



## Letter from the President

Roger Scarborough  
Founder, CEO  
Scarborough International, Ltd.



### Our Government just doesn't "Get it"

How do so many intelligent human beings just not "get it"? I don't care if you are Democrat or Republican; you have to know and understand we have a mess in the World and in the United States. While businesses struggle to recover from the recession, our government passes more regulations to stifle them. Meanwhile, the government refuses to finish Trade Agreements with countries like Korea, a long time ally. As a result, U.S. companies are losing business because European goods are subject to 15% or more less duty and taxes in Korea than the same goods from U.S. companies. Oh yes, the EU passed their Free Trade Agreement with Korea. There are several other Trade Agreements not "accepted" by congress with the same result of hurting U.S. businesses ability to compete in the Global market.

Businesses that are profitable pay taxes and add jobs! Why does our government not understand that the key to recovery is helping businesses? If the government wants to stimulate

the economy then stimulate the business environment. Has anyone heard that as a priority from our government? Obama said he wanted to double exports but refuses to push congress to pass Trade Agreements. Moreover, the 100% cargo screening for all airfreight on passenger aircraft scheduled for August 1, 2010 should be delayed until the economy is better. It is just another example of excessive regulation mandated by Congress as an over-reaction to terror threats.

*If the terrorists reduce our ability to engage in private business, they have accomplished a major goal.*



The oil well pumping thousands of gallons a day into the Gulf of Mexico is a crisis and tragedy. Our government's reaction is as well. Not only did they fail to mobilize properly, now they want to stop the drilling in the Gulf. The problem is not that we don't know how to drill safely; it is that BP cut corners and nobody was on watch. How does it make sense to loan Brazil billions of dollars to drill in deeper water offshore than the Gulf, but to stop drilling in the Gulf? Do we want all the jobs and

profits to go to Brazil? The Gulf Region will not recover without jobs! The oil industry creates the most jobs and they will move them somewhere else if they cannot drill in the Gulf. We have drilled and safely operated almost 40,000 oil wells in the Gulf of Mexico for over 30 years. Now is not the time to stop. Now is the time to make sure it is done safely while encouraging development, jobs, and building the tax base in a region where economic recovery is in dire need.

We don't need bigger government. We don't need more regulation. The United States developed the largest economy in the history of mankind by being innovative, creative, and having the freedom to let it all happen. We need to unleash the power of American ingenuity by creating an environment that lets businesses succeed and grow. They create jobs, they pay more taxes, and all our states, school districts, cities, and other entities that rely on taxes to serve our needs will again be able to balance their budgets. We need government to be a partner in developing and growing our economy, not a constraint and regulator with no understanding or compassion for our plight. So far I see no evidence that anyone in government "gets it"!

As always,  
your comments and opinions are  
welcome and encouraged.

Please email:  
[kcmc@scarbrough-intl.com](mailto:kcmc@scarbrough-intl.com)

# To the Moon and Back ...Twice !

Robin Garrison / Kim Dalzell  
Scarborough Logistics

Scarborough Logistics, Scarborough International's domestic division, would like to give a special shout out to a very special driver. Scott Forbes accomplished his milestone of



ONE MILLION SAFETY MILES in June without a preventable accident.

## What does it take to drive ONE MILLION MILES?

- at an average speed of 55 mph, you will spend 18,181.81 hours driving your truck
- at an average of 6 miles per gallon, you will have used 166,666.66 gallons of fuel
- at an average of \$1.89 per gallon, you would have spent \$315,000.06 on fuel
- You could have driven from New York, New York to Los Angeles, California 360 times.
- You could have driven around the earth at the equator 40 times
- You could have driven to the moon and back twice

Scott has been driving as a regional OTR driver based in Kansas City, MO for Scarborough Logistics since 2003. The other Scarborough drivers and dispatch were not reluctant to tell their stories from the past 7 years during the Surprise Party the Scarborough Team threw for Scott.

