

MINUTES OF THE SENATE TRANSPORTATION COMMITTEE.

The meeting was called to order by Chairperson Senator Les Donovan at 8:30 a.m. on March 7, 2002 in Room 245-N of the Capitol.

All members were present except: Senator Pugh

Committee staff present: Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Marian F. Holeman, Committee Secretary

Conferees appearing before the committee: Tom Whitaker, Exec. Dir., KS Motor Carriers Assn.
Dean Ford, Vice-Pres. ACS Operations

Others attending: See attached list

PrePass Demonstration, Kansas Motor Carriers Assn.

Tom Whitaker, Executive Director, Kansas Motor Carriers Association and all members present were celebrating their "snow day" at the Capitol - the last time they were scheduled everything was closed down because of the weather. Mr. Whitaker introduced the Association's "Truck Driver of the Year; Jeff Davis, a Wal-Mart driver from Ottawa, and the Road Team Members. These are the people who go out and speak to private training schools, high schools, etc. He also touched on the trucking industry's involvement in "Highway Watch," a joint program with the Highway Patrol, designed to improve highway safety.

The Association arranged for a presentation to the Committee regarding an exciting new program which has no State money invested in it. It is all private enterprise. Called "PrePass," It allows trucks to move more efficiently and is now in place in Kansas. Mr. Whitaker introduced Dean Ford, Vice-President, Commercial Vehicle Operations, ACS Corporation. This Corporation actually owns and operates the PrePass System. Members viewed a video demonstration of how the System operates.

Lockheed-Martin developed this system and then sold it to Dallas based ACS Corporation. Only motor carriers with a proven safety record qualify to participate in PrePass and participation is voluntary. The PrePass technology enables qualified motor carriers, while traveling at highway speed, electronically to comply with Kansas safety and credential requirements. As qualified trucks approach a PrePass-equipped inspection facility, an in-cab transponder identifies the vehicle to a computer which verifies compliance with state requirements, including weight and credentials. Vehicles in compliance receive a green light on the in-cab transponder and they can bypass the inspection. If they receive a red light they must pull in for inspection. Members traveling west on I-70 may have seen the visible part of this system at the Wabaunsee County Inspection Station. All systems have been installed and will be maintained at absolutely no cost to the State of Kansas. By this time 25 states have entered the system and each time a participating motor carrier bypasses an inspection they pay a nominal fee to ACS Corporation.. This system requires an enormous data base which must be constantly updated. The System's advantages are tremendous for qualifying carriers (Attachment 1). In states where the system is operating, they have noted an increase in compliance with safety, weight, insurance, tax requirements so that carriers can qualify for PrePass. Systems in Kansas that are now operational are located at South Haven, north bound; Turnpike, north and south bound; I-35 Olathe, east and west bound; Wabaunsee, east and west bound; and Kanorado.

The meeting adjourned at 9:20 a.m.

The next meeting is scheduled for March 12, 2002.

