



INDUSTRY ROUNDTABLE

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Will WNY be a distribution town?

EXPERTS WEIGH IN ON POSSIBILITY OF INCREASED SHIPMENTS THROUGH AREA



JIM COURTNEY

Eight leaders from Western New York's transportation and logistics industry said a lack of funding and a need for infrastructure improvements are among their concerns. They spoke at a industry roundtable on Feb. 19.

BY DAVID BERTOLA
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Those who lead Western New York's transportation and logistics industry say that the region can once again become a major transshipment port, as it was 100 years ago.

But they cautioned that state and local politicians would need to be on the same page, and that area motorists – and those who run the Peace Bridge – would need to prepare for more large trucks hauling overseas shipment containers.

The leaders shared their thoughts at a Feb. 19 industry roundtable dis-

cussion hosted by Business First at the law offices of Hodgson Russ LLP in Buffalo.

Jack Ampuja of logistics advisory firm Supply Chain Optimizers talked about a \$5.3 billion widening of the Panama Canal, which could bring a surge of business to Buffalo-area logistics, transportation and warehouse companies.

The project, scheduled for completion next year, will allow more and larger ships to pass through the canal, accommodating cargo vessels carrying 14,000 20-foot containers – nearly three times the current capacity.

All that freight passing through

the canal means more will end up at the Port of New York and New Jersey, which is unable to add capacity to meet what area logistics professionals say will be a significant increase in shipments.

To avoid delays at the port, shipments would be offloaded there and transported via rail to Buffalo, then on to Southern Ontario, Toronto and U.S. markets.

Ampuja said that U.S. firms are trying to move freight over the Canadian border, which would make faster egress over the Peace Bridge a priority, especially if thousands more shipping containers were to be going into and coming out of Canada.

Peace Bridge general manager Ron Reinas is aware of the important role the international crossing plays in the ability to transfer goods from the U.S. to Canada and vice versa. As for what causes long Peace Bridge wait times, he said, “oftentimes, there’s no rhyme or reason why things take longer one day compared to the next day.

“Does Western New York want to be a distribution town?” asked Peter Wilson, owner of Sonwil Distribution Center Inc. “You’re talking trucks and probably a volume of 10 times of what we’re experiencing right now. These are challenges if we want to go that route.”

► A CLOSER LOOK

\$5.3B

Cost of Panama Canal expansion that could result in a surge of business for Buffalo-area logistics, transportation and warehouse companies.

1959

Year the St. Lawrence Seaway opened, which linked the Great Lakes to global markets, effectively killing Western New York as a transshipping center

1.7M

Number of annual shipments that travel between Buffalo and Canada. Only Detroit, with 2.1 million, has more among the country's 328 ports

40

Approximate number of WNY licensed shipping brokers, which logistics experts say could help manage an increase in shipments through the area.

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► What is one challenge you face?

WILLIAM VANECEK

Director of Aviation, Niagara Frontier Transportation Authority

I run the airport business including the Buffalo Niagara International Airport and the Niagara Falls International Airport. I've been in this position for 16 years, seen a lot of changes at both airports over those times. I would say one of the biggest issues that we have is funding infrastructure replacement.



MICHAEL NEWMAN

Owner and executive vice president, NOCO Energy

I directly oversee all our express stores and all our gasoline outlets. One of the biggest challenges for us right now is watching the way the CNG resources are deployed by the

► CLOSER LOOK AT THE ROUNDTABLE

The Transportation Roundtable is the 18th in an ongoing series of discussions with Western New York business leaders.

Each month, decision makers from diverse industries meet for a discussion moderated by Business First. Excerpts from the conversation are published two weeks after the roundtable.

Upcoming topics include higher education, architecture and tourism and manufacturing.

