



GREATER MEMPHIS CHAMBER

The Honorable Martin J. Oberman
Chairman
Surface Transportation Board
395 E Street SW
Washington, DC 20423

April 14, 2021; Updated April 20, 2021

Dear Mr. Oberman,

Your urgent assistance is desperately needed to help resolve an inland rail crisis affecting Memphis importers, exporters, and motor carriers created by the surge of freight, chassis shortages, and gridlock at U.S. rail ramps.

We ask that you consider taking immediate measures to resolve the crisis, including regulating the levy of fees, imposing relaxations of restrictions for chassis provisioning, and exploring long-term models to avoid this type of congestion during future cargo surges.

For further background, the following summarizes our current problem, proposed solutions, and immediate asks.

The Problem: Recurring increases in volumes of inbound cargo have overwhelmed interior intermodal infrastructure, causing significant costs, delays, and consequences to supply chain participants.

1. Severe congestion and inaccessibility to equipment is inhibiting the timely and cost-effective movement of goods. Several factors – including significant weekly intermodal international volumes, chassis shortages, and rail agreements with ocean carriers to use specific chassis for their containers moves – have converged to cause grounding and stacking at rail ramps. The result is severe, on-going congestion and inaccessibility to equipment. For example, one of five Class I railroads is currently reporting 1,600 boxes on the ground in Memphis and equipment shortages exceeding 600 chassis. More than 3,000 additional loads are staged on trains outside of Memphis waiting to bring these trains in to off load. Volumes at these levels, under the current model, will simply exacerbate congestion, fees, costs, and gross inefficiencies in the supply chain. These fees and costs will be imposed on importers,

exporters and motor carriers, who are subject to terms of agreements to which they are not party.

2. Storage fees continue to accumulate for import containers. Congestion at the rail prohibits accessibility to equipment, yet the storage charges continue to accumulate each and every day. We ask that you use your authority to enforce the reasonable levying of fees as they relate to cargo availability. Federal authority to take this action is grounded in both the FMC Interpretive Rule and STB policy that discourage charging storage until containers are picked up by the shipper and their motor carrier. Specifically, no storage should accrue until a container is mounted on a roadworthy chassis and ready for pick-up.
3. Lack of alignment between railroad capacity and ocean carrier accepted bookings through limited appointments and capacity caps have caused huge backlog for our Memphis exporters.
4. The partnerships between ocean carriers and Intermodal Equipment Providers (IEPs) are failing to meet the demand with the necessary chassis when the train arrives. When these chassis shortages occur, demurrage, and rail storage become the responsibility of the shipper. As the containers stack, the national rail system becomes more gridlocked.

The Solution: Existing intermodal equipment must be utilized more efficiently and supplemented, with fees levied reasonably. We suggest consideration of the following measures.

1. Establish interoperability between all chassis pools in Memphis including DCLI, TRAC and MCCP. All Class I railroads in attendance at the Memphis Supply Innovation Team (MSCIT) meeting in Memphis, both in 2018 and in 2019, with the FMC presiding as part of the Fact-Finding Investigation 28 on Detention and Demurrage, agreed that interoperability and a gray pool in Memphis would improve immediate fluidity for the railroads. Commissioner Rebecca Dye testified to the STB with this suggested solution on May 22, 2019. Her testimony is public record.
2. Allow choice when the cargo owner controls container pick up or delivery for flexible use of chassis in Memphis area to better equip stakeholders to meet their contractual obligations and create opportunities to introduce more assets.
3. Amend storage process and fee structures to begin when a container is mounted on a roadworthy chassis to pick-up their container(s).
4. Create transparency and support for more daily capacity and appointment times in Memphis for U.S. exports moving back to the East Coast ports aligned with ocean carrier confirmed bookings, Early Return Dates (ERDs) and inland cut-offs.

Our Immediate Asks: Our request for immediate assistance and regulatory support for stakeholders in the Memphis supply chain should initiate with fee examination and actions to change the existing model for provisioning intermodal equipment, specifically chassis.

1. We request that there be immediate examination and action taken to align the levy of fees with the shared regulatory mission and objectives of the Federal Maritime Commission and Surface Transportation Board, requiring that cargo be available, or the shipper incited to move prior to the accrual of any fees.
2. We request immediate measures to enhance interoperability, choice, and competition to mitigate participants' risks, better utilize existing infrastructure, and increase freight fluidity. Recent concessions of restrictive policies concerning chassis provisioning by Memphis rail service providers have proven to increase freight movement in the Memphis market. We applaud that action and request the institution of measures that replicate this responsibility and added solvency to the supply chain. While we maintain the recommendation of the Memphis Supply Chain Innovation Team (MSCIT) to establish a single, interoperable, gray chassis pool in Memphis, we are currently in a crisis. We must implement tangible and meaningful measures to alleviate the current pressures faced by supply chain participants in Memphis.

Thank you for your consideration of this information and our requests. We will be happy to provide additional information, including examples and a whitepaper of the recommendations developed by the Memphis Supply Innovation Team. On behalf of the undersigned importers, exporters and motor carriers serving the Memphis market, we implore your immediate address of the above challenges and request a meeting to further discuss this critical issue.

Sincerely,

The Greater Memphis Chamber and signatories:

American Cotton Shippers Association	Millennium Outdoors
Baco Trading	Milwaukee Tool
Behold Home	Nice Link Home Furnishings
CAN Cotton	Orgill, Inc
Cargill Cotton	Ozark Motor Lines, Inc.
Community Development Foundation for Lee County Mississippi	Patterson Warehouse
Creative Coop	Pryamex
CTC Logistics	Radians Inc
Designs That Define	Real Home Innovations
Drexel Chemical	Royal Furniture
Dunavant Logistics	Sappi
Evergreen Packaging	Stylecraft
Great Neck	TCW Trucking
Higdon Outdoors	Tennessee Commercial Warehouse
IMC global	Tennessee Truckers Association
International Paper	Titan Brands
Lane Home Furnishings	Tremont Floral Supplies
Langston Bag	Truck Pro
Louis Dreyfus Company LLC	U.S. Industrial Machinery
Mallory Alexander International	United Furniture
Memtex Cotton Marketing	UWT Logistics
	Worlds Away