**SENATE TRANSPORTATION COMMITTEE
GUEST LIST**

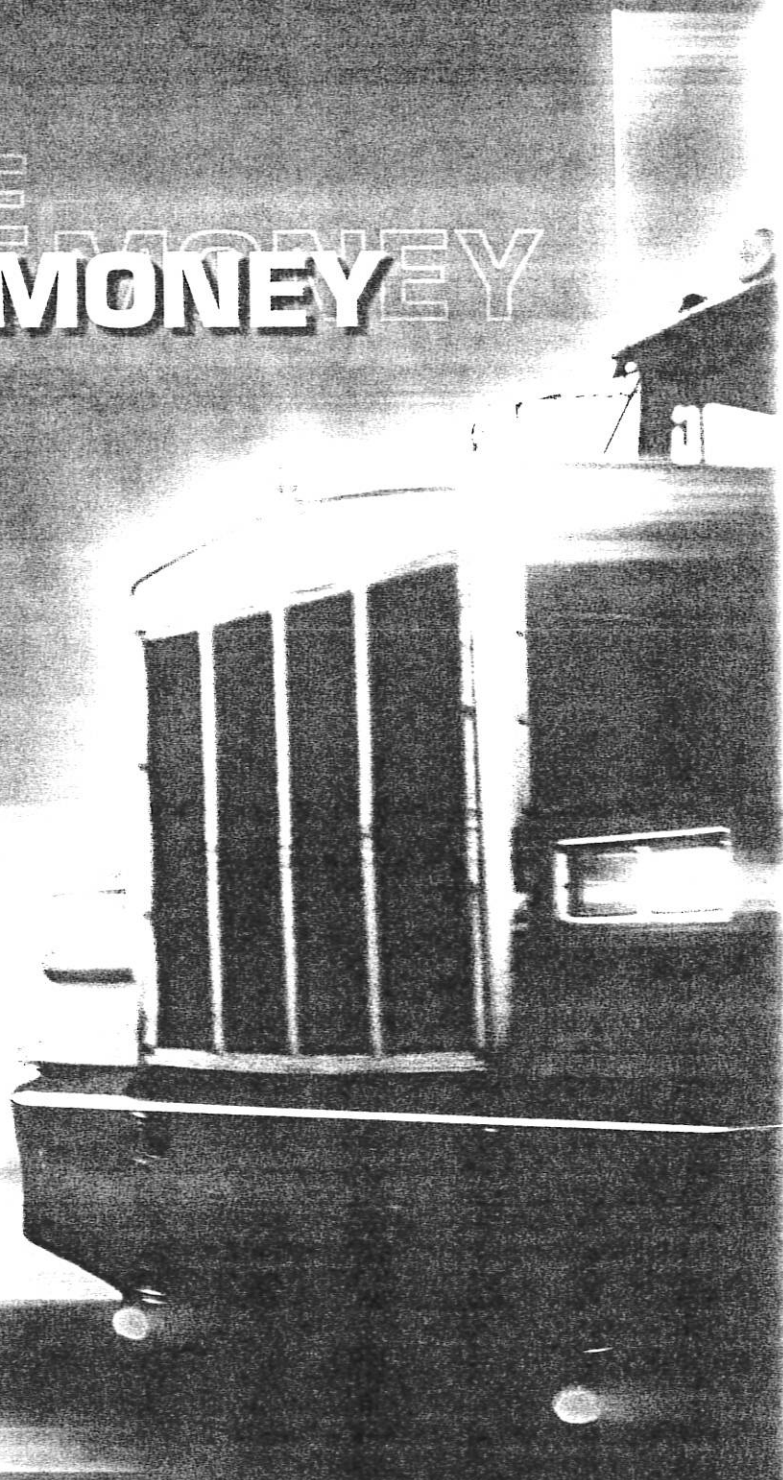
DATE: MARCH 7, 2002

NAME	REPRESENTING
Nancy Forge	Studdard Transfer & Storage
PLUMMER	KDOT
Tom Whitaker	KS Motor Carriers
Linda Gerber	Camion Technologies
Dean Farn	PrePass- ACS-Inc.
Karla O'Malley	Camion Technologies
Tony Gaston	Rauhins Trucking Inc.
JEFF Robertson	J.M.J. Projects Inc
Melvin B Graves	S+G Associates Inc
Larry Doc Crisp	Kansas Van & Storage Co
MICHAEL W. ROSS	Ross Truck Line Inc
Larry D. Dinkel	Jan Milton TRK Inc
Dina Dinkel	- - -
Kelly Kile	Wal-Mart Transportation
Dale Moore	KCC
Mike Hoeme	KCC
Mike Miller	Miller Trucking LTD
KEVIN HANSCHE	GREAT PLAINS TRUCKING
Deann Williams	KS Motor Carriers ASSOC
LINDSEY WAGNER	KS Motor Carriers Assoc.
LT. B.K. SMITH	KANSAS HIGHWAY PATROL
Michael L Topp	T T & T Towing & Hauling

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COMMITTEE - DATE: 3-07-02 - 14
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1-800-PrePass



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Plus, there's the extra fuel for re-acceleration – more than a half-gallon for a fully loaded truck – along with wear and tear on brakes, transmission and other equipment used in starts and stops.

