



The IWLA Government Affairs Update

July 23, 2024

Immediate Warehouse Issues

IWLA Welcomes Fernandez Jensen Kimmelshue Government Affairs as New California State Affairs Representative

IWLA recently tapped Fernandez Jensen Kimmelshue Government Affairs (FJK) as its new California State Affairs Representative. This decision follows an extensive search conducted by IWLA and leaders of the IWLA California Chapter. FJK is uniquely positioned to best advance IWLA's interests with state legislators, regulators, and the administration in California. FJK's tenacious, boots-on-the-ground lobbying style and its relentless commitment to clients' priorities make the firm the ideal choice to actively promote IWLA California priorities and to achieve our legislative goals. "We are confident that FJK's expertise and dedication will greatly benefit our advocacy efforts in California," says IWLA President & CEO Jay D. Strother. "The firm's proactive approach and deep understanding of the state's legislative realities will help third-party warehouse operators navigate a not-always-business-friendly landscape." FJK Partners Kirk Kimmelshue and Courtney Jensen will serve as IWLA's principal points of contact and lead lobbyists. Please join us in welcoming Kirk, Courtney, and the entire FJK team to IWLA. We look forward to a successful partnership as we continue to advance the interests of the warehouse logistics industry in California.

[Read Biographies](#) [Learn More About FJK](#)

OSHA Proposes Rule to Protect Workers from Extreme Heat

The Department of Labor released a proposed rule July 3 designed to protect millions of indoor and outdoor workers in the U.S. from extreme heat. The proposed rule would require employers to develop a Heat Injury and Illness Prevention Plan to control and mitigate hazards in workplaces impacted by excessive heat. The standard would require employers to evaluate heat risks and, when necessary, provide drinking water, rest breaks and control of indoor heat. It also would require plans for workers accustomed to working in high heat. Once the proposed rule is published in the Federal Register, the public will get to submit written comments. OSHA also said it anticipates a public hearing on the rule after the close of the written comment period. [Read More](#) [Read OSHA Press Release](#)

New Indirect Source Rule Proposed in New Jersey Legislature

Earlier this month New Jersey lawmakers introduced the Warehouse and Port Pollution Reduction Act, which aims to reduce truck pollution through an Indirect Source Rule and would hold warehouse operators financially responsible for truck emissions associated with their facilities—despite the fact that these operators (in most cases) do not own or control the trucks that service their warehouses. The act mandates the assessment and reduction of emissions from warehouses and ports, and directs operators to transition from diesel to electric vehicles over time. IWLA believes this bill unfairly targets warehouses for actions outside their control and it fails to consider the substantial negative economic impact it would have. "IWLA supports environmental stewardship and efforts to mitigate pollution; however, this bill places an undue burden on warehouse operators for emissions over which they have no control, potentially jeopardizing the economic viability of our industry in New Jersey," says IWLA President & CEO Jay D. Strother. "Onerous taxes and fees could drive warehouses out of the state, leading to significant job losses and increased truck traffic entering New Jersey, thus exacerbating pollution rather than reducing it." IWLA is active in a coalition opposing any passage or implementation of an Indirect Source Rule in New Jersey and we will provide updates to membership as these developments progress. [Read More](#) [Read Bill](#)

Air Freight Could Take 'Days or Even Weeks' to Recover from CrowdStrike Crash

Supply chain stakeholders are still assessing the fallout from a global CrowdStrike cybersecurity software outage, with the air freight industry expected to experience the largest impacts. A glitch brought on by a software update for CrowdStrike's platform reportedly caused Microsoft Windows systems to go down across the globe on July 19, grounding thousands of flights, temporarily shutting down ports, and even affecting banks and hospitals. While most industries have recovered in the days since the outage, supply chain consulting firm Xeneta says that air freight will likely take the longest to bounce back. "Planes and cargo are not where they are supposed to be, and it will take days or even weeks to fully resolve," Xeneta chief air freight officer Niall van de Wouw told CNBC. Because of tight air freight capacity, even the brief day-long delay from the CrowdStrike outage was enough to lead to ripple effects on shipping times, with FedEx and UPS warning customers to expect delays for package deliveries, according to CBS News. Meanwhile, ports have reported minimal impacts. Both the Ports of Los Angeles and Houston were able to get their systems back online by mid-morning on the day of the outage, while the Port of New York and New Jersey had its terminal up and running again within hours of the CrowdStrike system crash. [Read More](#) [Read Even More](#)

