard, Subsidies

President Obama has directed the creation of new heavy- and medium-duty truck fuel efficiency standards to be imposed starting in 2018.

At the same time he announced $200 million in tax credits to promote the use of commercial vehicles that run on biofuels and other alternative fuels.

Speaking mid-February at a distribution center in Maryland operated by the Safeway supermarket chain, the President said he has ordered the Environmental Protection Agency and Department of Transportation to come up with proposed new standards by early 2015.

This will build on the standards for medium- and heavy-duty vehicles for the model years 2014 through 2018 which were finalized in 2011.

Obama did not provide any target numbers for the new round of standards, leaving that to the agencies to develop. He stressed that EPA and DOT will work closely with the private sector to write the new standards and explore available technology.

Technology specifically cited by the President included engine and powertrain efficiency improvements, aerodynamics, weight reduction, improved tire rolling resistance, hybridization automatic engine shutdown, as well as improvements to accessories like water pumps, fans, auxiliary power units and air conditioning.

Obama said EPA and DOT also will work closely with the California Air Resources Board to make sure that under the next round of standards truck manufacturers can build a single national fleet.

The proposal drew support from truck equipment manufacturers and, with some qualifications, from American Trucking Associations, which also supported the 2011 changes.

“We should make sure that new rules don't conflict with safety or other environmental regulations, nor should they force specific types of technology onto the market before they are fully tested and ready," ATA President Bill Graves said.

The Owner-Operator Independent Drivers Association opposes the new standards, arguing they will drive up truck equipment costs unfairly.

November Furniture Orders Jumped 10%, Continuing Trend

New orders in November 2013 were 10% higher than new orders in November 2012 according to the latest survey of residential furniture manufacturers and distributors by the Smith Leonard accounting firm.

This represented the eighth consecutive month that new orders exceeded the previous year's monthly comparison, the firm said.

Smith Leonard pointed out that October orders were 5% higher than October 2012. New orders were up for 77% of the participants in November, up from 56% reported for October and 72% for September.

Year-to-date, new orders remained 6% percent higher than 2012. New orders increased year-to-date for some 80% of the companies surveyed, the same as was reported for October 2013.

Shipments in November 2013 were 10% higher than November 2012 and were up 7% over October results. This followed a 9% increase reported for October. Shipments were up for some 69% of the participants, up from 61% reported last month.

Year-to-date, shipments remained 5% ahead of 2012 through the 11 months, Smith Leonard reported. Approximately 68% of the participants reported increased shipments year-to-date, the same percentage that were reported for October.

Backlogs were 13% higher than November 2012. Backlogs fell 1% from October as shipments slightly exceeded orders.

Receivable levels were 5% higher than November 2012, in line with year-to-date shipments and compared favorably to monthly shipments. These levels were flat with October in spite of the 7% increase in shipments.

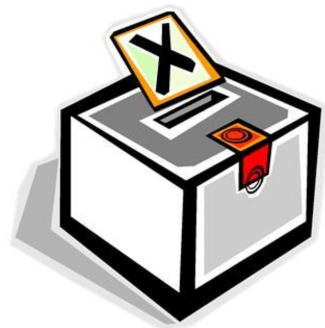
Inventory levels fell 1% from October and were 3% higher than November 2012. The 3% increase was the same as reported for the previous month.

"Overall, inventories appear in really good shape considering current business levels," Smith Leonard said.

The factory and warehouse workforce grew 3% over November 2012, while payrolls were up 15%.

Unions Made Organizing Gains In the Private Sector in 2013

Union membership grew in 2013 for the first time since 2008 – and most of those gains came from private sector employers instead of the public sector, reversing the trend seen in recent years.



The Bureau of Labor Statistics said total union membership grew from 14.36 million in 2012 to 14.53 million in 2013. Although total membership rose, the overall percentage of union members in the workforce – 11.3% -- was the same as it had been in 2012.

Union workers in the private sector increased by approximately 277,000, bringing the 2013 total to 7.3 million, which was the highest number in the private sector since 2009.

By contrast, union membership in the public sector fell by around 120,000, representing a 1.6% decrease from 2012. In addition, the total number of unionized workers in the private sector (7.3 million) topped those in the public sector (7.2 million).

Despite the public sector's small decline in union membership, 35.3% of all public workers are union members as compared to 6.6% in the private sector.

Union membership rates declined in 26 states and rose in 22 states and the District of Columbia. In 30 states and DC membership rates were below the national average while 20 states were higher.

About half of all union members live in just seven states: California, New York, Illinois, Pennsylvania, Michigan, New Jersey and Ohio.

National Labor Relations Board said unions enjoyed greater success in elections and a slowdown in decertification votes in the first half of 2013. Unions won 64.7% of the time in the transportation, communications and utilities industries; 80% in finance, real estate and insurance; 70.7% in construction; and 66% in health care services.

The only industry where unions lost more often than they won in the first half of 2013 was retail, where they lost 55.8% of those elections.

2013 Saw Record Intermodal Growth, Bulk Carloads Down

U.S. rail traffic for 2013 saw record intermodal growth along with a slight full-year decrease in carloadings, the Association of American Railroads reported.

U.S. rail intermodal volume totaled a record 12.8 million containers and trailers in 2013, up 4.6% or 564,276 units, over 2012. Carloads totaled 14.6 million in 2013, down 0.5% or 76,784 carloads, from 2012.

Intermodal volume in 2013 was the highest on record, surpassing even the record high totals of 2006 by 549,471 units, the association noted.

In 2013, 11 of the 20 carload commodity categories tracked annually by AAR saw increases on U.S. railroads compared with 2012.