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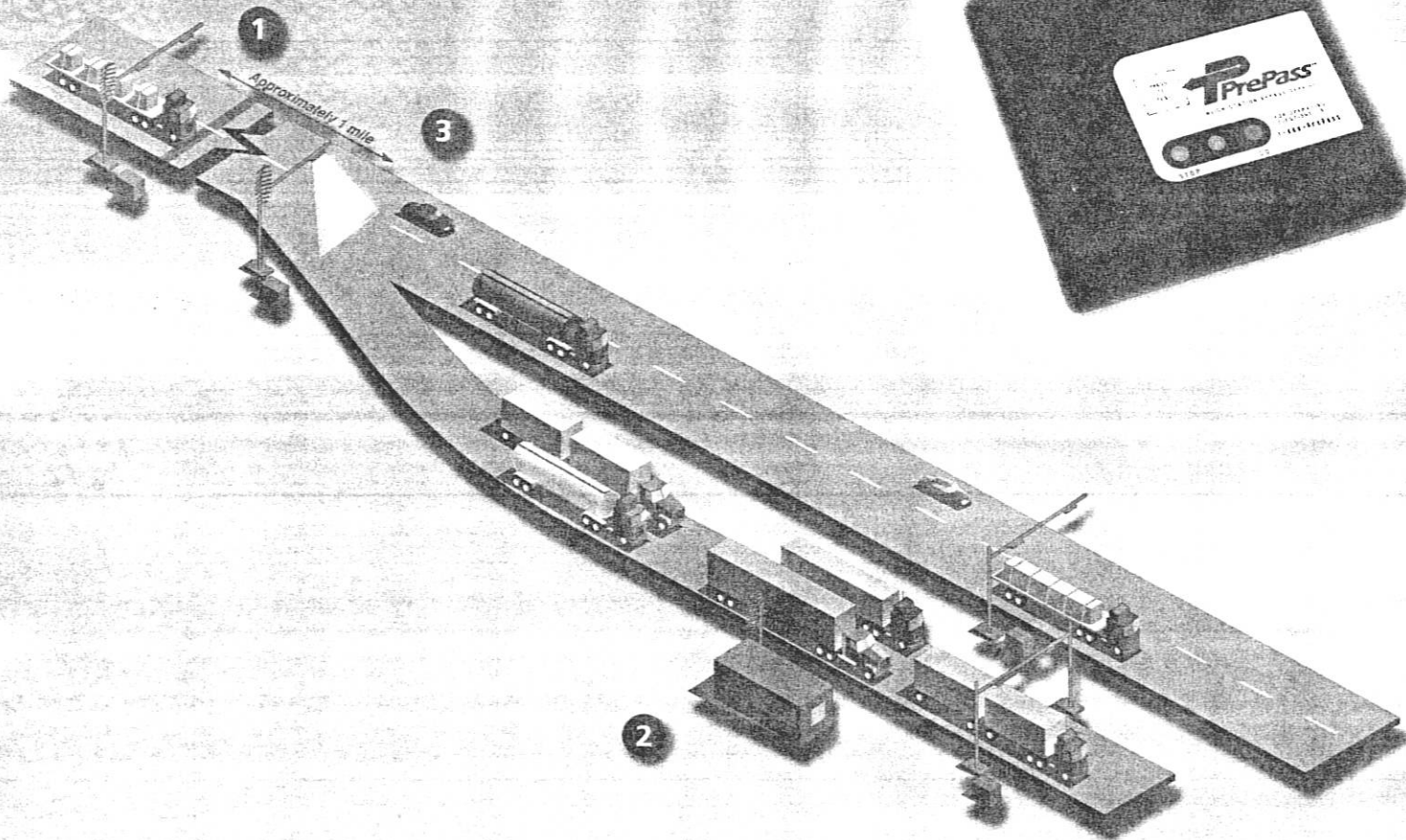
When you can shave two hours off a forty-hour trip, everyone benefits. Rolling by weigh stations without delays boosts morale and cuts down on driver turnover and related training costs. PrePass makes recruiting easier because drivers love it!

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No enrollment or installation fees. Nothing to buy and no long-term contract. Your cost is just \$.99 per bypass up to a maximum charge of 4 per day (\$3.96) per truck. Transponder is provided at no charge and installs in less than five minutes.

- **Your data is secure...
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Information collected at scale sites is confidential and used only at the time of the bypass. The Board of Directors of HELP, Inc. guarantees your data protection and privacy.



How the System Works

- 1** As a PrePass truck approaches the weigh station, it is electronically identified and weighed.
- 2** A PrePass system computer located in the weigh station verifies truck credentials.
- 3** A green light and audible signal from the truck's windshield-mounted transponder give the go-ahead to bypass. If weight or credentials cannot be verified, the driver is signaled to pull into the station.