Regulators Nervous About Rail Freight Decline

Federal regulators are summoning executives from the major freight railroads to a rare public hearing to explain how their companies plan to invest in and grow their business amid concern over recent negative volume trends. In a notice published July 12, the Surface Transportation Board, which regulates railroad rates and service, said it also welcomes railroad customers, suppliers, and rail labor to testify during the two-day hearing on Sept. 16 and 17 at STB headquarters in Washington, D.C. "The board has an interest in the health and growth of the industry and the need for rail customers to move their goods efficiently and reliably," the notice states. "While the board recognizes that some shifts in volume may not be primarily within the control of rail carriers, the board has observed that over the past ten years carload volumes have not grown, and have in fact decreased." To back its assertion, the STB pointed to a recent report published by the Federal Reserve of St. Louis showing railroad carload traffic declining 28 percent from May 2014 to May 2024. "The board wishes to explore how industry participants are strategizing and innovating to reverse this recent trend and achieve freight rail growth ... as well as the challenges and effects associated with a failure to grow." The STB is asking the railroads to reveal plans for short-, medium-, and long-term growth, including investment details by traffic type, and is encouraging short lines to provide growth plans as well. [Read More](#) [Read STB Notice](#)

US East and Gulf Coast Dockers Ready to 'Hit the Streets' in 80 days

US East and Gulf Coast port workers are prepared to "hit the streets" on Oct. 1, according to the president and chief negotiator of the International Longshoremen's Association (ILA), Harold Daggett. The current master contract between the ILA and US Maritime Alliance (USMX) expires on Sept. 30, and Daggett warned that the employers were "running out of time" to negotiate a new agreement. "Only 80 days remain before the end of our current contract and we are waiting on USMX," he said on July 12. Mr. Daggett said the ILA members were "100 percent behind him" and willing to "hit the streets" on Oct. 1 if the union's contract demands were not met. The ILA cancelled master contract negotiations with the USMX on June 10, after union members took issue with APMT/Maersk's "auto gate system", which autonomously processes trucks, "violating our current master contract," explained Daggett. The union is also waiting for the results of an audit of jobs created out of new technology – a report it has "been anticipating for almost two contract periods." Daggett emphasized that the union would not "entertain any discussions about extending the current contract," or on getting help from outside agencies to "interfere with negotiations," which, he said, "includes the Biden administration and Department of Labor." A strike across the East and Gulf Coast ports would cause major supply chain issues, especially with West Coast port workers not accepting diverted cargo in solidarity. [Read More](#)

IWLA Holds Inaugural Regulated Goods Council Quarterly Update

On June 27, IWLA hosted its first Regulated Goods Council Quarterly Update call. We had over 40 participants join us as Jeff Markey and the team from Elevate Government Affairs presented an update covering the latest developments and new regulations related to the handling of chemicals and other regulated goods. Some of the topics covered included OSHA's National Emphasis Program (NEP) targeting warehouses and their new HazComm standards; EPA's new Risk Management Program (RMP) and Worst Case Discharge rules; FDA state licensure under the Drug Supply Chain Security Act; legislative priorities such as CFATS Reauthorization, the CTPAT Pilot Program, and Warehouse Worker Protection Act; as well as various state-level issues affecting the regulated goods industry. We also had a robust discussion of IWLA's recent legal challenge to OSHA's Worker Walkaround Rule, which grants OSHA inspectors the authority to allow third-party participants to accompany them on inspections.

