



Intermodal Association of Chicago

Monday April 4th, 2011



Current -

- ▣ CCM's General Manager, Pool Operations for the COCP

Previous -

- ▣ Owner Red Baron Express – Regional Intermodal MC
- ▣ Director at GE Rail, Sales and Operations positions
- ▣ Director at Redon, Inc.
- ▣ Manager of Chassis Operations, Xtra Intermodal
- ▣ Apprentice Mechanic, Thermo King
- ▣ Apprentice Mechanic, Transamerica



Agenda

- OCEMA / CCM / COCP
- Neutral Pool versus a Co-op Pool
- Background & Changes in Chassis Industry
- Potential Solutions to Changes
- Questions



OCEMA - Ocean Carrier Equipment Management Association

- Studying provision options & best solutions
- CCM formed in response to industry needs



CCM Pools

MAJOR U.S. CITIES





Chicago-Ohio Valley Consolidated Chassis Pool

- M&R Locations
- ★ Start/ stop Locations





Co-op Pool - merge chassis fleets and share the costs & management

Members benefits include

- ▣ Repositioning savings – synergies of flows between multiple locations
- ▣ Reduced stock requirements – offsetting alternating supply/demand
- ▣ Improved M&R and management of assets
- ▣ Risk Management – Insurance, safety & reliability

Terminals' benefits include

- ▣ Single point of contact for stocks
- ▣ Simplified M&R presence
- ▣ Reduction in terminal footprint
- ▣ Gray chassis efficiencies of terminal & vessel operation



Neutral Pool - is when a single entity provides its own assets for use on daily rental basis.

Grounded Terminals

- Already existing or could be established quickly
- Can serve live lift locations effectively

Wheeled Terminals

- Neutral Pools are less efficient when located off terminal and servicing wheeled operations for daily hire out
 - Increased drayage and flip costs
 - Need network to gain efficiency



DAILY NEWS

OCEAN CARRIERS: NO LONGER PROVIDING CHASSIS





Background

U.S. chassis provision model has been in place for 50+ years

- Ocean Carriers own or lease chassis
- Ocean Carriers have provided chassis for customer use
- Shipping & Intermodal Industry dependency on Ocean Carrier chassis





Options for Chassis Provision

1. Ocean carriers can continue to provide chassis
2. Third party chassis providers (TRAC, Flexi-Van, DCLI, etc.) provide chassis on daily basis or longer term leases
3. Motor Carriers can provide “owned” assets (problematic for wheeled operations)
4. Shipper & Consignees can provide “owned” assets (same concern noted above)



Infrastructure Limitations

Rail and Ocean Terminals are more productive with the minimum number of chassis on their facilities as possible.

Terminal productivity is based on train & ship operation, not chassis storage.

Segregation of private chassis fleets on a terminal is operationally near impossible.

**NO MAJOR CHANGES IN
TERMINAL OPERATIONS**





Grounded Terminals – allow flexible chassis provision solutions:

- Motor Carriers, Chassis Pools, Ocean Carrier, BCO provided

Wheeled terminals – approximately 80% of the rail terminals and many ocean terminals in the U.S are wheeled operations, requiring chassis for terminal operations

For wheeled terminals complex solutions are required. Moving from wheeled to grounded will take time and money

- Infrastructure costs
- Lift equipment



Evolution of CCM

- CCM will directly control pool management with CCM staff
- Allow **truckers freedom of choice of chassis providers.** Confidential terms with providers sourcing chassis from within the gray fleet.
- Allows for **Pool Manager to arrange for chassis buffer stocks** to protect availability for all users and terminal operations



Summary

- Individual Ocean Carrier's decision to supply or not to supply wheels is based on their own commercial and operational considerations
- Individual locations continue to be studied in view of the complexities involved and varying stakeholder needs
 - Location by location
 - Considering all stakeholder input
- Communication with all stakeholders is key
- Chassis are not disappearing. The assets will stay in place – what may change is the process by which chassis are provided



Questions