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www.prepass.com

PrePass Benefits

No initial expense	<ul style="list-style-type: none"> • Nothing to buy • No equipment to purchase, no installation, no contract
Low cost	<ul style="list-style-type: none"> • \$.99 per bypass; you pay only for a maximum of 4 bypasses in 24 hours – less than \$4 per truck, per day no matter how many times you bypass
Savings	<ul style="list-style-type: none"> • Fuel – Saves fuel spent idling in line and on start/stop cycles in station; also, more than a half-gallon each time a loaded truck pulls out • Hourly wages – Shortens drive time and reduces overtime • Maintenance – Reduces parts wear and tear due to decreased braking and acceleration
Driver friendly	<ul style="list-style-type: none"> • Morale builder; drivers reach destinations quicker and can make up for delays • Recruiting incentive • Quicker turn times • Improvement in down times between delivery and pick up
Safety	<ul style="list-style-type: none"> • Compliance improvements in hours of service • Decreased exposure to highway backup • Decreased risk from merging on and off freeways
Data privacy	<ul style="list-style-type: none"> • Data is not available for enforcement purposes
Customer satisfaction	<ul style="list-style-type: none"> • Improved on-time service • Improved equipment availability • Improved appointment and scheduling
Load impact at scale	<ul style="list-style-type: none"> • Surge factor - liquids • Livestock shift
Load data	<ul style="list-style-type: none"> • Load analysis by axle • Weight and load utility verification by unit and month

How PrePass can save time for your company

- If a driver encounters 3 scales, each requiring 10 minutes, during a 10-hour day, the total time lost is 30 minutes or 5% of the day.
- On a mileage basis, the same 10-hour, 400-mile shift can cover an additional 30 miles with PrePass for a 7.5% improvement in drive time.

Competitive advantage

Only quality carriers with professional drivers and safe operating credentials can participate. A current vehicle registration and acceptable government safety rating are required along with other state-mandated credentials. PrePass gives quality carriers an edge over companies who can't make the grade.

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PrePass

PrePass Deployed at South Haven

Qualified motor carriers may now comply electronically with Kansas safety, credential and weight requirements while bypassing the South Haven weigh station at highway speed using PrePass. Other Kansas locations, including weigh stations in Olathe, Kanorado and Wabaunsee County will soon be automated with PrePass technology.

The PrePass system at South Haven is the first for Kansas. The site was dedicated in a grand opening ceremony November 16.

According to KMCA Executive Director Tom Whitaker, "PrePass will bring Kansas trucking companies and shippers improved efficiency, while simultaneously enhancing highway safety for all motorists. We're pleased the South Haven weigh station is the first Kansas facility online."

Thanks to the work of many people in the transportation industry, PrePass is now available to qualifying motor carriers. Groups including the Kansas Turnpike Authority, Kansas Dept. of Transportation, Kansas Highway Patrol, Kansas Dept. of Revenue, Kansas Corporation Commission and Kansas Motor Carriers Association worked closely with the PrePass staff to develop a program that would benefit everyone involved.

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Lt. Governor Gary Sherrer and Dick Landis, HELP, Inc. cut the ribbon at the opening



Demonstration given to observers at the South Haven opening

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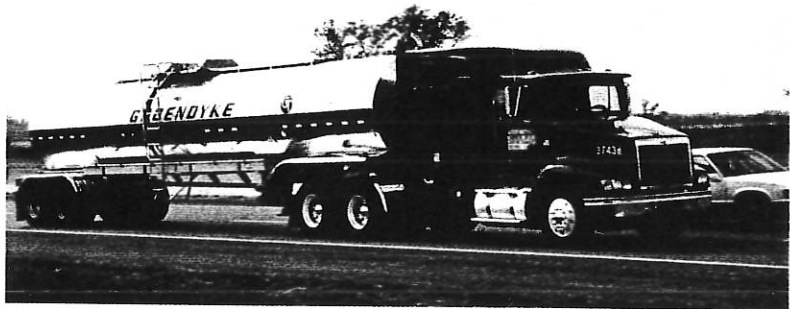
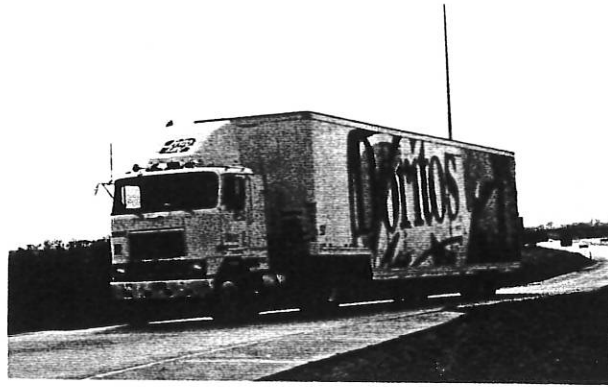
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The PrePass technology enables qualified motor carriers to electronically comply with Kansas safety and credential requirements at highway speed. Only motor carriers with proven safety records qualify to participate in PrePass, and participation is voluntary.

As qualified trucks approach a PrePass-equipped inspection facility, an in-cab transponder identifies the vehicle to a computer, which verifies compliance with state requirements. Vehicles in compliance receive a green light on the in-cab transponder instructing them to bypass the inspection facility at highway speed.

