2018 Overview of the Trucking Industry

Challenges and Opportunities

Presented by the

Colorado Motor Carriers Association

August, 2018

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Overview of Presentation

1. Overview/Facts about the Colorado Trucking Industry
2. Industry's Greatest Challenge – Driver Shortage
3. Possible Solutions and How the State Could Help

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Economic Impact of Trucking in Colorado

- Trucking employed almost 100,000 people in 2014
- 1 out of 20 workers work in trucking related businesses
- Trucking pays almost $4.8 billion in wages
- There are 12,660 trucking companies located in Colorado, most of them small, locally owned businesses. (most have less than 10 employees)

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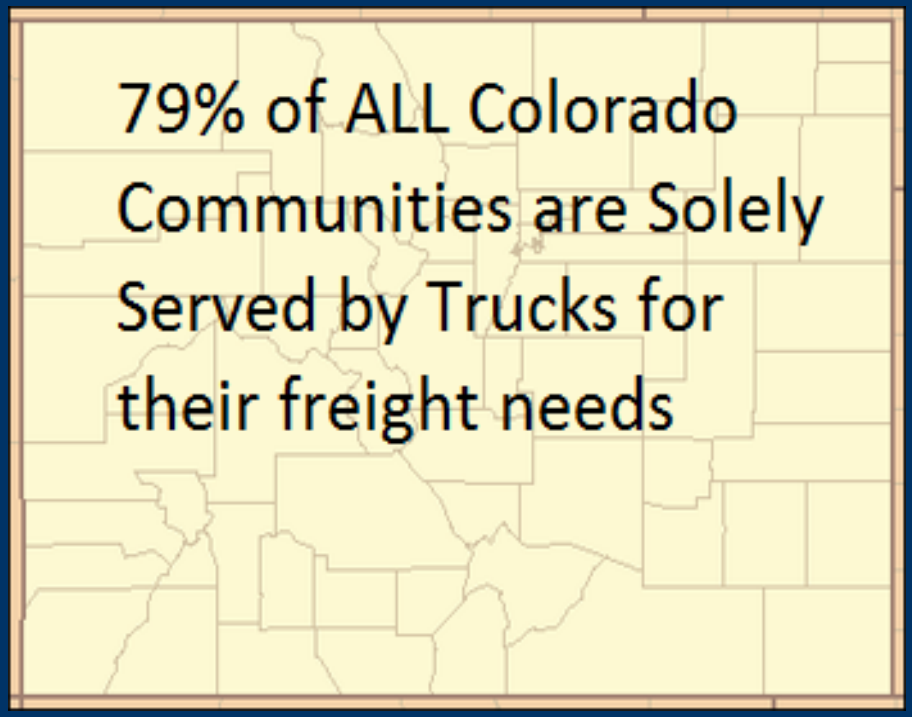
Trucking is Essential to Colorado's Economy and Well Being



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ANNUALLY, **$323 BILLION** IN GOODS ARE SHIPPED TO AND FROM SITES IN COLORADO

75% ARE CARRIED BY TRUCKS

WWW.TRIPNET.ORG

TRIP
a national transportation research group

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TRUCKING IS SAFE

From 1980 - 2014, the large truck-involved fatal crash rate per 100 million miles dropped 74%.

