

The background of the slide is a photograph of a port at dusk or dawn. Several large gantry cranes are visible, with their complex metal structures silhouetted against a cloudy sky. In the distance, a city skyline with various skyscrapers is visible across the water. The overall color palette is dominated by blues and greys, with a bright orange vertical bar on the left side.

Case Study

**PORT OF NY/NJ
CHASSIS POOL MODEL
SUCCESS IN THE FACE
OF RECORD
CARGO GROWTH**

TRAC
INTERMODAL

50
YEARS
OF QUALITY

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PORT OF NY/NJ OVERVIEW

As the largest port on the East Coast and the third largest in the U.S., the Port of NY/NJ is a gateway to one of the most robust and heavily concentrated consumer markets in the country. The Port's marine terminals are situated in both New York and New Jersey, with access to 46.3 million consumers within a four-hour drive.

The Port is supported by a system of independent "neutral" chassis pools operated by three major Intermodal Equipment Providers (IEPs). TRAC's Metro Pool is the largest intermodal chassis pool in the region, with 17,000 chassis, and an extensive footprint supporting all of the Port's terminals.



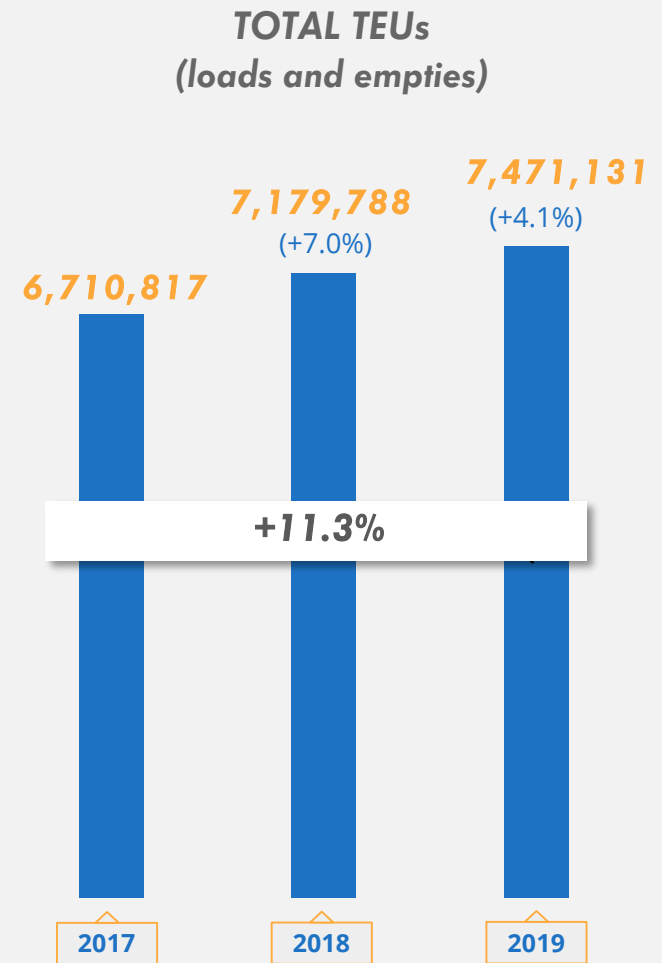
Source: Port of New York & New Jersey

THE PORT'S RECORD INCREASE IN CARGO VOLUME

In recent years, the Port of NY/NJ has undertaken a number of major improvements to accommodate increased cargo volume and to facilitate port fluidity for motor carriers, BCOs, NVOCCs and others. These infrastructure and accessibility enhancements include raising the Bayonne Bridge to allow larger container ships to call on terminals in Newark, Elizabeth and Staten Island; berth improvements; deepening harbor channels to accommodate larger vessels; and, upgrading roadways to reduce the travel time to and from terminals.

The port's improvements have helped drive a significant increase in container cargo volume, which rose from **6.71M TEUs (loads and empties) in 2017 to 7.5M TEUs in 2019**, an increase of 11.3%, making the Port the third busiest in the nation in 2019.