Roundtable discussions, sponsored by Hodgson Russ LLP and Freed Maxick CPAs, are held at Hodgson's Pearl Street offices in Buffalo.

state. And we agree with alternatives fuels. What we're finding is the Balkanization of the resources, so that you have a bunch of facilities being built at transportation hubs versus having them all centralized to make them more efficient. So one of our biggest jobs is to try to work with the New York State Energy Research and Development Authority to get them to deploy the resources around CNG more efficiently and more effectively. We were just turned down again to try to build a CNG facility that will service a number of truck fleets in Tonawanda. NYSERDA turned us down because they wanted us to put it on a fleet facility and I think that it's not very efficient.

ROBERT RICH III

President, ROAR Logistics Inc.

We're a Google third-party logistics provider. My biggest challenge right

now is a combination of things. I used to say and I'm sure some of the other logisticians say fuel prices used to be our big challenge. Now that fuel is coming down and the economy is picking up, the biggest challenge for us is capacity. It's finding equipment, it's finding people that want to drive truck, it's people that want to own trucks, to provide the means by which we operate our business. Because as we're seeing the economy taking off, there's more freight, there's fewer trucks.

JACK AMPUJA

President & CEO, Supply Chain Optimizers

We're a boutique consulting firm and I've been consulting for more than 10 years. And when I'm not consulting, I teach strategist project management in the MBA program at the Niagara University. What I'm spending my

time on most recently is on small package freight cost. UPS and FedEx have put in the single biggest price increase that either company has ever advanced. They've taken up the fuel surcharge despite fuel going down and they've made a change in their pricing structure and they're starting to build on the base of box size or weight, whichever is greater. That little change will add as much as a billion dollars in additional freight costs in the small package arena this year.



PETER WILSON

President & CEO, Sonwil Distribution Center Inc.

Probably the biggest issue that we have as a company is growth, both internally here in Western New York and outside

of Western New York.



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RON REINAS

Executive director, Peace Bridge Authority

Our biggest challenge is customs on both sides of the border. A lot of people think that there's issues of capacity with the Peace Bridge and in reality, that is not the case. The Peace Bridge only handles about 25 percent of the volume that the Grand Island bridges, for example, carry. So our challenge is having customs have procedures in place that make sense and properly staffing all the booths at peak times.

KIM MINKEL

Executive director, Niagara Frontier Transportation Authority

We operate planes, trains and buses within Western New York. Our biggest challenge is funding or commitment to funding, particularly with the Highway Trust Fund going bankrupt, with a stop gap in place that takes us through May. It's very difficult to plan. It's very difficult to deliver service with operating cost that's mostly funded through state and local support that's been depleted and an infrastructure that's aging. We have an aging system. We, of course, are aging and the rail system is over 30 years old.

**ELIZABETH KOVACS**

National account manager, Andrews Specialized Logistics

We're a van lines agent actually down south in Cleveland and I represent Andrews here in Western New York. I would say our largest problem is really capacity and trying to attract drivers and owner-operators to cover the demand for our shipments. So that's half of our business, the traditional moving side, household moving corporate relocations and also high value products and trade show exhibits. We're also a third-party logistics company in that we have to dip into outside sources to cover and satisfy those demands and that's really our biggest challenge right now.

► **Why might Buffalo and Western New York be a realistic location for a transshipment port and what challenges might be ahead?**

JACK AMPUJA

Supply Chain Optimizers

The big driver for this thing is that the widening of the Panama Canal is going to bring new volume, big ships with a lot more containers up and down the East coast and I think all of you are aware of the big mess we've had on the West coast with the longshoremen, the tremendous delays getting freight unloaded in many of the major ports. Companies are finding ways to divert from the West coast. New York and New Jersey would like to participate. They've got a number of initiatives underway to deepen the harbor, raise some bridges, handle the new capacity. They're landlocked. Nobody wants any more trucks down at the port, so one of the relief valves is to move freight off of the port and bring it to another unloading place, which could be Buffalo. It's not official yet, but there is discussion underway.