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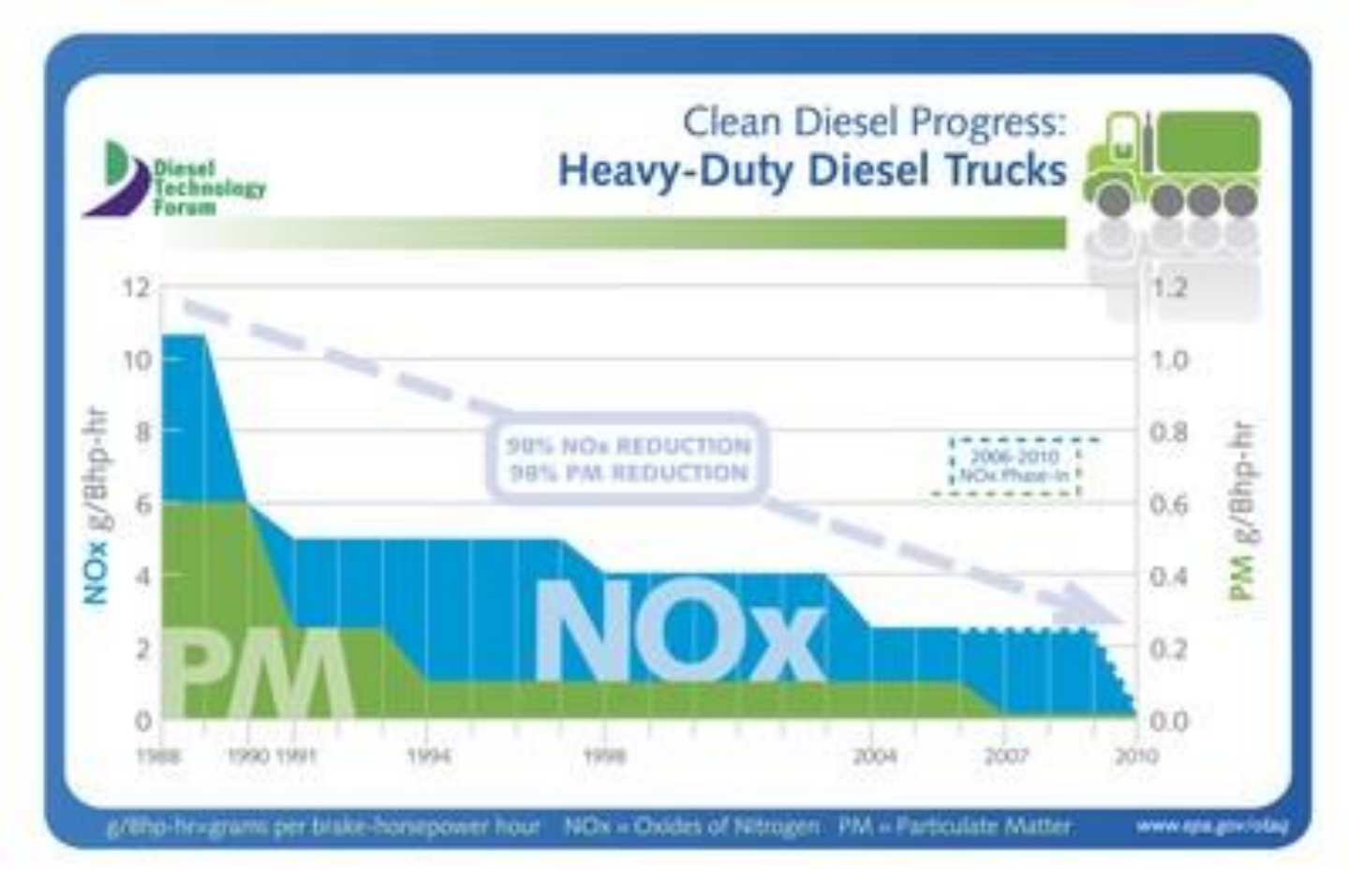
Trucking is Clean and Getting Cleaner