As a reminder, all IWLA member companies are automatically members of IWLA's Regulated Goods Council. The IWLA Regulated Goods Council is a group designed to educate, inform, and share best practices related to storing and handling chemicals, hazardous materials, and other regulated goods in warehouses. It focuses specifically on the role that 3PL warehouses play in the regulated goods supply chain and offers peer-to-peer resources for answering your questions and sharing information. Look for upcoming announcements on our next quarterly update, as well as new webinars and whitepapers that the Council is currently preparing. [Watch the Recording](#)

Updated Warehouse Issues

Canadian Border Agents Ratify Labor Deal

Canadian border agents overwhelmingly ratified a new four-year labor agreement, the government of Canada and the Public Service Alliance of Canada and Customs and Immigration Union announced July 4. More than 90 percent of the members who cast ballots voted in favor of the new labor deal, which covers the period between June 2022 and June 2026. A spokesperson for the union would not disclose how many of the more than 9,000 represented members participated in the ratification vote. The union and the Treasury Board of Canada Secretariat reached a tentative four-year labor agreement on June 11, with the two sides reaching a consensus after nine days of mediated talks. The represented members of the Canada Border Services Agency had been working without a contract for two years. A strike had been scheduled to start at 12:01 a.m. EDT on June 7 but was delayed as talks continued, ultimately concluding with the tentative labor deal. There were concerns a strike could have led to traffic back-ups at more than two dozen border crossings and longer processing times for freight being shipped between the U.S. and Canada. [Read More](#)

Amazon's Prime Day a 'Major' Cause of Worker Injuries, Senate Probe Finds

Amazon Prime Day, the 48-hour discount blitz that occurred last week, is a "major" cause of worker injuries, according to the preliminary results of a Senate probe. The Senate's Health, Education, Labor and Pensions, or HELP, Committee on Tuesday released the interim results of a yearlong investigation into Amazon's warehouse working conditions just as the company holds its annual Prime Day deals event. Amazon provided the committee with internal data from Prime Day 2019 that showed its total injury rate, including injuries the company is not required to disclose to the Occupational Safety and Health Administration, was "just under" 45 injuries per 100 workers, which amounts to "nearly half of the company's warehouse workers," the report states. Amazon has faced scrutiny in recent years over its workplace injury record and its treatment of warehouse and delivery workers. It's been cited by federal regulators for safety violations. OSHA and the U.S. Attorney's Office are investigating conditions at several warehouses, while the U.S. Department of Justice is examining whether Amazon underreports injuries. [Read More](#) [Read Senate HELP Report](#)

Biden Admin Pledges \$5B for Bridges to Shore Up 'Critical' Freight Corridors

The Biden administration has announced \$5 billion in new funding for bridges operating as "critical corridors for freight" across the country. The money will go toward rebuilding, repairing, and restoring 13 "nationally significant" bridges across 16 states, according to the U.S. Department of Transportation. That will include nearly \$1 billion to replace the Sagamore Bridge in Cape Cod, Massachusetts, \$1.4 billion to replace two bridges connecting the main freeway corridor between Portland, Oregon and Vancouver, Washington, and \$394 million to replace the interstate bridge between Memphis, Tennessee and West Memphis, Arkansas. "For too long America let bridges fall into disrepair, which left people less safe, disrupted our supply chains, and cost people time and money," U.S. Transportation Secretary Pete Buttigieg said in a release on July 17. In March, the Biden administration asked for \$109 billion in its 2025 fiscal budget to help address the nation's supply chain infrastructure. Around \$675 million of that was set aside for repairs on aging bridges, while nearly \$860 million was put toward shipping infrastructure and climate sustainability projects at U.S. ports. [Read More](#) [Read DOT Press Release](#)

New Jersey Senate Passes Bill to Rightsize Shipping Boxes

The New Jersey Senate passed a bill that would prohibit large online and major retailers in the state from shipping products to consumers in cardboard or corrugated boxes that exceed two times the volume of the product being shipped. S226 passed in a 21-15 vote earlier this month. The bill, sponsored by Democrats Bob Smith and John

