

GrasslandOregon

Blog

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The new electronic logging requirements and what they mean for 2018.

Transportation Issues Update

By Phill Lindgren

It's a new year. Usually, freight rates drop after the first of the year. This year they have not. There are many reasons why this may be happening.

1. Driver shortage. It is estimated that 10% of the truck capacity went away when the new ELD requirements went into effect.
2. Operating cost. The new ELD hardware costs money plus they have to buy a monthly plan for reporting.
3. Truck to load ratio. The average over the last 12 months was 3.2 loads for every 1 truck. The last 90 days has been 4.6 to 1.



I don't expect rates will come back down much in the coming weeks and will definitely increase during the peak seasons. The rail is not looking much better. Spring is typically a slower shipping season so equipment shouldn't be a huge issue but Dray capacity will be an ongoing problem.

Normally we see minor rate increases each year but this year we may see a major increase in some lanes. This is the carrier's way of saying they don't want that business. Their reasons may be dray capacity, equipment imbalances, long hauls from the ramp, etc. The dray carriers want to make as many turns in a day as possible and if the destination is too far away, they may not even be able to get back before they have to shut down for their mandatory 10 hrs. The last I heard, the rail ramps are running at around 110% capacity, so they can be picky about what lanes they want.

The Fall season has the potential to be as bad as 2017. Some changes to think about:

-No more multiple pickups or drop offs. This adds time the dray companies do not want or need. I have been informed that longer drays at or above 200 miles or about 4 hours could cause a shutdown situation. If layovers happen, they probably will be billed as a separate line item on the freight invoice.

-Rail weight changes. Some rail providers have asked that the load weight be dropped to 41,000 lbs. of seed. This will cut the possibility of overweight issues that are expensive and take time drivers can no longer spare.

-Looking forward we will all need to be proactive. Start thinking about the future, now. Try to get a projection to your sales person as soon as possible. If we can give our freight providers an idea of what we need and a rough shipping date, in advance, we can help keep rates down and get you the products you want, when you want them.