An Impressive Record of Emission Reduction



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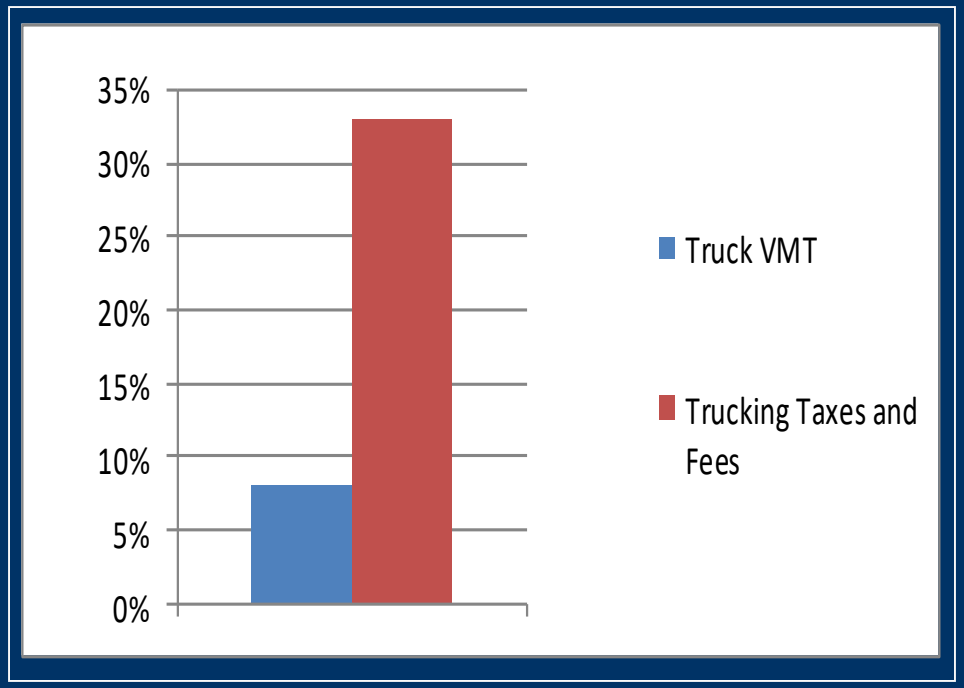
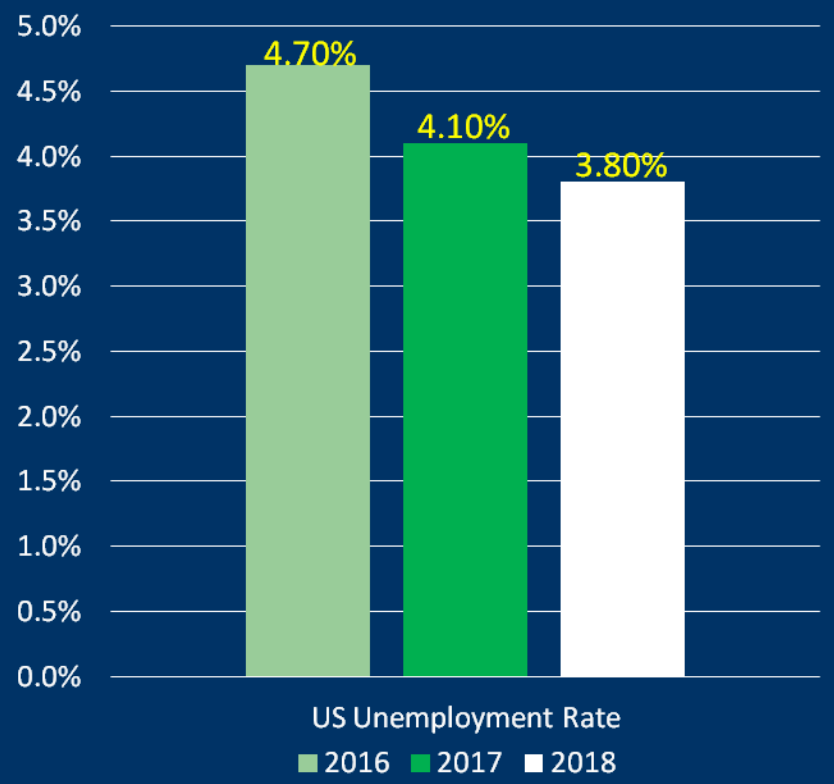
Trucking Pays it's Fair Share



