

ORANGE MOVES YOU FORWARD

AGTC -- JUNE 12, 2019



NACPC

North American Chassis Pool Cooperative



WHAT IS THE NORTH AMERICAN CHASSIS POOL COOPERATIVE ?

- An LLC of 12 US motor carriers
- US Surface Transportation Board (STB) granted pooling authority in Jan 2013, including antitrust authority
- NACPC has over 24,000 intermodal chassis, provided from ocean carriers, chassis leasing companies, and new production
- NACPC is now in six pools – Southeast, New York, Gulf, Memphis, Midwest and Chicago/Ohio Valley
- NACPC is committed to establishing gray pools, and is currently cooperating with Consolidated Chassis Management (CCM)
- Key NACPC objectives
 - full interoperability
 - sufficient quantity of assets
 - quality of assets
 - transparent operations and costs / 'at cost' pricing

HOW WE SEE THE SITUATION

- In every country except the US, truckers provide intermodal chassis, and it works
- Recurring issues in the US because:
 - Lack of direct accountability for supply
 - Lack of investment in asset quality
 - Minimal supply chain stakeholder involvement in decision-making
- Preferential ocean carrier rates incentivize carrier haulage versus merchant haulage, and create high merchant haulage rates
- Lack of choice ('box rules') for merchant haulage is unreasonable
- Situation is aggravated by ocean carrier street-turn fees

GENERAL CHASSIS ISSUES

SUPPLY

No single entity is accountable for ensuring adequate supply in a given region

QUALITY

Equipment fleet is aging and needs to be upgraded

CAPTIVE POOLS

Different pools used depending on ocean carrier; time and expense to 'chase' the right chassis, and terminals must provide multiple footprints

CHOICE

Low subsidized carrier haulage rates force merchant haulage trucker to use IEP at unreasonably high daily rental rates under box rules

COMPLICATED

Varying commercial terms and exceptions create burdensome administrative processes for all involved

FUNDAMENTAL PROBLEM

IEPs control the chassis, and their interests are not well aligned with rest of supply chain stakeholders

DAILY HIRE RATE COMPARISON

Recent Posted Rates for Merchant Haulage

	<u>DCLI</u>	<u>Flexi</u>	<u>NACPC</u>
Chicago	\$23.75	\$23.25	\$16.25
SACP	\$24.95	\$24.75	\$15.00
Sou Cal	\$27.50	\$27.50	n/a

OUR VIEW OF IDEAL POOL

- Cost efficiency and transparency
- Gray pool for full interoperability and availability of all assets in given region
- Clear and direct authority and accountability for supply, availability and quality
- Fair commercial terms (no 'box rules')
- Key Stakeholder involvement in rule-making including BCO's, Ports, RR's, Ocean Carriers, MTO's, Equipment Providers and Motor Carriers
- NACPC, as neutral and not-for-profit, can be part of the solution