

QUESTIONS – BLOG

- 1. Could you discuss some of the details around gaining political and public support for OHD's. In our jurisdiction there are numerous municipalities with their own bi-laws and govt offices similar to the 5 boroughs, if they each ran independently). Each of these municipalities has their own noise and delivery bylaws which will need adjusted before we can implement OHD. Also did you involve the public in any part of the process, and were they supportive of this effort?**

Answer:

Multi-jurisdictional settings offer challenges and opportunities. On the one hand, coordinating the entire metro area is more challenging. On the other hand, with multiple jurisdictions there is a better chance of convincing at least one of them to give OHD a try. Finding a proactive leader, and designing and executing a good pilot test could be the key to an implementation in the larger metro area. The OHD project provides important lessons.

The project started small, with a pilot test involving 35 participants (recruiting them was an odyssey because we were in the midst of the collapse of Wall Street, and they were distrustful of the commitment of the public sector to the OHD idea). In our favor, since the concept had been thoroughly researched before going live with the pilot, the team had a very good idea about how to make it work. When we discussed the concept with the private sector, all of them simply said "this should work" (believe it or not, there were no expressions of dissent coming from the private sector). This gave us tremendous credibility in the eyes of the private sector.

By design, the pilot was a low-key undertaking that went under the radar of all stakeholders. Things dramatically changed after the pilot, which went so well that the media took notice and the private sector decided to play an active role. Our suggestion is to start small, engaging a small set of partners and stakeholders. This makes coordination easier and minimizes the risk of a catastrophic result that could kill the concept. Then, as confidence in the concept grows, you could involve more partners.

In our experience, the private sector played a key role in winning over the support of both public agencies and key decision makers. Essentially, a well-designed pilot test works wonders.



2. **How much coordination was needed to gain union support for off hour dock, intermodal yard or terminal pickup and did the off hour shift pickup/delivery program add to the cost of deliveries? How would having someone accepting the deliveries after hours impact the supply chain cost when translated to a city that doesn't have a reputation as "a city that never sleeps"?**

R/ At the end of the day the cost savings from OHD are so significant that the extra costs are fully compensated. As long as there is a sufficiently large number of receivers willing to accept OHD, the vendors would do OHD. In contrast, if only one receiver of ten receivers in the delivery tour decide to accept OHD, the vendor may refuse to provide the service because it would have to send one truck to serve that customer. Since the additional cost to the vendor is likely to be larger than the cost savings, the vendor may refuse.

Regarding the position of the unions, early in the project, the prevailing assumption was that the unions would oppose the idea. In fact, the opposite happened as the unions supported the concept. As one union leader put it (I am paraphrasing here): "the unions are concerned with the cost of living in NYC, OHD could help bring these costs under control" and they could not be seen opposing that. Granted, we did not talk to all the unions. Many of the pilot participants were not entering the business location from a loading dock or using a freight elevator during the off hours. Many entered from a street level entrance.

Moreover, a driver that is doing OHD is likely to save 2-3 hours of work, which translates into an effective pay increase (most of them get paid by delivery route completed) of between 20-30% even if the nominal wage is the same. If they elect to do OHD, why should the unions oppose the practice? We have interviewed dozens of drivers, and I can tell you they like OHD. Obviously, doing OHD work is not for all drivers.

It is very telling that the largest participant in OHD is a company with a unionized workforce. If unions were an obstacle, this company would not have been able to do it. Again, it is a matter of discussing things with the unions and found common ground.

One final point, we have interviewed probably hundreds of receivers. In some of these discussions, they conveyed to us that they valued having union drivers making the OHD. The reason: they said that union drivers have an incentive to ensure that nothing goes wrong with OHD (particularly, if unassisted deliveries are made). They said that union drivers are not going to risk their benefits.

In our experience, the unions have been accommodating and supportive of the concept. Obviously, this cannot be taken for granted.

QUESTIONS - CHAT

- 1. In developing countries like Dominican Republic, where the taxes are more centralized and less municipal based, how can you generate a structure of incentives that can be used to promote OHD?**

R/ Then, the authorities may need to create the mechanisms to provide the incentives. The cities should talk to the central government to put the incentives in place. All governments, including those in developing countries, use taxation to achieve policy goals. OHD could be one of them.

- 2. What about the safety of the drivers and products when deliveries are made at off hours and everything is closed?**

R/ Our surveys indicate that the drivers that participate in OHD feel safer.

Obviously, OHD is not a panacea that may be the solution in all cases. There may be cases in which valid concerns about safety may prevent OHD. However, this is a judgment call on the part of the potential participants. They are the ones that are better positioned to decide if OHD is for them. This is the beauty of voluntary programs: the public sector creates the conditions for OHD to take place, and potential participants decide whether or not OHD makes sense for them.

