This truck operates across state lines therefore the proper operation is subject to I.C.C. safety rules, the driver is subject to certain requirements, etc. Two methods of operation are permissable:

1. CONTRACT CARRIAGE - Similar to our city operation between plants 1 and 5. The equipment and driver are furnished by the trucking contractor who has operating rights from the I.C.C.

2. PRIVATE CARRIAGE - The driver is an employee of the industrial firm but the equipment may be leased from an independent operator or owned by the industry. No operating rights are necessary by either party.

The Smith & Kanzler truck is operated under some rather unusual circumstances. The truck is owned by an independent local garageman "J & K Trucking" whose primary business is manufacturing truck bodies. A flat weekly bill of $250.00 is tendered to Smith & Kanzler but a deduction of $90.00 is made by us along with another deduction of $4.50 for fringe benefits for the driver. Frequently these statements had pickup charges of $25.00 added with notations of "pickup in NYC". These charges seemed unusual since this truck was supposedly operated under our exclusive use yet we were being charged for pickups. A leasing contract dated in 1959 was on file but it was never executed by either party nor was any description offered of the truck supposedly leased. No current liability insurance coverage was on file with us.

In a meeting that day with the truck owner we were informed that the $25.00 charges were the result of an oral agreement between himself and the original owner of S & K to cover the drivers' vacation and holiday pay. I informed him that this small degree of control over the drivers' wages places him in contract carriage with us placing us in violation with the I.C.C. Since he has no contract authority permits. He mentioned that he had built in a factor of $10.00 weekly for tolls. In further conversation it was developed that this amount was not paid out each week in our normal operation. We then suggested that he deduct this $10.00 from his weekly billing and S & K will pay the tolls. He agreed.

Since he was in the process of placing a newer truck in service he suggested the installation of a one ton hydraulic lift gate on his unit. His comment was that this was an installation that would cost him $3,000 over 4 or 5 years considering the original cost and maintenance. This of course would have to be reflected in a higher leasing charge. In checking with the Manufacturers' distributor in Chicago I have found that this installation would be approximately $1300.00 for the deluxe retractable model and maintenance for the first few years should not exceed $50.00 per year. We now have a better bargaining position.