WHY WE NEED A SINGLE GRAY CHASSIS POOL
MEMPHIS SUPPLY CHAIN INNOVATION TEAM OVERVIEW
AGENDA

• Strategic Perspective
• Team Focus
• Next Steps
• Questions
STRATEGIC PERSPECTIVE
LIVING IN THE LONG SHADOW OF MALCOLM MCLEAN
CLEAR AND PRESENT CHALLENGES

1. We are in a period of volatility and change:
   • Ocean carrier industry consolidation
   • ELD’s
   • Trade agreements

2. Conditions show the fragility of US container networks and flows:
   • Acute
   • Structural
   • Systemic

UNIFYING FOCUS

Supply chain velocity

“how to optimize the dispersion of goods and services to the marketplace”
UNIVERSAL FORMULA

= Export or Import Load
TEAM FOCUS
CHASSIS CHALLENGES IN MEMPHIS

- Chassis models have not kept up with demand
- Chassis pools are not interoperable restricting freight
- Chassis costs are rising impacting shippers/truckers
  - Billing and reconciliation is complicated and burdensome for all involved
- Chassis quality is poor and equipment is aged
- Chasing chassis is a waste of time and money
- Chassis repositioning costs are escalating

MEMPHIS SUPPLY CHAIN INNOVATION TEAM
CHASING CHASSIS!

**RIGHT CHASSIS ARE NOT IN THE RIGHT PLACE AT THE RIGHT TIME**

Ocean Carriers are responsible for chassis for Store Door Moves
Ocean Carriers are not responsible for chassis on CY Moves
Rail operations are under contract with Ocean Carriers for chassis provisioning upon train arrival
In Memphis, rail operational footprints vary - mounted vs grounded
WHERE ARE THE CHASSIS?
Railroad? Depot?

MEMPHIS SUPPLY CHAIN INNOVATION TEAM
WHAT IS CHASSIS SPLIT?

A chassis split (in gold) creates two extra stops for truckers, wasting their on-duty hours, reducing asset productivity, and restricting available capacity to shippers.

1. Trucker picks up Chassis A at Depot A.
2. Trucker leaves Depot A and drives to Depot B to pick up Chassis B.
3. Trucker uses Chassis B to proceed to next terminal.
4. Truck backtracks to return Chassis A to original Depot.
5. Truck re-uses Chassis A to proceed to next Terminal.

Source: IHS Markit 559303
PROBLEM WITH CAPTIVE CHASSIS POOLS

Ocean Carrier A
Mandates Yellow Chassis

Ocean Carrier B
Mandates Blue Chassis

Ocean Carrier C
Mandates Orange Chassis

Ocean Carrier D
Mandates Blue Chassis

WHICH CHASSIS WILL TRUCKER USE?

POOL
M&R
SNAPSHOT OF MCCP CHASSIS LOCATION VARIABILITY

**DO NOT REMOVE BARE MCCP CHASSIS FROM THE BNSF WITHOUT AUTHORIZATION FROM THIS OFFICE!**

1. All logistics issues should be emailed to mccp@ccmpool.com.

2. All M&R issues should be emailed to mccpmnr@ccmpool.com.

**MEMPHIS**

BNSF is accepting bare MCCP 20’ & 40’ chassis.

UPRR is accepting bare MCCP 20’s and 45’s only.

CN is accepting bare MCCP 40’s only.

CSX is not accepting bare MCCP chassis.

IMCG is accepting bare MCCP 45’ chassis.
SNAPSHOT OF CHASSIS TRAC LOCATION VARIABILITY

This report is specific to TRAC TMEP chassis with T3KZ prefix. Chassis are approved for usage by APL, CMA, SM Line and Zim. Usage for other SSL’s will default to standard rate billing direct to motor carrier.

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40’ chassis may be picked up from BN today with no release required.
40’ chassis may be picked up from CN today with no release required.
Reservation required through EZ Book for release.
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Please note chassis that originate in Marion should return to Marion and chassis that originate in Memphis should return in Memphis where possible.

Release locations with limited quantities may run out quickly. If EZ Book shows no equipment at these locations, please look for alternate location.
RESULT OF CAPTIVE POOLS

- Rising COSTS and wasted TIME
- Handcuffed chassis usage
- Access is limited
- SUPPLY is an on-going problem with limited visibility

**EVERY STAKEHOLDER GETS STUCK!**

- **BCO’s** and **forwarders** can’t move freight
- **Railroads** don’t move trains fluidly
- **Ocean carriers** lose opportunities and equipment turns
- **Truckers** are wasting time searching for chassis
- **A single gray pool** offers efficiency gains and simplicity
WHAT IS THE IMPACT?

- Freight does not move – drivers look for and waiting on adequate supply of quality chassis each day
- Chassis in M&R is back logged while freight is at a standstill
- Freight costs are escalating in terms of:

  Demurrage  
  Lost Turn Time  
  Chassis Repositioning  
  Delayed and Lost Sales  
  Admin Time
OBJECTIVES FOR A MORE EFFECTIVE CHASSIS MODEL I

- **Quantity**: Improved inventory availability
- **Quality**: Safe, reliable road-worthy assets
- **Interoperable**: All assets in region deployed for best collective use
- **Choice**: Fair and open access for merchant (CY) haulage moves
OBJECTIVES FOR A MORE EFFECTIVE CHASSIS MODEL II

**Quantity:** Adequate and interoperable supply

**Quality:** Modern and road worthy chassis

**Accountable:** Pool manager for quantity and quality

**Engaged:** Key stakeholder / advisory board
THE JOURNEY TO WHERE WE ARE TODAY

- Federal Maritime Commissioner Rebecca Dye led Supply Chain Engagement meetings in Memphis 15-16 May with area stakeholders which narrowed focus to single gray chassis pool.

- Commissioner Dye and Supply Chain Innovation Team members met directly with Ocean Carrier Equipment Management Association (OCEMA) members in Memphis 2 AUG to discuss rationale and options for single gray chassis pool and followed up in writing.

- American Cotton Shippers Association (ACSA); Greater Memphis Chamber; Agricultural Transportation Coalition (AgTC) and American Trucking Association (ATA) have written to OCEMA to publically support the team’s Memphis single gray pool initiative.

- ACSA Chairman Raymond Faus, President Bill May, and in-coming President Buddy Allen raised awareness of the Memphis Supply Chain Innovation Team recommendations with Senator Lamár Alexander and Congressman David Kustoff offices during Washington DC meetings 24-27 SEP.

- Jeff Lawrence, OCEMA Executive Director; Bill May, ACSA President and Team members Donna Lemm and Neely Mallory III discussed proposed pool of pools “plus” option in Memphis 12 OCT.

- Expanded meeting with all railroads and intermodal equipment providers planned for 4 DEC.
NEXT STEPS
ASSISTANCE NEEDED

• Express full support for Team’s single gray pool chassis efforts with your ocean carriers, rail carriers, chassis providers, truckers and industry associations.

• Exercise your right to choose your chassis provider on merchant haulage (CY) moves.

• Review whether your demurrage and detention bills at the railroads were / are caused lack of chassis availability and report findings confidentially to the Federal Maritime Commission Fact Finding Investigation 28: FF28@FMC.gov
QUESTIONS