- 3. I understand that for unattended deliveries it is not a problem, but to what extent is public transport a limiting factor? In South Africa off-hour deliveries have often been shunned (maybe prematurely) due to no public transport: the receivers cannot get staff during off hours to the backdoor to receive the goods. Any experience/comment on this "lack-of-public-transport" argument?**

R/ The transit issue that you describe is most relevant for staffed OHD, where the receiving establishment needs to have workers when the supplies arrive. In contrast, if unassisted OHD are used as long as the drivers could get to the distribution center where the truck is parked, OHD would take place without problem.

- 4. How many program partners are doing unassisted deliveries?**

R/ Based on conversations with our partners, between 175 – 200 companies have shifted to off-hours

- 5. Were any on-street parking regulations changes made in NYC?**

R/ No changes had to be made but the participants can notify the Department of Transportation if there are curb regulations to be examined.



- 6. In London, local politicians who represent local residents in specific area will object strongly towards activity being moved to off-hours. Did you have a similar experience in NYC?**

R/ SH: No experience yet. The OHD program is still small and no complaints have been received as negative impact in terms of noise. The availability of low noise technologies could help mitigate these concerns.

- 7. What was the average cost of the financial incentives given to program participants?**

R/ \$2000 as one time incentive.

- 8. How could a port in the middle of the city promote or incentivize OHD?**

R/ They could help improve traffic in the surrounding areas by expanding the work hours. Many ports have limited work hours that force incoming trucks to wait, in some cases in long lines, for the port gates to open. Expanding working hours will help spread traffic and reduce congestion and production. Appointment systems could help too.

However, the impact of these measures on OHD is likely to be small as the bulk of the port traffic goes to distribution centers, not to retail stores.

- 9. I think it would be very useful to produce a 'library' of the types of incentives - maybe we can do this within the VREF CoE-SUFS? What does Jose think?**

R/ Absolutely.

- 10. Do you need a critical mass of participating receivers to make OHD cost-effective for the carriers?**

R/ It all depends on the particular conditions of the carrier. A carrier that has no OHD routes would only start a OHD route if the incremental savings are larger than the incremental costs. In practical terms, if the carrier gets enough receivers to create an OHD route with trucks utilized at 70-80% capacity, the carrier would do it. If the carrier already has OHD routes, additional receivers could be added to existing routes.

- 11. Do you have ports using OHD than does not have elevated costs?**

R/ No ports were included in the project as they do not generate as much truck traffic as the business establishments in Manhattan.

- 12. How can a port promote OHD and still be competitive with other ports, since deliveries are currently done during the day and operating at night would increase operating cost?**

R/ A port will be competitive if the customers use it. If the port expands the working hours, it will increase the level of service that offers to its customers. This will make it more competitive.



13. Could there be zoning incentives to induce creation of locker spaces in new or redevelopment areas?

R/ The Department of Transportation is in conversations currently with the planning agency. Updates will be provided later.

14. Have you looked back at the successes/ failures of Atlanta's lessons learned since the summer Olympics there? What's still in play and what not and why?

R/ We have not. All we know is that in London, efforts have been made to retain the behavioral changes that took place during the games. Our impression is that such efforts did not take place in Atlanta.

15. Considering the noise issue, is it noise generated by the trucks or the goods handling generated noise that should be focused?

R/ There are both. There is noise produced by trucks driving on pavement, though the noise peaks are generated by handling activities like rolling the carts, the truck lift hitting the pavement, and the like.

16. How impact the working night time for delivery in the companies

R/ The companies benefit. Operational savings are such that the benefits compensate the additional expenses due to labor.

17. If OHD works for a city what are the thoughts on how the freed up road capacity used by freight vehicles be used. Will this just encourage more car usage in the city?

R/ The Department of Transportation is interested in the free space being used for other treatments such as seasonal seating areas providing more public space for residents in locations where this treatment may work well. In economic terms it is important to distinguish two different effects. The first one is the reductions in congestion, pollution, and the other externalities that are produced by the change of trucks' time of travel. These benefits are the direct consequence of OHD.

The second effect, which is the one that you mention, is the induction of passenger car traffic (in response to the lower cost of travel). Such increase in demand increases congestion, pollution, and the other externalities. These costs are the direct consequence of not implementing suitable (passenger) demand management programs. Essentially, OHD should not be blamed for these extra costs; inaction would be the culprit.

18. Do you see opportunities to add technology?

R/ Yes, technology could play a big role in fostering OHD. Technologies to foster unassisted OHD could play a major role, as well as noise-reduction technologies.