Scott was presented with new decals for his truck stating: "One Million Safety Miles Driven," so drivers all around the Midwest can check out his accomplishment. He was also presented with a pair of overalls, his favorite driving apparel, and a nice Carhartt jacket. Both were embroidered with the Scarborough logo, and the jacket came with an embroidered picture of his truck. We are proud of our driver and want the world to know he is driving for Scarborough!

Picture below shows Scott with owners Roger & Jeannie Scarborough, along with Roger Fritz - another OTR driver that has been with Scarborough Logistics for over 10 years.

Scott, You will have accomplished something very few will.



Roger Scarbrough, Scott Forbes, Roger Fritz, Jeannie Scarbrough

## THANKS A MILLION!

[domestic-rates@scarbrough-intl.com](mailto:domestic-rates@scarbrough-intl.com)  
[www.scarbrough-intl.com/logistics.htm](http://www.scarbrough-intl.com/logistics.htm)

## General Rate Increases (GRI)

Scarborough has negotiated a new General Rate Increases for your LCL cargo. Please see below for details:

### LCL cargo coming into the USWC

Effective date: June 15, 2010

GRI=\$12 per CMB or MT

### LCL cargo from Germany to US

Effective date: July 26, 2010

GRI=\$14 per CMB or MT

For questions or inquiries about ocean imports, please email [kmorris@scarbrough-intl.com](mailto:kmorris@scarbrough-intl.com)

# Kansas City: The Premier Transportation Hub

*Krista Fisher*  
*KC Smartport*

The Kansas City region is a top-tier transportation hub, boasting the largest navigable waterway (Missouri/Mississippi River system), the most Foreign Trade Zone space in the United States and the nation's largest rail hub based on tonnage. Kansas City is the nation's third largest trucking center and has more underground warehousing space than any other place in the world.

## **Distribution Centers & Growing Intermodals**

With low costs and a central location, Kansas City is a prime distribution center destination. In 2008, the Coleman Company consolidated regional distribution centers to a single 1.2 million square foot distribution center in the Kansas City area. More recently, Home Depot located a 450,000 square foot distribution center in Topeka and Pure Fishing consolidated several distribution centers to one center in Kansas City, MO.

Kansas City's five major intermodal facilities also are gaining momentum. In particular, CenterPoint Intermodal Center sits on more than 1200 acres and is anchored by Kansas City Southern. The Kansas City Southern rail lines provide a crucial link between Mexico and the United States.

Another growing intermodal is KCI Intermodal Business Centre. Developed by Trammell Crow Company, KCI Intermodal sits on an 800 acre parcel at Kansas City International Airport. The intermodal will enhance the region's air cargo volume and development in the Northland.

Lastly, Burlington Northern Santa

Fe (BNSF) is the anchor for a \$750 million intermodal facility in Edgerton, Kansas. The BNSF intermodal will have more than 440 acres dedicated to transporting goods between trains and trucks and more than 560 acres dedicated to an industrial park, developed by The Allen Group. The BNSF intermodal will better connect Kansas City to the U.S. West Coast ports and Asian markets.



## **Competitive Workforce**

With an abundance of new distribution centers and growing intermodal facilities, it is important that Kansas City has a competitive workforce. In 2007, KC SmartPort created the Supply Chain Education group. This group brings members of the logistics and transportation industry together with those in the education sector to identify industry needs. It works to improve overall training programs and ensure Kansas City's workforce is the most highly-trained and skilled workforce available.

The private sector is beginning to see direct results of KC SmartPort's Supply Chain Education Group. Last month, Allen Foods selected the KC region for a 150,000 square foot manufacturing

facility and one of the main reasons was because of the committed highly-skilled local workforce available in the region. Allen Foods will hire more than 90 new employees to operate the manufacturing facility.

## **KC's Impact on Global Economy**

The Kansas City region's transportation infrastructure plays a major role in the global economy. In particular, more and more international companies are locating in the region each year. International companies seek out the KC region because of its central location and low costs. Also, by sitting on two states, the KC region gives companies options. From incentives to taxes, each state offers up a unique package. Along with state incentives, the region also provides options for property location. If an international company needs an urban site, a suburban location or rural property, the KC region can provide them all. With such unique qualities, it is easy to see why international companies are locating in the Kansas City region.