What that begins to say is that if you are dispatching a shipment from Stockholm or Amsterdam, the port of entry to the U.S. will not say New York City, it will say Buffalo. It will move under contract all the way to Buffalo, be lifted off the ship onto a flat car train, rail to Buffalo, de-train here and then off to Cleveland or to Pittsburgh, wherever. And our connection to Toronto is really the driver. Because of the huge population there that if Toronto didn't exist, we would be more like a Rouses Point or some other secondary border crossing. But because of the tremendous population there, the production in Southern Ontario that wants to find a home in the United States and then the tremendous consumption of people, clothing, food, what have you, so U.S. firms are very, very strong in trying to move freight back and forth over the border and that's why this whole border crossing thing is absolutely crucial to us.

RON REINAS

Peace Bridge Authority

It's the uncertainty that's related to how long does it actually take you to cross the border. Because oftentimes there is no rhyme or reason why things take longer one day compared to the next day. So having a reliable crossing experience is critically important.

JACK AMPUJA

Supply Chain Optimizers

Because of that uncertainty, it's



created a thrust for additional business down here on this side of the border. Because of that uncertainty of the bridge crossing, you can't plan a load from Toronto will get to Memphis at this time because of the bridge. So what companies are doing is they'll move the freight on their own time and they'll move it down to Buffalo, put it into a place like Sonwil, warehouse it here locally. Once it's here on the U.S. side, I can time the delivery to St. Louis and Memphis. Weather permitting, I know exactly how many hours it's going to take. I move away from the uncertainty of the bridge crossing and I get better control of my supply chain. So it's changed the economics.

PETER WILSON

Sonwil Distribution Center Inc.

We are not a Chicago. We're not an Atlanta. We're not a Wilkes-Barre, Pa. Those are Tier 1 distribution centers. So Buffalo is at best a Tier 3, not to stack on with the Peace Bridge, but there's a lot of things that we can do to assist that. But the problem is like nine months ago there was a group of 100-plus warehouse men from all over the country that had a meeting over in Niagara-On-The-Lake, and they experienced the Peace Bridge. And I'm telling you, out of 100 -- if you took a survey out of those, they will tell you that to get from one side to the next is a nightmare. And that perception just went out 100 times spread out across the country. So we've got a long uphill road to change. ... Buffalo could be a Class 1 distribution center. ... Now the question is, is does Western New York want to be that distribution town? Because you're talking trucks and probably a volume of 10 times of what we're experiencing right now. These are challenges that if we want to go that route that we're going to be experiencing and it's going to really put a strain on our infrastructure system.

► **What is being done in terms of improving the infrastructure?**

PETER WILSON

Sonwil Distribution Center Inc.

Myself and some of my C staff, we're looking at an acquisition down in Scranton, PA. And on our way driving down to Scranton, PA, the one thing that we saw were containers, trucks going northbound. The trucks were perfectly separated between two and three minutes apart for an hour and a half. The same with shipping lines, every two to three minutes, here comes a 40 foot container because they're offloading containers. I was just down in Panama and they're saying it's going to be open next year, later next year. But even still with

the amount of containers that are going through there now, you just sit there and when you see a ship with 4,000 containers on it, well, I sit there and go, "Can you imagine if we had 4,000 containers on the ground here?" They'd go literally from Buffalo to Williamsville for trucks. And now they're talking ships upward of 12,000 coming through the Panama Canal. And the volumes are something that Western New York has never seen before.

► **Would the current rail system be able to meet demand?**

PETER WILSON

Sonwil Distribution Center, Inc.

Oh, I think our rail infrastructure is not bad. They might have to put down some more tracks because they're taking up a bunch of seconds. But now dealing with the rail carriers, that's a whole other issue. Prime example: we had 10 containers in New Jersey and we called to CSX to get them to put them on because they run from the Port of New Jersey back to Buffalo. The CSX says no, we don't do that. But yet, they're coming back light. So we've got some work with the CSX to do.



MICHAEL NEWMAN
NOCO

Isn't the rail bridge a capacity problem? Wasn't there an issue of the rail side on the bridge that's made available for that?