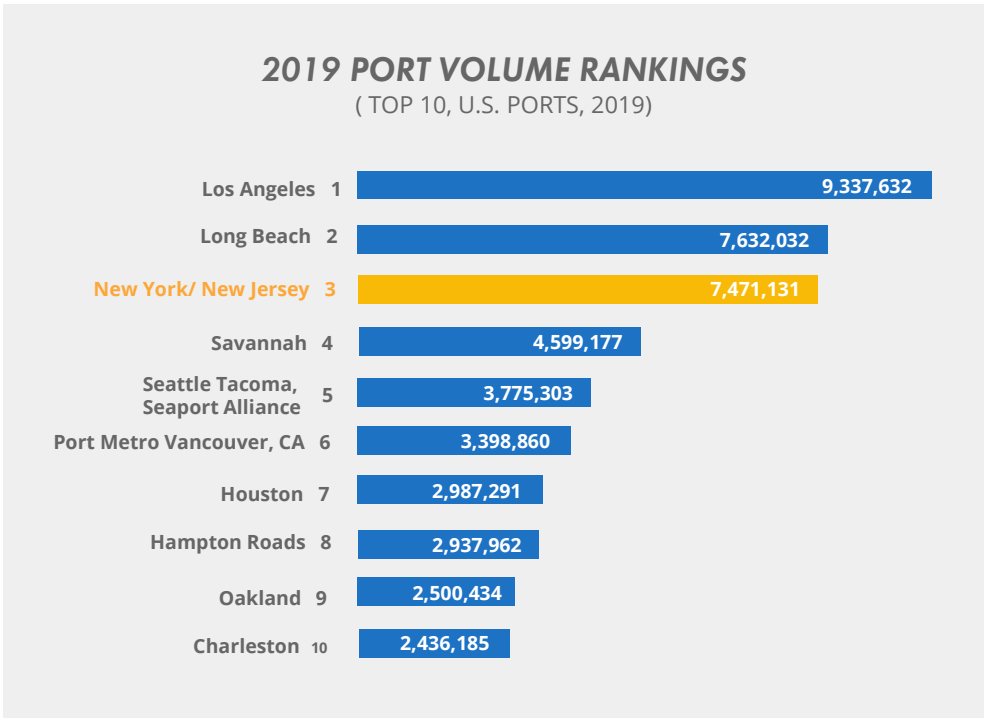
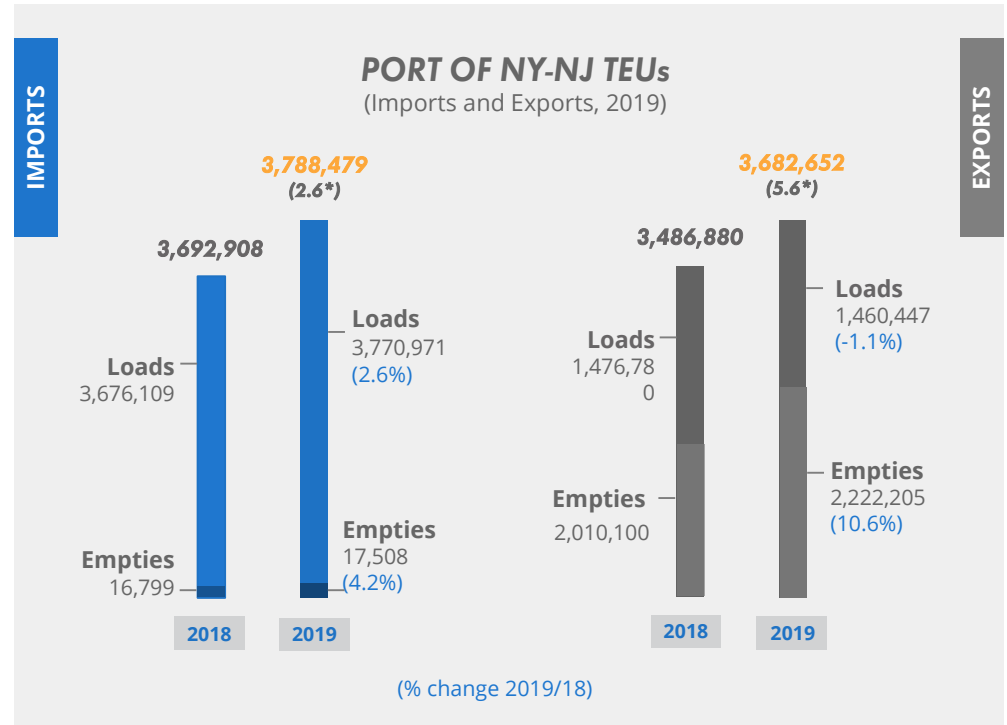
In addition, with the container volume rebounding sharply in August 2020 in the midst of the COVID-19 pandemic, the Port set an **all-time monthly container record of 688,365 TEUs**, a 1.3% increase over August 2019.



(% change from prior year)



Source: istock



Source: PANYNJ



ENSURING CHASSIS FLUIDITY TO SUPPORT THE PORT'S GROWTH

The challenge that the Port and TRAC Intermodal faced was how to ensure chassis fluidity to support growing cargo volume.

With more cargo comes the need to effectively manage the flow of containers and trucks through the port. A key component of achieving greater port fluidity is to provide quality chassis equipment and operational effectiveness to enable timely and efficient out-gating for customers using the port. Improved chassis quality speeds customer pickup by reducing the time for roadworthiness checks on outgoing chassis, as well as time needed for chassis replacement if problems are found.

