

## Chassis Pool New Membership Overview

The CCM Chassis Pools are modeled as a "cooperative" with the participants contributing chassis to a common pool. Contributors are then able to use any of the chassis within the pool. Costs are shared by established formulas and standards. The CCM "gray chassis" pool model has proven to be the most efficient operation for pool participants, intermodal terminals and motor carriers. Membership in CCM pools is available to a broad range of intermodal industry participants, including ocean carriers, shippers/consignees, equipment leasing companies, motor carriers, terminal operators, logistics companies and other entities that wish to contribute and use pool chassis.

The following is provided as a guideline for those who are interested in becoming new members of the CCM pools.

### **Advantages of CCM**

CCM pools operate as an industry utility on a cost pass through basis. The primary goal is service level, i.e. providing chassis when and where they are needed. In 2016, CCM pools successfully provided over 99% of its customers' chassis procurement needs. This service standard includes any flip / chassis change that was required due to maintenance problems.

	<b>Chassis Trips</b>	<b>Trips Without A Flip</b>
<b>COCP</b>	1,472,139	99.9%
<b>DCCP</b>	77,855	99.0%
<b>GCCP</b>	404,085	98.7%
<b>MCCP</b>	373,564	99.7%
<b>MWCP</b>	215,093	99.7%
<b>SACP</b>	2,351,707	99.3%

CCM services over 300 active locations within its scope. All members benefit from the efficiencies of a shared equipment pool, resulting in improved equipment condition, faster terminal throughput and lower repositioning costs for migrating chassis.

### **Roadability & Repairs**

CCM pools are registered with the Federal Motor Carrier Safety Administration as the Intermodal Equipment Provider for all pool chassis. CCM arranges for all M&R services on the chassis at all its locations and has over-the-road repair procedures in place to handle repairs when chassis are damaged while on the street.

## **Expenses**

The CCM co-op model is a cost-pass-through. In other words, the membership costs reflect the costs that are incurred in the operation of the pool along with a share of the administration costs. Pool operating expenses are open for review by the membership.

The following were the actual expenses charged to the members in 2016 per usage day per chassis.

	Pool Management	Repositioning	General Operations	Maintenance and Repair	Insurance	Pool Total
COCP	\$0.65	\$0.75	\$0.35	\$4.44	\$0.06	\$6.25
DCCP	\$1.39	\$0.20	\$1.10	\$5.57	\$0.06	\$8.32
GCCP	\$1.01	\$1.44	\$1.10	\$4.40	\$0.06	\$8.01
MCCP	\$0.71	\$0.53	\$0.50	\$3.02	\$0.06	\$4.82
MWCP	\$0.84	\$0.22	\$0.62	\$3.25	\$0.06	\$4.99
SACP	\$0.53	\$0.72	\$0.35	\$5.05	\$0.06	\$6.71

Each member's rates may vary based on their contribution and utilization levels, flows (bare repositioning costs), and the condition of their contributed chassis.

Many of the costs are seasonal. The above allocated expenses are the annual average for 2015. The above costs do not reflect any costs for the provision (lease or ownership expense) of chassis in the pool.

The CCMP Operations Manual explains the cost allocation formulas in use.

## **Systems**

CCM uses a state of the art chassis management system. All members have access to the system for live tracking, accounting queries or other management reports for controlling their chassis usage. Once becoming a member, access will be granted to the system and training will be provided.

Data that is commercially sensitive is not visible to others, e.g. a member's customer list cannot be viewed by a different member.

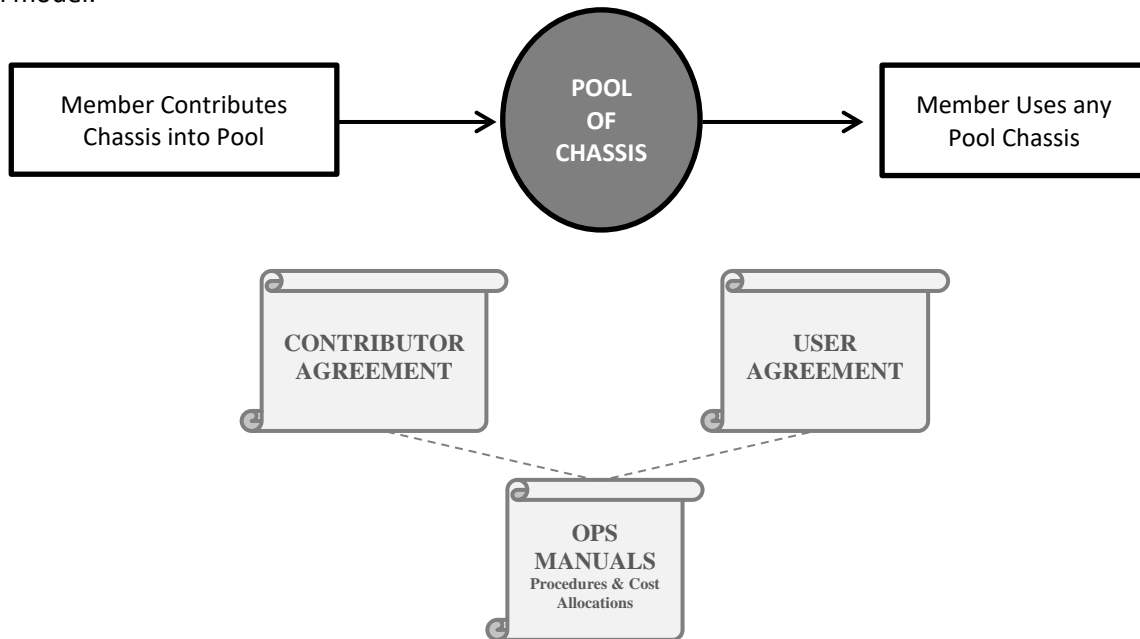
CCM provides all of the information for a member to identify its usage (and/or its customers' usage) of the pool chassis. Detailed reports are provided electronically to all members and, in cases where the member is providing chassis to its customers, can detail all the chassis usage with the information necessary for the member to bill its customers.