JACK AMPUJA

Supply Chain Optimizers

I think what we're talking about is the Portageville Bridge, that's in Letchworth State Park, that's the Norfolk Southern crossing. That bridge was built something like 1892. The bridge is so bad, I listened to Norfolk Southern when they came to town about a year ago to talk about it. They can't afford to replace the bridge on their own. They've got to use state funding or county funding. ... There's too much money needed. But the way that bridge works today in the winter time when the train approaches the bridge, they stop. They get out and they clear all the snow off the cars because they can't afford any extra weight. The engineer walks across the bridge all the way to one end, walks back to make sure that the bridge is intact and is not

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going to collapse and then they run the train over the bridge at 5 miles an hour. That's how bad that bridge is. ... If that bridge goes down, it will be one big economic blow to this entire region.

ROBERT RICH III

ROAR Logistics, Inc.

We talk about rebuilding our infrastructure, we talk about rebuilding Upstate New York, a V-8 engine doesn't fire its best on 3 cylinders. We state we need local, politicians, business, everybody in alignment. And I think that's probably our biggest challenge here. You talk about how do we get funding from this guy? Well, this guy doesn't agree with this guy, but you've got a private sector that wants to bring business here. We want Buffalo to be one of the thriving port cities. We're one of the top 5 port cities in the early 1900s and we have lost that as the demographics have changed, as our economy, as this country's changed. How do we get back to that? ... Are the state, are the local politicians ready for this? Can they come together to put the money behind building the infrastructure? Can we find the abilities as private industry to help sustain this growth in the area?



MICHAEL NEWMAN

NOCO

Do you think the priorities are consistent among state, federal, local officials?

ROBERT RICH III

ROAR Logistics, Inc.

Nope, not at all.

► **If you were to envision a hierarchy of needs in Albany, would transportation rank even in the top four or five things that need to be addressed?**

ROBERT RICH III

ROAR Logistics, Inc.

I really don't know that it would. I think a lot of times people like to see the benefits of effective commerce, but oftentimes they don't view the infrastructure as a means to the end. ... You look at bridges collapsing in Minneapolis or you look at this

situation with the bridge here, people don't see the bridge. They want to see the commerce. They don't consider the bald tire on the truck. They want to see the freight coming through those back gates. So I mean, you know, really the infrastructure needs to be a critical component in building Western New York up to handle the commerce that could go through here.

► **Who's helping to tell that story to Albany or to other people?**

JACK AMPUJA

Supply Chain Optimizers

We have One Region Forward that is trying to orchestrate this. I'm on that committee for transportation because at One Region Forward, I think it had met for quite a while and then somebody had finally came to the realization, gee, we're talking about green buses, we're talking about bicycles, but nobody's addressing the trucks. And then say with the warehouse jobs that if we don't have the means to get the employees to the warehouse – the warehouse is not going to be downtown. They're going to be in the hinterlands. Well, if you can't get people out to work in the warehouse, how are you going to create those jobs? So anyway, the One Region Forward is trying to do this, so is the partnership.



RON REINAS

Peace Bridge Authority

One of the big things obviously is this preinspection, taking the commercial and that concrete mess we have on the U.S. side and moving it over to Canada.

And I had discussions with customs officials last week and apparently an agreement is imminent similar to the port issue that's been talked about for a long time. But the same thing with preinspection, that there is going to be some kind of determination made on that shortly, whatever shortly means. But that's exciting because obviously it would allow us to totally reconfigure our U.S. plaza if we can get the trucks off the U.S. plaza, at least the queuing part of the trucks off the plaza and do that work in Canada.

PETER WILSON

Sonwil Distribution Center, Inc.

Just out of curiosity, how long have those discussions been going on?

RON REINAS

Peace Bridge Authority

Well, that's the problem.

PETER WILSON

Sonwil Distribution Center, Inc.

That's the problem.

RON REINAS

Peace Bridge Authority

That's why I say, I don't know what shortly means.

MICHAEL NEWMAN

NOCO

Have the relationships improved over at the Peace Bridge? I know there was real acrimony going on last year between the Canadian and U.S. side. Has that gotten better?