As the market expands with new distribution centers and intermodal facilities, Kansas City's transportation sector is given the opportunity to continue to expand and service the growth. With a vast amount of transportation assets, including a competitive workforce and numerous international companies, KC is clearly a premier transportation hub.

If you are interested in learning more about KC Smartport and the Kansas City area, please email:

[kfisher@kcsmartport.com](mailto:kfisher@kcsmartport.com)  
or visit  
[www.kcsmartport.com](http://www.kcsmartport.com)

## Deadline for Cargo Screening Draws Near

Starting August 1, 2010, the Transportation Security Administration will require 100% screening of cargo flown on outbound or domestic passenger aircraft as well as bonded cargo transiting the U.S. To avoid shipment delays caused by the anticipated increase in demand for screening at airports, entities such as certified indirect air carriers, manufacturers, shippers, warehouses, distribution centers, 3PLs and other independent parties may apply to participate in TSA's Certified Cargo Screening Program, which allows them to screen cargo before tendering it to the air carrier.

Businesses may also want to consider becoming an IAC, which requires certification from the TSA. (*Scarborough International, Ltd. is an certified IAC*). IACs can facilitate air cargo shipments on passenger aircraft by handling cargo prior to delivery to the carrier and/or certifying known shippers. Those interested in participating in the CCSP or becoming an IAC must submit an application with supporting documentation that demonstrates sufficient facility security plans and adequate training for TSA certification. TSA will perform an on-site validation of each applicant facility to ensure implementation of security requirements. Violations of CCSP and other TSA requirements can result in maximum civil penalties of

\$27,500 for air carriers and \$11,000 for airports, IACs, certified cargo screening facilitates and individuals.

*Source:*

*Cargo Security Alliance (6/15/2010*



*Peter Kant, Vice President of Rapiscan Systems (excerpt from Air Cargo Focus, Spring 2010 Issue) states:*

"While companies are beginning to install inspection systems, the remaining logistics challenges are considerably more complex. Within the air-cargo supply chain (comprising the carriers and IACs), protocols for how things are to be screened still need to be defined. Once this aspect is determined, the supply chains are going to need time to prepare—something there is obviously not a lot of. Airlines are going to be particularly careful because they are the regulated entity.

There are three major elements that must be addressed to meet the cargo-inspection mandate: installing approved technology, training screening personnel, garnering

approval for the overall program, and finally, operating with inspection."

"Companies will need to look at the types and variation of commodities they ship, the staffing needs for inspection and logistics management, and the ability to maintain regulatory compliance with TSA.

Airlines, airport, indirect air carriers, and shippers all need to start analyzing each of these issues. Many of the large airlines and shippers are already outfitting their main locations with approved x-ray systems and training personnel."

Scarborough International, Ltd. has a number of resources to ensure cargo is screened cost effectively, efficiently, and timely so as to avoid any delays. We are currently reviewing the regulations and options on possibly becoming a certified cargo screener ourselves. We plan to continue our air cargo operations just as we have been doing and will continue to perform the best customer service while doing so. Don't be alarmed, The Scarborough Team will still take care of you and your air cargo!

For any pricing request on air cargo or questions, please email:

[pricing@scarborough-intl.com](mailto:pricing@scarborough-intl.com)

## Tariff Rate Publishing Exemption for NVOCCs

*Brett Jones  
CargoSphere*

On February 18, 2010, the Federal Maritime Commission (FMC) voted 3-1 in favor of initiating a rulemaking which would grant licensed NVOCCs an exemption from the requirement to publish rate tariffs. Following the decision to initiate the rule making

for this exemption, the FMC issued a "Notice of Proposed Rule Making" on April 29, 2010. This action taken by the FMC was in response to petitions filed by the National Customs Brokers and Freight Forwarders Association (NCBFAA).