The categories with sizable gains were: petroleum and petroleum products, up 167,868 carloads, or 31.1%; crushed stone, gravel and sand, up 81,023 carloads (8.3%); motor vehicles and parts, up 41,166 carloads (5.1%), and waste and nonferrous scrap, up 14,472 carloads (9.1%).

AAR said commodities that experienced the largest carload declines in 2013 compared with 2012 were: coal, down 256,751 carloads, or 4.3%; grain, down 81,309 carloads (-8%), and metallic ores, down 37,068 carloads (-9.9%).

However, excluding coal and grain, those U.S. rail carloads which are reflective of the economy were up 261,276 carloads, or 3.4%, in 2013 over 2012, AAR said.

AAR Senior Vice President John T. Gray said, “2013 ended the way it began — strong intermodal, weak coal, and mixed performance for other commodities, resulting in a year for rail traffic that could have been much better but also could have been much worse.”

He added. “A variety of indicators seem to be saying that the economy is slowly strengthening; a trend we expect to continue in 2014.”

EEOC Uses Company’s Own Email to Query Its Employees

In recent years federal agencies intensified their investigation and enforcement tactics. Last year the Equal Employment Opportunity Commission did so dramatically by emailing thousands of employees of Case New Holland Inc. through the company's own computer network, trying to build a class action lawsuit against CNH for age discrimination.

On Aug. 1, 2013, CNH sued EEOC, asserting that it had sent 1,330 emails to CNH business email domains without notifying the company to solicit plaintiffs for a class action lawsuit against CNH. This new investigation tactic was employed prior to any finding of discrimination and without notice of any kind to CNH, the company said.

EEOC began its investigation of CNH in March 2011. CNH actively participated in the ongoing investigation, including producing more than 600 megabytes of data requested by the commission.

After it produced that data, for a period of about 18 months, the company heard nothing from EEOC. CNH then learned that EEOC sent an inquiry to 1,330 CNH email addresses of company employees located in the U.S. and Canada. This included more than 200 managers or others with authority to bind the company legally through their answers.

The email received by CNH employees contained a link to a series of questions. When employees clicked the link they were taken to the survey page which stated "Please complete and submit this electronic questionnaire as soon as possible."

CNH says the survey was biased, that the questions related to age discrimination were leading and the suggested answers adverse to its interests.

“Moreover, and potentially most troubling, there was no information in the email or on the survey about the employees' right not to complete the questionnaire,” observed attorney Whitney M. Harmon, who is not involved in the case.

CNH noted that EEOC has no regulation allowing it to send mass business email inquiry of employees through the use of an employer's computer network.

Before the lawsuit was filed, EEOC had said the use of the email and survey was simply an efficient way to identify potential class members.

Retail Drives Demand for Big Box Warehouses

Demand for industrial distribution centers that are larger than 300,000 square feet (known as "big box" space) is high and rising, according to Jones Lang LaSalle's first Big Box Velocity Index released late last year.

The Chicago-based international real estate firm observed, "Improving economic conditions, the continuing growth of ecommerce and a deep bench of tenants seeking space have all created this highly competitive fight for industrial and warehousing space."

As a result, there is 96.7 million square feet of industrial construction underway – nearly half of it speculative – with an average building size of 360,000 square feet.

JLL cites five key trends that are shaping the 2013 big box industrial market – and creating markets that will be winners and losers. Topping the list of industries fueling demand are retail, especially ecommerce retail players, along with the logistics and distribution, and manufacturing sectors.

The company said that retail (defined as traditional retailers through consumer non-durables) accounts for more than one third of total demand with most concentrated in the Northeast – particularly in New Jersey and Philadelphia area.

Ecommerce Sales Expected to Double

"With ecommerce sales expected to more than double over the next four years, we anticipate increasing demand for highly specialized facilities," declared Craig Meyer, President of Industrial for Jones Lang LaSalle.

"We are seeing a number of major retailers in the market looking for mega-fulfilment centers more than two million square feet near large population centers – especially in the major logistics markets in Pennsylvania or New Jersey, Atlanta, Chicago and of course, the Inland Empire."

A resurgence in activity from distribution space users has manifested in rising demand in two primary categories: the 250,000 to 499,999-square-foot range, and in facilities of more than one million square feet. Together these two categories comprise more than half of the requirements from tenants in the marketplace, JLL reported.

There have been 14 consecutive quarters of positive net absorption, which has gone a long way towards bringing vacancy rates down, the Chicago-based company noted.

Construction activity began to increase during the first half of 2012 and much of this stemmed from committals prior to groundbreakings. According to JLL, even more speculative development is currently underway.

Traditional distribution corridors are showing strong market conditions, however the Northeast is seeing the majority of activity. JLL said that five of the top six industries with space needs are looking in this region with many in the market for spaces in excess of one million square feet.

In the Midwest, however, tenant requirements (on a square footage basis) are down by 26% owing to robust leasing activity in quarters past.

"The Northeast is home to 55 million people, and this is appealing to retail distributors that want access to a lucrative market that a mega population offers: an expansive consumer base and an existing, intricate logistics infrastructure," said Aaron Ahlburn, JLL Americas Director of Research for Industrial and Retail.

"Larger blocks of functional space are also more readily available here than in the neighboring Midwest, meaning tenants in New Jersey have more choice as opposed to facing competition for fewer large space options in Chicago," he added

"It's no surprise that the retail sector comprises more than a third of our growth," Ahlburn pointed out.

"The demand from ecommerce is shaping the market more than ever before, and is influencing the requirements of both users and the institutional investors who make speculative construction possible."