RON REINAS

Peace Bridge Authority

At the board level, there's been some issues and some of those issues have continued. I consider most of that noise because the important things that need to get done have gotten done and the board has agreed upon those structures. All the things that

we said we're going to do three or four years ago are, in fact, being done. The board approved a pretty large five-year \$160 million capital plan that includes when we have preinspection. If we don't have preinspection, we're spending \$50 million to redo the U.S. plaza. So yeah, there's still some friction. I'll be honest about that. But in terms of projects, all those are moving forward.

MICHAEL NEWMAN

NOCO

I guess I'm surprised to hear that there isn't a list of prioritized objectives in the transportation system. I hear you guys say that there's not an agreement. Does that make you nervous being in your business to not have the next 10 years laid out to say "Governor, these are the top five things we need and this is the order in which we need them?" That makes me nervous and I'm just in the fuel business and I think, wow. To have the investment you've made in Western New York and not have a priority for the state is kind of scary.

KIM MINKEL

NFTA

I'll go back to what I said with



Henry Koziol, Director
Freed Maxick CPAs

James Newman, President
NOCO Energy Corporation

Michael Newman,
Executive Vice-President
NOCO Energy Corporation

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the Highway Trust Fund. Part of the problem is the inability for people to plan. There hasn't been a policy commitment, nationally, locally and on the state level and a funding commitment. If you take the Highway Trust Fund, which was scheduled to go bankrupt in August 2014, Congress passed a stop gap so that we have funding that takes us through May. Now the Highway Trust Fund does the infrastructure improvements. It does the roads. It does the bridges. It does the projects that the Peace Bridge has talked about. It does the projects for the rail. The fact that we've had this continuing resolution that's gone by for the past six years makes it almost impossible to plan for any infrastructure improvement, for any prioritization. The last time the gas tax was increased, and it's never popular, was in 1993. And that was to help – Clinton did it at that time to help with deficit spending. It wasn't even then going to roads and bridges. So that 18 cents that we collect per gallon to put toward roads and bridges is now worth less than 10 cents when you adjust for inflation. At the same time, we're adding more roads and bridges, so how can you keep up with that upkeep? A portion of that comes from mass transit, which is my particular interest. I have buses that are 1996 vintage. We do an incredible job with managing those buses. But at the same time, the need for transit has been growing. Since 1995 there's been a 37 and a half percent increase in transit demand, while the population's only increased 20 percent. We're not keeping up with the demand. Until there's a policy commitment and a commitment towards that funding, I think we're just going to be, excuse the pun, spinning our wheels.

WILLIAM VANECEK

NFTA

We're facing similar challenges in the airport industry as well. The FAA Reauthorization Bill is up for renewal this year. The last FAA Reauthorization had 33 continuing resolutions. To talk about trying to plan the future, you can't do it in that world when you're talking about major projects. The complete rehabilitation of a runway can run anywhere from \$20 million to \$30 million and if you can't get a steady commitment of federal participation in that, the airports aren't going to be able to take those projects on. Compounding the problem is the way that the FAA coffers are funded for airport improvements. The Airport Improvement Program primarily was funded via something called the excise tax on airline tickets, and airlines tickets would flow into something called the Aviation Trust Fund. That trust fund has dwindled down to the point where it will

run out of money within the next year based on the anticipated needs of airports. ... Secondly a major component of funding at airports has to do with something called passenger facility charge, the PFC. ... The last time the PFC was increased was back in 2001. If you just were to index that going forward, it would be worth about \$8.50. Construction costs have gone up as well, so it really puts the airports in a very difficult position because quite frankly, we can't charge the airlines the amount of money we would need to complete all of our projects because they'll go find another airport. ... The other thing I wanted to touch on was that bridge crossings are important to us as well. We get a lot of our travelers that have made the decision to fly out of Western New York as opposed to flying out of Toronto because No. 1, Toronto's prices are extremely high. It's extremely congested. Their parking, automobile parking is extremely high. ... The important thing about keeping that pipeline flowing is that's Canadian income coming into the United States. We're not circulating it with their own economy. This is new additive income to the United States when Canadians fly and spend their money here. And the economic impact of the Buffalo Airport back in 2008 or 9 was \$1.1 billion dollars a year. Even little Niagara Falls kicks out about --

KIM MINKEL

NFTA

\$200 million.