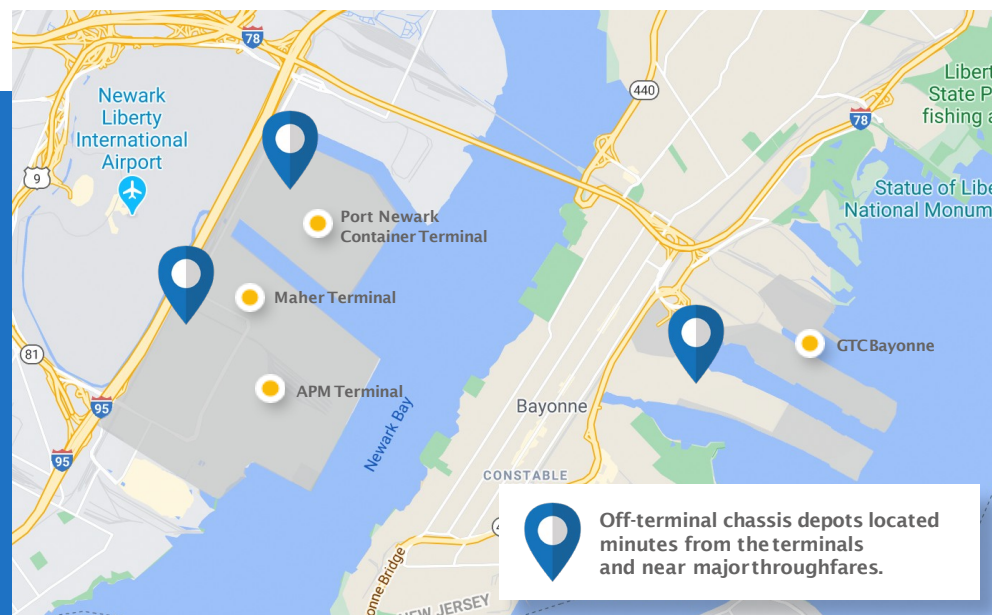


THE RELOCATION OF CHASSIS TO OFF-TERMINAL DEPOTS

Key to the port's ability to enhance chassis fluidity was to adopt a new chassis provisioning model. Following extensive discussions, planning and collaboration between terminal operators, drayage community, chassis providers, labor, port personnel and various customer groups, chassis depots were moved from inside the terminals to off-terminal locations.

The move to this new model from 2015 to 2017 gave chassis providers greater control and oversight of their fleets while freeing up valuable waterfront property for processing imports and exports.

Chassis yards were moved to locations just minutes from the terminals and near major thoroughfares, allowing motor carriers to pick up chassis quickly and efficiently from multiple depots.



TRAC INTERMODAL'S QUALITY FLEET CARE PROGRAMS

Since 2015, TRAC invested more than **\$350 million** in modernizing its fleet with premium equipment.

Operating chassis depots at off-terminal yards allowed TRAC to launch various quality-focused initiatives, from fleet upgrades to efficient maintenance and repair processes, to operational improvements and technological innovations.



To help ensure chassis availability in the port, TRAC has launched:

Fleet Modernization Initiative:

TRAC's BlueEdge Chassis Upgrade initiative transforms TRAC's older units into premium like-new chassis equipped with new axle, brake components and electrical wiring, as well as LED lights, single-piece rims and OEM tiers. Each year, thousands of new and BlueEdge chassis are injected into TRAC's fleet across the country.

Fleet Optimization Program:

TRAC's fleet optimization program includes volume forecasting combined with a proper fleet sizing, utilization and safety stock strategy, allowing TRAC to react quickly to sudden changes in demand to ensure chassis availability across all markets.

TRAC's M&R Program:

TRAC developed and implemented efficient M&R processes, which streamline chassis maintenance and repairs to ensure the highest quality equipment.

PORT OF NY/NJ CHASSIS POOL MODEL SUCCESS

Despite an 11.3% increase in cargo volume since 2017, as well as sudden spikes in demand during the 2019 US-China trade war and record container volume in the summer and fall of 2020, the Port of NY/NJ has been able to maintain fluidity across its system, with little to no disruptions.

Following the port and chassis operations improvements, chassis provisioning has remained fluid despite the significant increase in cargo volume in recent years. The system was also able to support sudden spikes in demand caused by a pre-tariff import increase, as well as record container volume rebound in the summer and fall of 2020 in the midst of the COVID-19 pandemic.

TRAC Intermodal's chassis pool has been recognized for its superior quality. The Association of Bi-State Motor Carriers named TRAC Intermodal the Best Overall Chassis Provider in the Port of NY/NJ in 2016, 2017 and 2018.