In issuing this proposed rule making, the FMC invited comments from the transportation industry regarding

the exemption and how it would affect commerce. CargoSphere, a rate management technology provider to Scarborough International, participated in this process and provided the following testimony at an FMC hearing on the subject. The public meeting was held on May 24th, 2010 and included 9 participants.

(cont'd next page)

My name is Neil Barni and I am the president of CargoSphere. CargoSphere is a software company that provides a web-based rate management system to the transportation industry. Our NVOCC clients use our technology platform to manage confidential carrier contracts, sell rates and quotations for their shipper customers, and to negotiate rates with both shipper customers and carriers. Our company holds 2 U.S. patents.

Since January of 2007, we have also offered tariff publishing functionality to a number of our NVOCC clients to help them comply with the current regulations and self-publish their tariffs.

It is our experience that tariff publication places a substantial burden on NVOCCs as they endeavor to maintain current and fully accurate repositories of Tariff Rates Items (TRIs). It has become increasingly obvious from our observations and interactions with NVOCCs that the tariff publishing process lies outside the normal flow of their businesses and produces little or no practical value beyond meeting the requirements for compliance. While NVOCC clients commit valuable resources, time, and money to the task of inputting and managing tariff rates, there seems to be no audience for this rate data.

We agree with many of the findings and comments presented in Notice of Proposed Rulemaking issued on April 29, 2010. Specifically, and as is stated in section II A of the proposal, "NVOCCs customers do not request tariff information and do not rely on tariffs, as rates are negotiated individually."

This conclusion is consistent with our experience. Over the past 3 years, our

NVOCC clients have published over 27,000 Tariff Rate Items. During this time, we have no record of a single inquiry made by a shipper customer or another NVOCC about any of these rates. Inquiries of this nature would require the setup of a separate user account for secure access to the NVOCC tariff rates, and our client systems indicate that no such accounts have ever been activated.

Our conclusion is that there is simply little or no interest in published rates on the part of shipper customers or competing NVOCCs for that matter. Rather, the vehicle of choice for negotiating and obtaining rates has come in the form of quoted offers and responses.

We believe the commission has now acknowledged this existing commercial practice with the introduction of its new instrument; "Negotiated Rate Arrangements".

Along those lines, we note that the regulation states that such NRAs must:

- "be agreed to by both parties"
- "be memorialized in writing"

We would urge the commission to clarify what constitutes "memorialized in writing" and anticipate the commission would find it appropriate, if not advisable, for such transactions to occur online through electronic media and also to be stored in a database for subsequent access and retrieval. In our view, the efficiencies that would be created by adoption of the proposed rule would be lost if NVOCCs were unable to rely on electronic communications and records storage to comply with the agreement and

memorialization requirements.

Further clarification is also requested as it pertains to NVOCCs who invoke the exemption. We hope the commission will comment on whether NVOCCs will need to maintain an historical rates tariff after invoking the exemption or will they simply start fresh under the terms of the new regulation.

Sources:

[Journal of Commerce 18 Feb 2010](#)  
[www.fmc.gov](http://www.fmc.gov)

#### About CargoSphere:

CargoSphere is a software company that develops, markets, and sells its premier Rate Management System to the transportation industry. The company was founded in 1999 and has focused primarily on transportation intermediaries (NVOs and freight forwarders) since 2002. The System enables user companies to manage their own carrier contracts, while aggregating large volumes of external rates from a wide range of sources, including associations, agent partners, and neutral NVOs.

CargoSphere has also created a collaborative platform for rate requests (RFQs) and responses between all participants in the quoting process: shippers, agents, internal sales and pricing personnel, and carriers. Advanced quoting tools enable users to produce branded and professional looking quote packages for FCL, LCL and Air, and range in size from single rates to 1,000 plus rates.

For more information contact Brett Jones at [brett.jones@cargosphere.com](mailto:brett.jones@cargosphere.com)

CARGOSPHERE.COM



**We hope everyone has a safe and happy holiday!**  
**Please note, Scarbrough offices will be closed on Tuesday, July 5, 2010.**

[www.scarbrough-intl.com](http://www.scarbrough-intl.com)