- Hello everyone. I’m happy to be here today on behalf of the Port of Long Beach to share our story on working with our neighbor, the Port of Los Angeles, and our stakeholders, to address the evolution of the chassis system.

- The challenge we are looking at is to increase efficiency in the goods movement supply chain.

- The standard international container chassis is critical to goods movement.

- Figuring out the best chassis system for all stakeholders at the nation's busiest seaport complex hinges on tackling fundamental questions of ownership, storage, maintenance and management of the supply and the best locations for storage.

- We're working collaboratively with stakeholders in the industry and with our neighbor, the Port of Los Angeles, to address this issue.

- A more efficient chassis system might begin with one where any terminal, any trucker, could use any chassis -- so you could keep terminals, truckers, etc. working at the jobs they are supposed to be doing, not repositioning chassis – this would be the so-called "gray fleet."

- Let’s take a quick look back at the genesis of the chassis system in the U.S.

- With containerization came the need for chassis. Sea-Land – a former trucking company that became an ocean carrier -- was first to develop the ocean carrier chassis-ownership model.

- Other ocean carriers followed and for many years, the ocean carriers largely maintained their own inventory of chassis.

- In other parts of the world, the ocean carriers generally do not own their own chassis.

- When your ship comes in, you'll need have the chassis ready to go, especially if it's a ship like this one.
- Maybe in the past, it made sense for each terminal operator, each shipping line, to have its own chassis, just to make sure they were going to have what they needed.
- Too much valuable space is wasted storing the different chassis. And too much time is wasted trying to match up chassis and containers, when the chassis are all the same.
- It's no wonder that shipping lines have been moving away from ownership of chassis in the chassis business.
- Today, ocean carrier cooperatives, third-party leasing companies, terminal pools, and motor carriers, as well as individual shipping lines, own and manage chassis.

- As you can see, there are a lot of chassis used in the Long Beach-Los Angeles seaport complex.
- At other ports, like the Virginia Ports, there are only about 11,000 chassis.
- Nationwide, there are an estimated 565,000 chassis units. About one-third are on the West Coast.
- Rather than wait to see what kind of chassis solutions could be worked out at smaller port complexes in the U.S., we decided to move forward with local efforts at Long Beach-Los Angeles, the nation's busiest port complex.

- The Port of Long Beach and the Port of Los Angeles are committed to trying to act as facilitators to help the industry find solutions.

- To that end, the ports of Long Beach and Los Angeles facilitated the formation of the "Chassis Operations Group," starting in mid-2012, to get together and discuss the issues. The first meeting was in August 2012, and we've had a total of five meetings at this point.

- The formation of the group represented the first step toward exploring possible solutions in the management of container chassis for the San Pedro Bay ports and their trade partners.

- The group successfully elicited insights from stakeholders, to work for industry-wide consensus on solutions.

- The group early on decided on what the goals should be.

- Essentially, what we'd like to do is to improve the efficiency of the system. Allow anyone who needs to use a chassis to have an easier time of doing so.

- To do that, we would have a "gray fleet," an operational business model that allows utmost flexibility in the use of chassis by truckers and terminals.

- A gray fleet would save time and money, allowing the operators and drivers to concentrate on the movement of cargo rather than on the repositioning of chassis.

- Meanwhile, about 5 percent of terminal land is occupied by chassis storage and maintenance operations. So we are looking at ways to keep that in the ports, but move it off the waterside terminals.

- And I should mention here that the group obtained permission from the FMC to meet and discuss the chassis situation.

- Our Chassis Operations Group has met several times since forming in the summer 2012.

- We post the minutes of the group's meetings as well as relevant reports on a web page on our site -- www.polb.com/chassis

- The group has discussed firsthand accounts of the challenges of the current chassis model locally.

- We've benchmarked, or compared our model, with organizations with existing gray fleet operations such as Virginia Ports Authority and Consolidated Chassis Management organization which operates in Chicago, the Midwest and south Atlantic region. And we also spoke with IANA about the business format they use and how their equipment is exchanged.

- In April, the two ports jointly issued a request for proposals for project manager services to further facilitate the process.

- Things are changing. Chassis leasing companies in recent months went from owning just under half to about two-thirds of the local chassis fleet.

- Some of the ocean carriers that had wanted to have their own fleets, have decided to go with chassis pools.

- We’ve talked about possible business agreements among the terminals and others that would make chassis interoperable, to improve efficiency.

- The biggest challenge is to develop a model that can successfully serve such a large Port complex with 14 terminals and 100,000 chassis.

- Overall, we’re trying to determine if the gray fleet model is the solution that gets the ocean carriers out of the chassis business.

- Our terminal operators want more space to accommodate cargo movement, so could we couple the gray fleet system to a means to move chassis storage, etc., off the terminals?
- After all, storage of truck chassis takes up valuable terminal space.
- The Chassis Operations Group is looking into the siting of chassis yards at two to three locations in each port in order to service and store chassis.
- The land would not be water-side land, but would be in the harbor district area.
- We don’t have specific places in mind, nor have we worked out how much land would be needed.

- So, the RFP for the project manager or facilitator went out and we're now evaluating those proposals that we received. That project manager will work full-time for the chassis group to study and understand all the local issues and challenges.

- The project manager will develop a "Request for Concepts" that we think could attract interested parties that will want to run an interoperable "gray fleet" of chassis to serve the local terminal operators.

- Again, we think this is the way forward to an industry-backed solution that will allow those who want to participate to join in and see if the system works for them.

- Thank you.