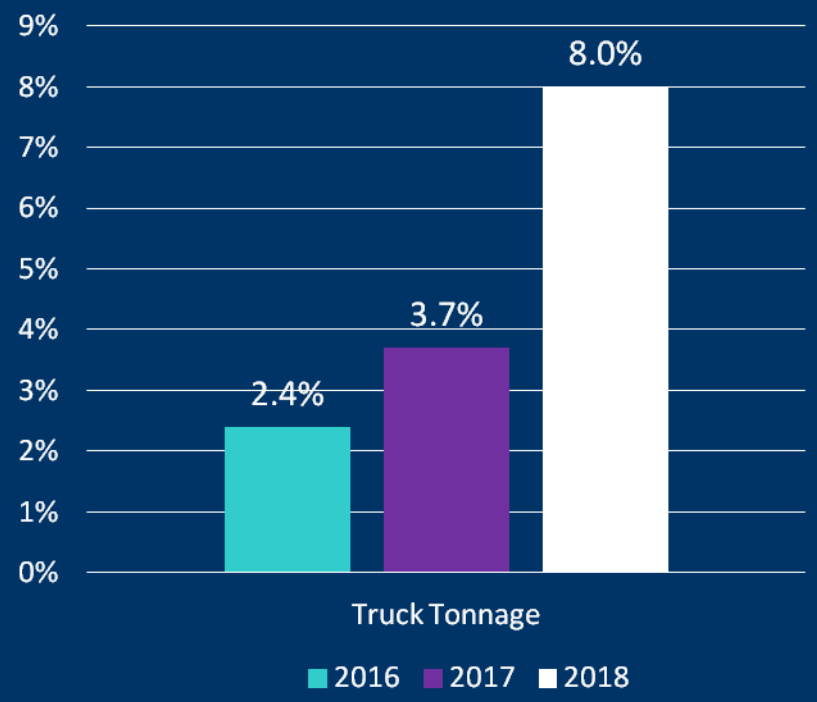
- Trucking industry paid $443 million or 33% of Colorado's federal and state roadway taxes and fees in 2011
- Trucking only represents 8% of vehicle miles traveled in Colorado.

Freight Vital Signs
Employment and Tonnage Are Up

Unemployment is Down



Truck Tonnage is Up

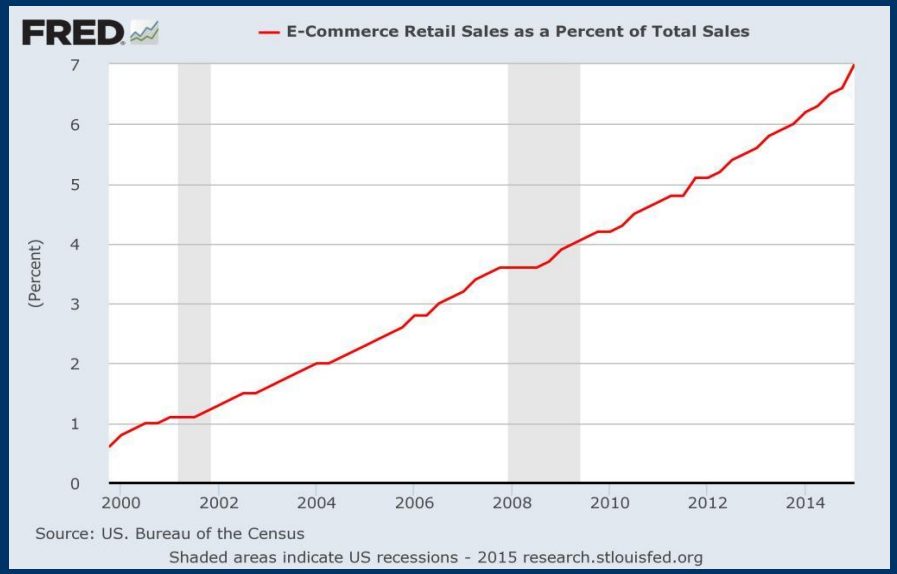


Sources: Bureau of Labor Statistics on left; ATA on the right. 2018 is year-to-date is through May for unemployment and April for tonnage.

E-Commerce

Big Factor in Freight Movement and Driver Shortage

"Point – Click – Truck"



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Truck Driver Shortage

"Running on Empty"

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Driver Shortage
Bad and Going to Get Much Worse