In addition, TRAC Intermodal has realized favorable results across a number of different areas:

▶ **INCREASED MOTOR CARRIER EFFICIENCY**

The central location of the off-terminal chassis depots (less than two miles from terminals) makes it easy for motor carriers to pick up and return equipment. Chassis relocation also helps reduce terminal turn-time at marine facilities by eliminating extra dwell time resulting from unstacking chassis.

▶ **IMPROVED EQUIPMENT QUALITY**

Dedicated chassis depots also allow TRAC to implement highly efficient M&R processes with more frequent equipment checks, systemic inspections and real-time FHWA inspections. Improved oversight of the M&R processes and capabilities at the depots results in a safer and better performing chassis.



55% of TRAC's chassis fleet at the Port of NY/NJ has been upgraded to TRAC BlueEdge chassis standard.

▶ **REDUCED ROADABILITY AND ROAD SERVICE EVENTS**

Better inspections, grading, classifications and targeted chassis rotation help TRAC minimize exposure to terminal roadability and road service events, along with reducing the cost and exposure of terminal damage.

▶ **ENHANCED CHASSIS AVAILABILITY**

TRAC's fleet optimization program helps ensure adequate chassis supply while fleet modernization maintains equipment performance and safety. With over 55% of its chassis fleet upgraded to premium quality, TRAC's Metro Pool is one of the most modern chassis fleets in the U.S.

▶ **COST SAVINGS**

The new chassis provisioning model offers greater control of M&R costs. In addition, storing chassis at off-terminal yards eliminates the requirement to pull excess equipment from terminals, which leads to reductions in repositioning costs.



“The relocation of the chassis to off-terminal depots has provided increased efficiency for the Port, motor carriers and IEPs. The chassis supply has increased drastically following the off-dock strategy implementation. While there is always the potential for a peak demand resulting in the right size/type chassis not being where they are needed most, the supply has been strong and the system fluid.”

*Beth Rooney
Deputy Port Director
Port Authority of New York and New Jersey*

▶ TRUCKER CHOICE

Operating as grounded facilities and with a network of off-terminal chassis depots, the Port of NY/NJ offers motor carriers efficiency and flexibility. This chassis provisioning model allows motor carriers to choose which equipment, pool, leasing and/or direct ownership arrangement best fits their needs.

The system offers interoperability on Merchant Haulage moves as well as on Carrier Haulage moves for 16 ocean carriers, with whom TRAC Intermodal has carrier haulage billing agreements. Any limitations in interoperability are off-set by efficiencies gained by improved chassis operations, which reduce the truck visit time enough that it can now be faster than going to the terminal, even if it requires an additional trip.



SUMMARY

The Port of NY/NJ has undergone extensive upgrades and investments in the past few years that have resulted in an 11.3% increase in container cargo volume between 2017 and 2019.

Despite this volume increase, compounded by sudden spikes in demand during the 2019 US-China trade war and record container volume rebound in the summer and fall of 2020, the chassis system was able to maintain smooth cargo flow.

This success can be attributed to the port's chassis provisioning model as well as TRAC's Quality Fleet Care programs. This combination offers motor carriers ready access to safe, high-quality equipment, operational efficiencies and true choice of equipment to meet their needs.

Using a system of independently operated competitive neutral pools, IEPs have full control of their equipment, which benefits TRAC's customers in the following ways:

- TRAC optimizes and updates its equipment and can implement robust operational and technological processes to ensure fleet readiness for sudden spikes in demand.
- Chassis provisioning options give customers a choice of chassis providers and how they want to structure their relationship, whether it is through the use of chassis pools, ownership or long-term leasing.
- Motor carriers, BCOs and others reap the benefits of competitive market forces. The intermodal industry benefits from access to premier providers committed to meeting the transport needs of all carriers.

CONTRIBUTORS



VAL T. NOEL

EXECUTIVE VP & CHIEF OPERATIONS OFFICER

Val T. Noel joined TRAC Intermodal as Executive VP and Chief Operations Officer in 2013. Val is responsible for the day-to-day operations of the company. Before joining TRAC, he held several senior leadership positions at Pacer International, Inc., and its affiliate, Pacer Cartage, most recently as Executive Vice President of Intermodal Operations and President, respectively. Prior to Pacer, Val worked at CSX where he held several management positions. Val is active in the Intermodal Industry and has been a past board member of TTX and IANA, the past chairman of the IANA Operations Committee and currently participates on the IANA Scholarship Committee.



JAMES BOWE

SENIOR VP & CHIEF COMMERCIAL OFFICER

Jim Bowe is responsible for the Strategic and Regional Sales for TRAC Intermodal. Jim joined TRAC in 2000 and has served in several senior management positions within both the Sales and Operations organizations. Prior to joining TRAC, Jim worked for Transamerica Leasing for 26 years in various senior management positions managing containers and chassis leasing throughout North America. Jim is an active member of the New Jersey Bi-State Motor Carriers Association and serves on the Port of New York and New Jersey Council on Port Performance.



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