PrePass has been deployed at no cost to the State of Kansas or the Kansas Turnpike Authority. Participating motor carriers pay a nominal fee each time they bypass. ^{MAT}

Frito Lay Service & Distribution, Topeka, KS and Groendyke Transport, Inc., Enid, OK volunteered trucks for the PrePass demonstration.



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... insurance companies and the trucking industry have to operate.

"Law enforcement and the insurance companies have a role here, too," Burns added. "We need stepped up, tougher enforcement of traffic safety regulations and insurance companies must begin denying coverage to unsafe carriers and drivers to don't belong on the road."

Michael J. Riley, President of the Motor Transport Association of Connecticut and Chairman of the 50-state Trucking Association Executive Council (TAEC) said: "We know that since 9-11 it is costing everyone more to do business. But ours is an industry where 80 percent of trucking companies have 20 or fewer trucks, where profit margins are slim, and where undue costs at one end threaten the entire business. We have to drive insurance costs down or our hometowns are going to lose some family-built, family-owned trucking companies and all of America's freight deliveries will slow down."

"For the short term, ATA is developing educational materials for state association members -- of all sizes -- to assist them in providing and promoting better safety programs and practices, better driver training, and monitoring systems, better safety incentive programs, better loss prevention systems -- all of which can lead to lower insurance rates.

"Simply put," said Canary, "we move the American economy. If increased insurance rates put us out of business -- America stops."

ATA Background

The U.S. trucking industry hauled nine billion tons of freight in 2000, nearly 68 percent of the freight moved in the U.S. The trucking industry produces five percent of the Gross Domestic Product and employs nearly ten million people. Up to 75 percent of the communities in the U.S. depend solely on trucking for their deliveries.

There are more than 500,000 interstate motor carriers registered in the U.S. However, the industry is made up predominantly of small businesses, with over 81 percent of motor carriers operating 20 or fewer trucks; more than 73 percent have six trucks or less.

• ATA survey of 1000 trucking companies indicates that primary insurance rates, i.e. general liability coverage, increased by an average of 32 percent

for carriers renewing in 2001, compared to a 17 percent hike for carriers renewing in 2000.

- Carriers renewing primary insurance after 9-11-01 report an average price increase of 37 percent, compared to 30 percent increase for those renewing primary insurance prior to 9-11-01.
- Carriers renewing primary insurance after 9-11-01 reported an average price increase of 120 percent, compared to 74 percent increase for those renewing before 9-11-01.
- The insurance rate increase for some motor carriers ranges from \$2000 to \$4000 per truck.

While umbrella rate increases were a problem for most carriers in 2001, the 9-11-01 terrorist attacks have exacerbated the problem.

- Larger carriers report a 177 percent increase in umbrella insurance rates while small carriers report a 76 percent hike.
- Carriers that haul hazardous materials (HazMat) received a 111 percent jump in umbrella premiums, while those not hauling HazMat received an average 71 percent increase.

The rate increases do not significantly across the U.S. While the number of claims against trucking companies has been decreasing, the costs-per-claim is going up.

Although government statistics and our own experience tells us that the majority of trucking companies are driving safer than ever before, in general, their insurance rates this year do not reflect their record of safer driving.

Some in the trucking industry feel the hikes are due to insurance companies attempting to recoup stock market losses, reaction to the 9-11 terrorist attacks, and the move from a "soft market" to a "hard market" for trucking insurance. With this major financial squeeze on already thin profits margins of one to three percent, the ever-increasing costs of insurance is a threat to the financial well-being of the industry. **MAT**

Please send replies or comments regarding this issue to KMCA, PO BOX 1673, Topeka, KS 66601-1673, or by email to lwagner@kmca.org. This topic will be continued in the May-June issue of the Transporter.

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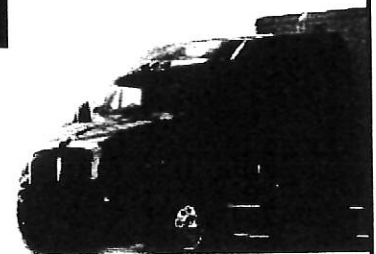
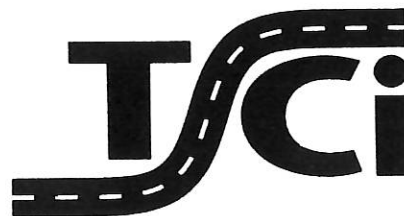
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