WILLIAM VANECEK

NFTA

About \$200 million a year, and so that's important. If you look up and down Genesee Street, there are hotels that are being constructed. The same thing's happening on Niagara Falls Boulevard with hotels going up.

► Can we address capacity issues?

ELIZABETH KOVACS

Andrews Specialized Logistics

Personally I had this idea that you really could target assistance in this through our veterans. I really would love to see some kind of a program or carriers getting together and really targeting the unemployed veterans, who would



spearhead that and how it would be done.

ROBERT RICH III

ROAR Logistics, Inc.

That's a great idea. And the challenge really is not when you look at it, I guess you have to be happy to know that in areas like Western New York where you see we're becoming more involved in the tech, there's more glamorous jobs out there for kids coming out of college. Nobody wants to be a truck driver anymore. I mean, it's not the sweetheart of the rodeo with the big belt buckle and the tricked out truck driving down the highway, singing country songs, saying this is a great job. The truck driving job is not a glamorous job. ... You have to worry about carb emission. You have to worry about laws. You have to worry about regulations. You have to worry about CSA 2010 where the requirements to be a driver and the requirements to keep your equipment in tip-top shape where violations can literally put you out of business as a driver. You have so much to worry about as a truck driver and you could go to work for Yahoo or Google or some tech industry and make a decent living, and just as good a living as if you're going to sit behind the wheel for 8 to 10 hours a day and have to deal with traffic congestion, having to deal with angry receivers, have to deal with delays when you're picking up your load. Not to mention the fact that hours of service regulations make it difficult for you to run any miles to make any money doing this. So it used to be people say well, fuel's coming down, that's great. That means my shipping costs are going to get better. Well, they aren't getting better because trucking companies have to spend that money to recruit new drivers, to keep their equipment up to shape, to pay increasing insurance regulations and premiums, that is not cheap.

► What's the cost of recruitment for truck drivers and has that changed in recent years?

PETER WILSON

Sonwil Distribution Center, Inc.

Realistically, it's a price point thing. You bring the wages up, you will get truck drivers eventually. If you start paying somebody \$150,000 to drive a truck, you're going to have a line out the door. Just being facetious here. We have a very small trucking operation. But what we do is creating a new mouse trap. And that's how you as a company get more business is you find a different way of doing something that's more efficient. And the putting containers from New

Jersey to Buffalo instead of running trucks back and forth, another mouse trap.

► What would a starting salary be for a truck driver, somebody who sees the ads on TV and goes through the course?

PETER WILSON

Sonwil Distribution Center, Inc.

They're running 46.

ROBERT RICH III

ROAR Logistics, Inc.

40, 45, 50, depending. In a lot of cases, it's based on mileage. Like the owner-operators, they do it several ways. I don't know if you guys do per mile or by the hour, depending on if you're a long haul driver more than likely it's going to be on a per mile basis. If you're a local driver, it may be hours. If you're an owner-operator, you own your own truck, it may be a percentage of the overall.

JACK AMPUJA

Supply Chain Optimizers

I went to a national conference last fall, Council of Supply Chain. And one of the statistics that came out, I know we're losing trucking companies for various reasons, but in the last five years there have been 35,000 new trucking companies started in the United States. You don't start a trucking companies without drivers. The driver issue that Pete has articulated is very accurate. It's the big guys. It's Schneider's, J.B. Hunt, the guys that run from Portland, Oregon to Portland, Maine, they're the ones that are having trouble finding the drivers. If you're setting up truckload operation from Buffalo, maybe you run to Cleveland everyday and back. The guy's at home almost every night. It's not that much more difficult to find a driver to do that short haul. So there are differences in the situation. Elizabeth mentioned trying to recruit veterans and that is underway. But the other thing you're going to laugh at, but this is very real, the American Trucking Association is recruiting drivers from the AARP, saying that most people retire at 58 or 60. Well, grab the wife and sign up as a team, see the country, shut down the house, save all kinds of money. ... And the other issue that needs to be addressed and this is federal legislation, you have to be 21 years of age to get a commercial driver's license in the United States. Canada, 18. So the question always raised is are Canadians that much more adept than Americans that we can let Canadians drive at 18, but you can't drive until 21 here in the U.S.?