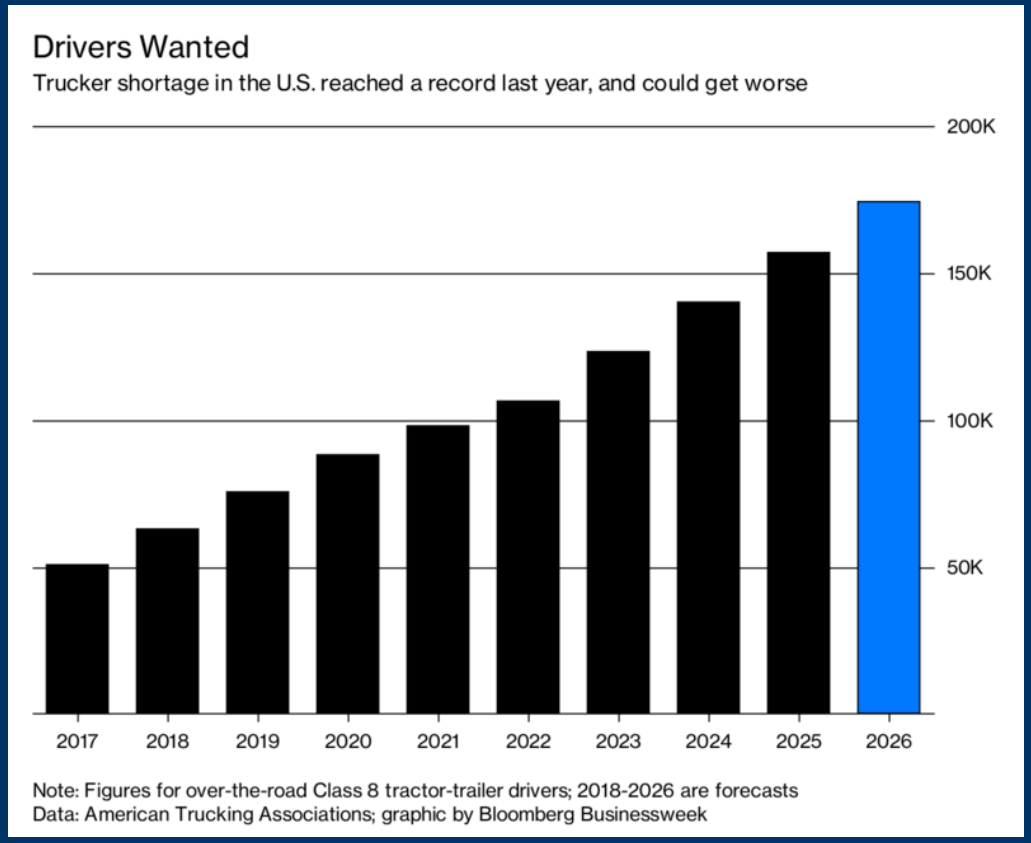

Chart only reflects shortage of long haul tractor-trailer drivers. Including local and regional drivers of tractor-trailers as well as delivery trucks, **the nationwide shortage today is over 280,000**

Truckdriver Shortage is National Issue and Story

- **America has a massive truck driver shortage. Here's why** - Washington Post- May 28, 2018
  - **Why the Trucking Shortage Is Costing You** - Bloomberg- Aug 1, 2018
- **Get in Line: Backlog for Big Rigs Stretches to 2019** - Wall Street Journal- Aug 17, 2018
  - **Trucking industry faces driver shortage** - CNBC-Aug 3, 2018
- **Drivers Wanted: Why the Trucking Shortage Is Costing You** - Fortune-Aug 1, 2018
  - **Pressures of America's Truckdriver Shortage on Restaurants** - Forbes-Jul 24, 2018

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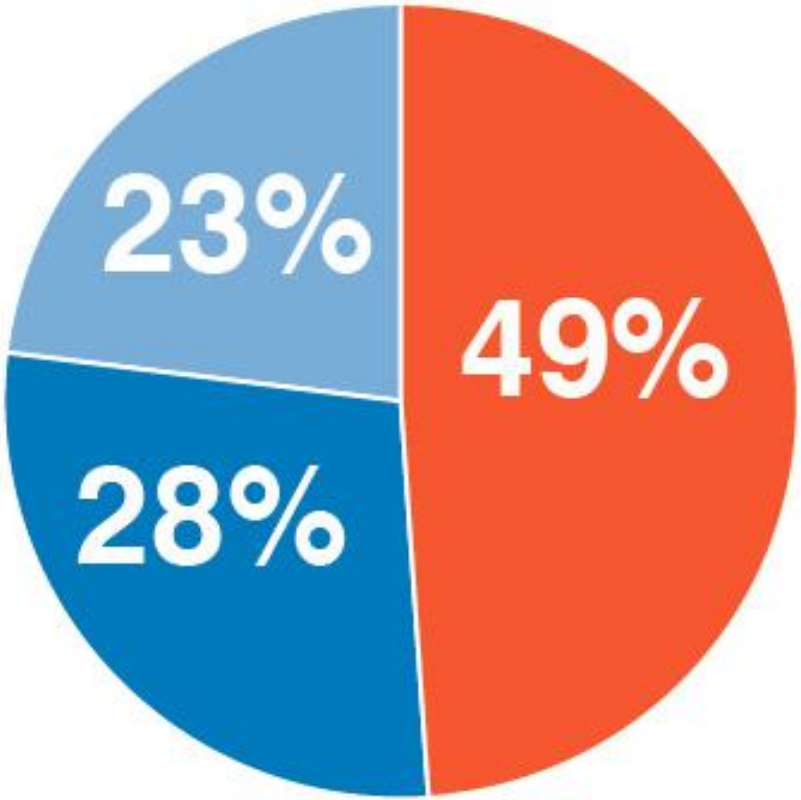
What's driving the shortage?