*A sample Chassis Utilization Billing History Report is provided in a separate file on the CCM website under the Customer Tools/Resources tab.*

## **Agreements**

There are agreements and manuals that establish the terms, rules and cost allocations that apply to all members. All pool members agree to the same terms with the same documents.

The pool agreements and documents follow the logical structure of the sharing of chassis in the co-op pool model.



**Contribution Agreement** is the contract that specifies the terms relating to the induction of a member's chassis into a pool and the parties' responsibilities with respect to the contributed chassis. This Agreement is standard for all members across all pools.

*Contribution Agreements are provided on the CCM website under the tab Customer Tools/Resources for your reference.*

**User Agreement** is the contract that describes the terms of usage for pool chassis. This Agreement is standard for all Members across all pools.

*User Agreements are provided on the CCM website under the tab Customer Tools/Resources for your reference.*

**Pool Operations Manual** is referenced in the User and Contributor Agreements. It specifies the pool locations and the each pool's operating stress levels (pool utilization percentage thresholds used to identify overutilization which, if exceeded, might result in extra charges being applied). The pool locations are provided in a separate file on the CCM website (Pool Facilities.pdf) for your reference. The Pool Manual is updated by the Pool Board based on the regional aspects of each pool.

*The pool locations are provided on the CCM website under the tab Chassis Pools/Pool Locations for your reference.*

*Pool Ops Manuals are provided on the CCM website under the tab Customer Tools/Resources for your reference.*

**CCMP Operations Manual** is referenced by the Pool Operations Manual. It is the master detailed document for operational procedures and cost allocation methodologies. There is one CCMP Ops Manual that is the standard for all pools. The CCMP Manual is updated by the CCM Board.

*The latest version of the CCMP Ops Manual is provided on the CCM website under the tab Customer Tools/Resources for your reference.*

### **Billing**

CCM invoices its Members once per month. Backup documentation of expenses is provided with the invoice or, when requested, more detailed information (by chassis) is provided.

In order to ensure proper cash flow, a preliminary invoice is produced at the beginning of the month for that month and then it is later reconciled or "trued up" to actual expenses.

### **Contribution Levels**

In order for one to become a member of a CCM pool, a contribution of chassis is required. The current minimum chassis contribution per member is 50 chassis, although a new member can apply for an exception.

### **Member's Customers**

The pool has a direct relationship with its members. The members may allow others to use the pool chassis under the member's authority. Some examples include, but are not limited to:

- A leasing company is the pool member and has an ocean carrier as its customer;
- A leasing company is the pool member and has motor carriers as its customers;
- An association is the pool member and has its members as its customers.

The pool does not receive any confidential commercial terms between the member and its customers, but the pool must be notified of the existing relationship so that the usage of the chassis can be properly identified and assigned. There are some reporting requirements terms specified within the pool Agreements.

### **Source of Chassis**

Offered only as advice to new members, there are a variety of sourcing options for obtaining chassis to be contributed to the CCM pools.

- Some current members have excess chassis that they are willing to sell or sublease.
- Finance companies are willing to purchase the existing member's chassis and lease them to a new member.
- Leasing companies like Flexi-Van Leasing and Trac Intermodal have chassis for lease.

If a new member acquires chassis that are already in a CCM pool, the transfer of contributor is almost instantaneous.

**Insurance**

Members must meet the minimum insurance levels as specified within the Agreements. CCM is exploring a supplemental insurance coverage that may be offered to potential members who do not meet the minimum. The costs for this supplemental coverage will be allocated to the member at the same expense that the pool incurs.

**CCM Adaptation**

CCM recognizes that the chassis provision models within the U.S. are dynamic. Several changes are being considered to help adapt the CCM model to more efficiently meet the needs of the industry. Any changes that are considered will be communicated and reviewed with the pool Membership prior to adaptation.

Specifically, some items under consideration are the simplification of the M&R cost allocation formula and a reduction in over utilization penalties through a contribution credit / utilization debit mechanism.

With an increasing number of ocean carriers deciding to no longer provide chassis to their customers, CCM has been adapting its methods of identification of the assignment of usage to parties other than the ocean carrier. One new system includes a web page where a motor carrier can confirm its contractual relationship with leasing companies within the pools and prioritize which leasing company will be providing the chassis.

CCM is adaptable and able to assist in meeting the needs of its customers.

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## Chassis Pool Membership Checklist

- √ Execute Pool Agreement Documents
  - i) Contribution Agreement
  - ii) Usage Agreement
- √ Provide evidence of insurance coverage as required in Agreements
- √ Agree with CCM to a start date for participation
- √ Provide list of customers, if applicable
- √ Declare the identity of the facilities expected to be used
- √ Provide a contributed chassis fleet file with required information including current location
- √ Provide contact information
  - i) bill to party
  - ii) local operational representative
- √ Provide authorization for release of terminal EDI data if applicable
- √ Update the transfer or control of the chassis to be contributed in GIER
- √ Provide expected volumes by location