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KIM MINKEL

NFTA

Actually I was going to comment the same thing on the CDL license. We've been experiencing a shortage of operators, but not only operators, but also diesel mechanics to service the vehicles, that skilled trade. It's very difficult to find people. We have a shortage of operators but not a shortage of applicants. Some of the screening requirements we probably have less than 10 percent passing through. There's not a shortage of applicants, but the ability to pass the medical that's required, that Federal Transit Administration requires, the drug test, it's becoming more and more of a challenge. And with the baby boomers reaching retirement age, they're all leaving in record numbers. I know for us as an agency, four years ago we took a look and figured we could lose 50 percent of our work force in the next five years, and we're experiencing that today. So it's a challenge not of people coming on board. I think lowering the CDL requirement would be huge for us.

► **You hear so much about the Marcellus Shale and we have all this gas at our feet but can't touch it. It seems it's difficult for CNG as well in terms of some inefficiencies in that process. What is your company doing with alternate fuels?**

MICHAEL NEWMAN

NOCO

The governor has not approved CNG or at least natural gas exploration in New York state. I think it's more political than it is environmental. I think he recognizes that the price that it's at currently, there really isn't any incentive to try to drill in New York state. So he's kind of kicking it down the street saying well, politically this is a good one for me. I don't have to deal with it. ... On the infrastructure piece and really frustrating that they don't recognize infrastructure needs to be completed in an organized format. Putting one facility here and one facility there on a truck fleet's property does not really provide the proper access, doesn't really provide the networking that's available in current trucking facilities when you've got facilities that are built to accommodate trucks, the traffic, the parking, the lot construction, the ability to make it accommodate the extra weight. But instead now they're going out and NYSERDA's providing grants to local fleets to put facilities right on the property. And when they come to us who actually has the infrastructure, the bathrooms, the convenience stores where they could actually

service the driver's needs, they're not accommodating them. So it's very frustrating that NYSERDA has instead chosen to pick out and spend state dollars to promote these facilities but not make them work together so that if you have a truck that you want to run to Cleveland, you've got to go well, where is my CNG facility there? Oh, what, am I going to go into a competitor's lot? How do I manage that?

ROBERT RICH III

ROAR Logistics, Inc.

Yeah, and ultimately we would have the facilities that would be made available. And I go specifically to a site because Try-It had went to NYSERDA and had grant money. Well, we were building a facility right next door to their plant from all the new pavement. I said to NYSERDA, why don't you instead work with us? We'll provide Try-It the access, but then provide Tops the access or American Sales, whomever. They said no. The only way we're going to do it is to put it on Try-It's facility. We go there, it's not easy to get in and out of. Even Try-It will admit it's not a perfect solution and then quite frankly, they have about a third of the gallons they need to make that facility profitable. So now all a sudden Try-It's going to be a problem because they're not going to have the take or pay volume requirements necessary to fulfill their contract. So then their price is going to jump up and make the whole thing inefficient.

MICHAEL NEWMAN

NOCO

Given what they've done with Waste Management's facility in West Seneca, it's a slow fill. It's a trickle fill. Not very efficient. And it works maybe for a fleet that is able to park, but where you've got a problem with a Try-It, they want to fill their trucks at night. ... They want a fast fill. Well, the fast fill requires additional compressor capacity and it's a better facility. But you look at that, it's \$2 million, a million and a half. Well, are you going to get the volume on a Try-It to be able to accommodate that? No way. And we've done the math and we said no. We would go out and get 8 fleets involved and that's where NYSERDA's missing the boat. They just are spending a lot of inefficient money to build facilities that will never break even. And we've talked to them and talked to them, had not gotten any success. It's hurting fleet drivers that could maybe use or want to convert their next trucks or my next truck to CNG capable, but they don't know where they're going to fill. So it puts a real restriction on that.