49% Due to Retirement

28% Due to Industry Growth

23% Due to Drivers Quitting, Dismissed or Disqualified



SOURCE: AMERICAN TRUCKING ASSOCIATIONS

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Demographics and Other Challenges Fueling the Problem

- Age - Median age of over-the-road truck driver is 49 compared to 42 for all U.S. In 1993 9% of drivers were 55-64 years old, but by 2014 **20.1% of the drivers were 55-64 years old.** In addition the age requirement to drive across interstate lines is 21.
- Lack of Female Drivers - While women make up 47% of all U.S. workers, they only comprise 6% of all truckdrivers.
- Lifestyle - Truckdriving may involve being on the road for a week or more, that lifestyle is not attractive to people
- Greater Job Options - The job market has improved and there are more job alternatives, particularly in oil and gas as well as construction available for current and would-be truck drivers.
- Difficult Regulatory Environment – Very regulated industry with substantial amount of rules and laws for drivers

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Women in Trucking

Women make up 47% of the labor force

But only 6% of truck drivers are women.

-American Trucking Associations

"There are physical differences between men and woman that present a challenge to getting more females into the cab."

Elen Voie
President of the Women in Trucking Association

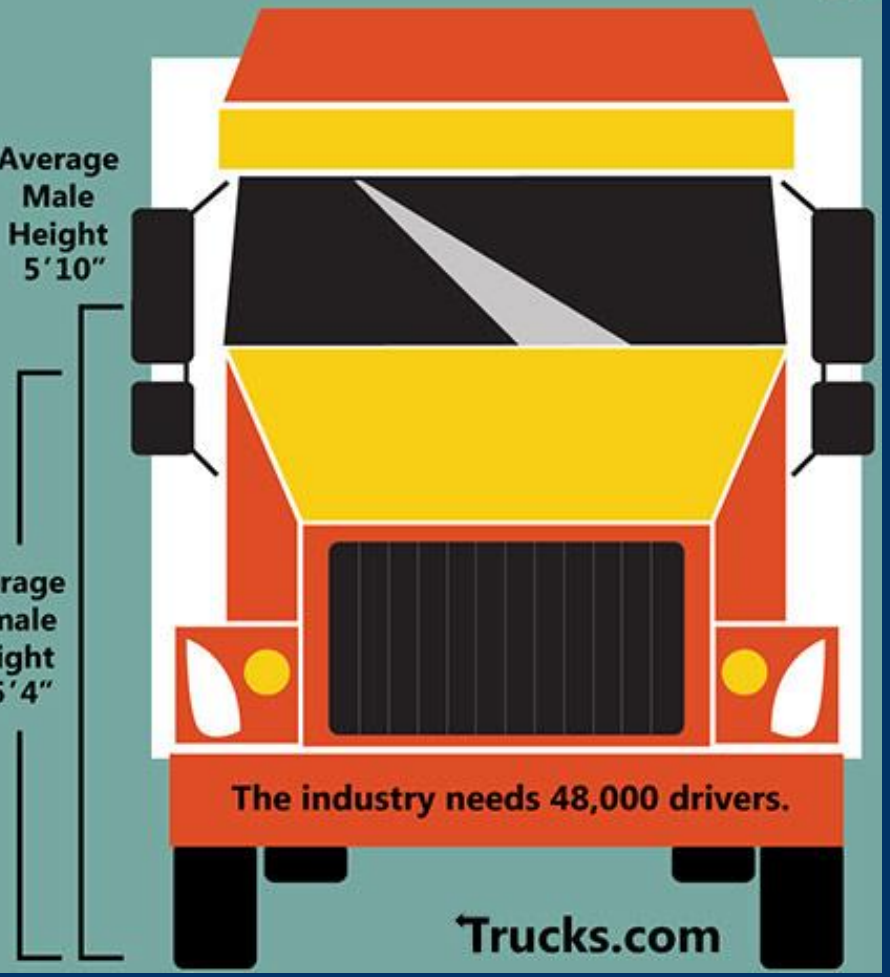
AVG Male Driver Weight

213 LBS

AVG Female Driver Weight

160 LBS

Female truck drivers weigh 25% less than male truck drivers.
- Women in Trucking Association



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Driver Supply/Freight Demand

OTR Driver George "I just didn't want to drive anymore. I hated it. It didn't bring me the joy or money I expected."

What does an OTR driver experience on a daily basis?

- Waits for his assignment and doesn't always know where his next assignment make take him
- Treated as low person in the chain of command
- Sleeps in a truck
- Eats meals in a gas station
- Spends holidays alone
- Waits in line
- Is told he is at the wrong building, he has the wrong paperwork or has to reschedule
- Debates on reconciliation of settlement
- Mental, Emotional, and Physical Exhaustion

Source: Fleetowner.com Quarter 4 2017

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Impact of Driver Shortage on Businesses and Consumers