McKeon in the Senate, and Clinton Calabrese and Annette Quijano in the Assembly, was sent to the Assembly and referred to the Commerce, Economic Development and Agriculture Committee. New Jersey's two-year legislative session runs until Jan. 13, 2026. This is one in a group of packaging and plastic-related bills still in play in New Jersey, including an extended producer responsibility for packaging bill. A couple of bills related to recyclability, plastic reduction, and toxics restriction have been reported out of committee. [Read More](#)

Possible Strike at British Columbia Ports Halted By Canada Labor Board

A potential strike at ports in British Columbia has been halted, after Canada's Industrial Relations Board (CIRB) ruled that a strike notice from the union representing the region's ship and dock foremen was illegal. Ship and dock foremen with the International Longshore and Warehouse Union (ILWU) Local 514 in British Columbia had issued a 72-hour strike notice against terminal operator DP World Canada on July 5. But before that strike could begin, the CIRB ordered the ILWU to rescind the notice, ruling that the union had not bargained in good faith with the B.C. Maritime Employer's Association (BCMEA) on a new collective bargaining deal. The dispute between the ILWU and DP World Canada dates back to December, when the terminal operator revealed plans to unilaterally automate parts of its rail intermodal yard at Vancouver's Centerm Terminal. On June 17, the union rejected what it called the "final offer" from the BCMEA, eventually issuing its strike notice weeks later. A day later, the BCMEA threatened to "defensively" lockout ILWU Local 514 workers at all of its British Columbia ports. With the CIRB ruling against the ILWU, Canada's Federal Labor Minister Seamus O'Regan says the union and BCMEA have rescinded their strike and lockout notices, and are now working with federal mediators to come to an agreement. [Read More](#)

FMCSA Delays Speed Limiter Rule to May 2025

Federal regulators are delaying several rulemakings affecting the trucking sector, including a controversial rule that would limit new trucks' engine speeds. The Federal Motor Carrier Safety Administration's proposed truck speed limiter rule, scheduled to be published last month, has been delayed to May 2025, according to the U.S. Department of Transportation's latest agenda released by the White House Office of Management and Budget. The proposed rule, which would require that trucks weighing over 26,000 pounds be equipped with an electronic speed governor to set the device at a yet-undetermined maximum speed, was originally scheduled to be issued by mid-2023. The date for the controversial proposal, which generated close to 16,000 comments, has now been delayed three times since then. FMCSA is also delaying – by eight months – proposed changes to ELD operations, including whether they should apply to pre-2000 engines. A notice of proposed rulemaking scheduled for October 2024 has been pushed back to June 2025. In addition, a joint FMCSA-National Highway Traffic Safety Administration final rule to require performance standards and maintenance requirements for automatic emergency braking systems on heavy trucks was delayed until January 2025, nine months after its scheduled date of April 2024. [Read More](#)

Chicago Metro Area to Get First All-Water Route for Container Ships

Ports of Indiana-Burns Harbor has officially been given the go-ahead to create the first all-water container route for ships serving the Chicago metropolitan area through the Great Lakes. The container route will come as part of a project to build Lake Michigan's first international sea cargo terminal in Northwest Indiana just south of Chicago, which U.S. Customs and Border Protection approved on July 2. Although Ports of Indiana-Burns Harbor is the 25th largest port in the U.S., all containers that travel through the Chicago area are moved by rail or truck. Chicago is currently one of the nation's highest trafficked freight rail hubs, with roughly 25 percent of all freight trains in the U.S. passing through the city's metropolitan area, according to data from the Association of American Railroads. Container traffic has been a different story, though, given the difficulty of fitting larger vessels through Great Lakes waterways. The hope with the new terminal is to bring a "modern port system" to Indiana, while providing more options for container vessels for Great Lakes ports. The port expects the terminal to be fully operational sometime in 2026. [Read More](#) [Read Press Release](#)

Questions? Contact [Bruce Linderman](#) or call 847.813.4698

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The IWLA 3PL Matters Update is designed to inform you on legislative and regulatory issues that directly impact and affect your warehouse and how you conduct business. The 3PL Matters Update is disseminated every three weeks and provides a look at recent developments and activities from the prior three weeks, as well as a look at what to expect in the upcoming weeks.