► **Passing a drug test**

seems to be an issue in any type of work force development. Is that prevalent throughout your industry?

PETER WILSON

Sonwil Distribution Center, Inc.

As far as the warehouse work, two things happen, when for some reason when they find out that there's a drug screen involved, all of a sudden they're not an applicant anymore. They just kind of go by the wayside. We have seen it and to be honest with you, like I said, our trucking company's only been around for four years or something like that. The applicants that we've seen that have gone through the medical and have not passed the drug screen is amazing. You're talking families with children and it's his occupation, leaving one job to come to work for us and then can't pass the drug test. It's amazing.

JACK AMPUJA

Supply Chain Optimizers

I have a client in Atlanta that's in the same business as Pete. Very hard to find people there just because of the robustness of the economy. Just a lot of warehouses opening up, so my client ran an open house on Saturday. Bring your wife and kids, see the facility, pop and hot dogs, that kind of stuff. They had over 100 applicants who signed up and said yeah, I'd like to work here. By the time they went through the background check, medical and drug screen, they had about 10 people that they could actually hire. That was it.

KIM MINKEL

NFTA

It's medical too though. You have to consider the occupation. I mean, we see this on the bus side. I would imagine it's the same for the other folks here. You're in a seated capacity. You're probably eating as you're driving. So the drivers are getting larger. It's a good thing you want larger vehicles to accommodate the larger drivers. But so then you have health issues that are associated. Diabetes, we're seeing an increase in that which affects their CDL license. We're seeing an increase in sleep apnea, which is related to the weight of the drivers. So even once you get them through the door, keeping them qualified to drive is becoming more and more of a challenge.

PETER WILSON

Sonwil Distribution Center, Inc.

For the record, it's just me, our drivers don't have coffee or eat while they're driving. If they do, they don't

work for us.

ROBERT RICH III

ROAR Logistics, Inc.

Our dispatchers do, but our drivers don't.

PETER WILSON

Sonwil Distribution Center, Inc.

That is not allowed and there's cameras in the vehicles that prove that out. It's a safety issue. ... I think everybody knows we do a lot of work with Steuben and as an offsite warehouse. Well, Steuben, the gentleman who runs it, he's really a neat person, realized early on that them having the warehouse on site was a restriction, was a stranglehold on manufacturing. And so they kind of restructured their company a little bit, and now he understands that they get paid by putting something into a box or a bag or whatever type of product it is. The quicker he can get that out the door and to a third-party warehouse like ourselves and just keep on sending out the door, the more product he can through put in and drive – increase scales in manufacturing. So it's really been an eye-opener for that company that they're no longer hamstrung by the ideas of having a warehouse – as soon as the warehouse was full, they had to shut down the manufacturing. So now what they do, literally they make it and it goes in a truck and right down to us. We've seen this model over and over again. Actually the first time I saw it was with our friends that make the dog bones here in town, Big Heart Pet Brands, that's just got sold again. ... Logistics can drive manufacturing.

ROBERT RICH III

ROAR Logistics, Inc.

We've taken on the inbound supply chain management, the outbound shipping. So if you let a company focus on making money and doing things that are core to the business, as logistics professionals we can come in and provide everything from your warehouse and your distribution, your air freight, those 3 or 4 packages going out to Niagara Falls Airport on an air cargo shuttle, logistics and that third-party industry, whether it's asset-based or not asset-based, we can help companies become more successful by letting them focus on the manufacturing process and let us help them manage their supply chain. Jack does it everyday, going out to companies and saying this is how you can be a better company. Let this company do this or let us manage negotiation of your small package and your dimensional freight. This is our role and our value added to manufacturing.