- Increased Costs
  - Amazon recently implemented a 20% increase for its Prime program that delivers goods to customers in two days
  - Pepsico blamed the driver shortage for the 16% drop in operating profits at their North American beverages unit
  - Home Depot indicated transportation costs were almost $49 million higher for 2nd Quarter due to higher costs of driver shortage
  - Tyson Foods said says that the driver shortage forced its freight costs to spike by an estimated $200 million this year.
  - Procter & Gamble said that 2018 commodities and transportation costs as impacting results by $500 million
- Delayed Deliveries and Shipments
- Embargoed Freight
- Concerns over Adverse Impacts to Economy

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Factors that Worsen the Driver Shortage in Colorado

- Low Unemployment Rate – 1% below national
- Legalization of Marijuana
- Traffic congestion – lost driving time
- Lack of Adequate Truck Parking for Rest Periods
- Competition with Surging Oil and Gas and Construction Sectors
- Greater Level of Parcel/Package Home and Business Delivery
- Last mile problems in urban areas
- Freight Imbalance

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The true impact of TRAFFIC CONGESTION on TRUCKING

*Traffic congestion on U.S. roads is an inconvenience to everyone that drives them. The **economic impacts to the trucking industry** as a result of traffic congestion is **downright staggering.***

Key drivers of increased traffic congestion in 2015:

- The largest increase of traffic related accidents and fatalities in over **50 years**
- Increased growth of annual U.S. Gross Domestic Product (GDP) by **2.596%**
- Growth in e-commerce sales of **14.6%** over previous year
- Significant **weather** events
- Increased road **construction**

TRUCKING IMPACT STATS

996M

hours of delays to the trucking industry because of congestion

362,243

commercial truck drivers sitting idle for an entire working year

$63.4B

cost impact in 2015 due to idle truck time

*Congestion-related costs continue to rise and impact our supply chains. **A five minute delay for each UPS vehicle, every day, costs UPS $105M** annually in additional operating costs.*

Average cost of congestion per truck ranged based on miles travelled annually from 25K miles, at a cost of

$5.6K to **$35K**

annually per truck traveling 150K miles

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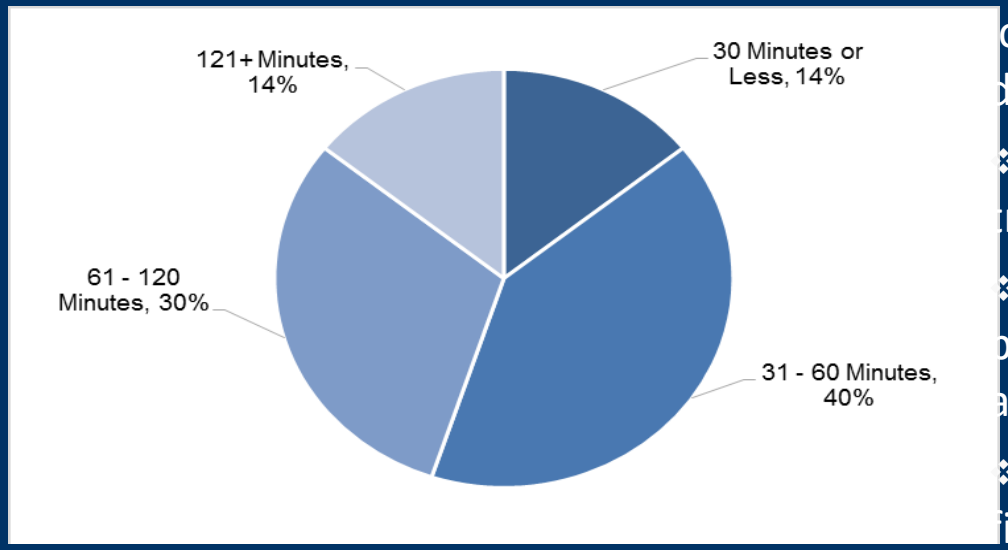
Contributing Factor to Driver Shortage
Truck Parking - Bad and Getting Worse

Average Daily Productivity Loss per Driver



Truck drivers in Colo. lose on avg 56 minutes a day of drive time trying to find parking – equating to $4,600 in annual lost wages

- Truckdrivers are required by law to take a 10 hour rest break daily which requires them to park at a safe location
- Not only a safety concern but also the loss of drive time creates greater need for drivers
- Truck parking is the 2nd greatest issue for truckdriver surveys
- While truck traffic has increased, truck parking in CO. has decreased as rest areas and other locations have closed
- 80% of drivers found it more difficult to find truck parking in Colo. than surrounding states
- The I-70 corridor west of Denver was ranked as the most difficult to find parking

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Industry Response to Relieve Driver Shortage

- Driver Pay Increases: The shortage of drivers is creating higher wages, which are beginning to increase significantly. Sign-on bonuses are being and an improved total compensation package in the industry. ·
- More At-Home Time: Potential drivers are often hesitant to take a job that requires so much time away from home,
- Improved Driver Image: The public perception of a truck driver has unfortunately a tendency to be negative. Creating a positive image will hopefully highlight a demanding but rewarding
- Better Treatment by the Shippers and Customers: Compounding the already difficult lifestyle, drivers often complain of mistreatment at shipping and receiving facilities. Improving the experience for drivers at drop-off and pickup locations would make for a more attractive career
- Expansion of Times and Days of Delivery – Sunday and evening deliveries added
- Aggressive Recruitment and Retention Programs
- Seeking Temporary Guest Worker Drivers to Fill Void in Short Term

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Truckdriver Salaries Rising by the Week

Annual truck-driver salaries rose between 15% and 18% from 2013 to 2017
+ Sign-on Bonuses that could reach $10,000

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How Bad is It?

- DBJ Lists Truckdriver as the second most in demand job in the state (only behind nursing)
- Indeed.com lists 3,958 job postings for truckdrivers in CO. today
- Hundreds of companies in different sectors are short truckdrivers which is affecting freight pickups, deliveries, and overall business
- Companies are embargoing freight while waiting for trucks and drivers to free up
- Worst may be yet to come with Christmas season coming during an already tough freight market and major construction projects such as I-70 coming on line that will further stress the system. Finally high oil prices are fueling higher production and more oil field trucks.

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Possible Solutions to Shortage

- Support a Pilot Program for a Lower Driving Age. Interstate driving has an age minimum of 21. The 18-20 year old segment has the highest rate of unemployment, yet this is a segment industry cannot access
- Support/legislation to fund a training/apprentice program similar to one for the trades to assist individuals to become drivers
- Support for program for departing soldiers to have opportunity to be trained at no cost in last six months on duty and have a guaranteed, good job upon leaving. *Need assistance with military authorities.*
- Greater outreach to women and minorities as to a career in trucking
- Seek to recruit/incorporate hard-to-employ individuals
- Use of Temp. Guest Worker Drivers from Other Countries to Fill Void
- Enhanced productivity – productive trucks - LCVs, platooning
- Provide regulatory reform in hours of service

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Thank You and Remember Without Trucks Colorado Stops!

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