

The end of the Cold War wasn't good news for everyone. The demise of Communism in the Soviet Union produced new competition for U.S. grain producers, and forced them to seek other markets.



Charles T. Foskett

One that holds promise is the rapidly growing market for specialized grain products that can command higher prices. A cookie manufacturer, for example, may demand a particular type of wheat and

even specific farming methods to get the required taste, baking characteristics, shipping durability and shelf life in grocery stores.

To meet this kind of demand for "identity-preserved" grains, however, producers must differentiate their custom-grown grains by shipping each variety separate throughout the supply chain. They can't just dump it into barges, hopper railcars or bulk-carrier ships.

Containers aren't normally used to ship bulk grain, but the economics could work if the grain's value were high enough. Unfortunately, there are few intermodal rail terminals in the grain-growing regions of the northern Great Plains states. And because those areas are thinly populated, any containers used to export bulk grain probably would come back empty.

Charles T. Foskett thinks he has a solution. A physicist by training, he has started and sold companies in such diverse fields as telecommunications and infrared analysis. Now he's chief executive of RailRunner NA Inc., which has introduced a device that can turn container chassis into railcars by sliding them onto "bogies," or sets of railroad wheels that fit under the chassis, front and back.

By linking a series of bogie-mounted chassis together on a railroad siding and hitching them to a locomotive, RailRunner can create a complete intermodal train. A container can go from rural rail siding to a big-city rail terminal, where it

can be hitched to a truck and driven away — or vice versa.

The concept is similar to RoadRailer, the rail-highway trailer that was introduced more than a decade ago and is marketed by Wabash National, although the truck wheels and rail bogies stay on the RoadRailer hybrid vehicle.

Foskett said RailRunner creates new markets. "The grain is on the plain, but there are no intermodal terminals out there," Foskett said. "Getting containers to the plains where the grain is and getting those filled containers out is a real problem that we can solve by loading our intermodal trains anywhere that we can break even with as few as 7,000 to 10,000 containers per year." He said railroads would need to have volumes of at least 100,000 containers a year to justify an intermodal rail terminal.

RailRunner, based in the Atlanta suburb of East Point, Ga., has been testing the technology and manufacturing the bogies for several years. Last August it launched a commercial pilot project on Norfolk Southern Railway's Triple Crown network between Jacksonville, Fla., and Fort Wayne, Ind. RailRunner chassis carry three to six containers of manufactured goods to Jacksonville a week. From there, the boxes are carried to Puerto Rico by Trailer Bridge, which has twice-weekly container-on-barge service from the Port of Jacksonville.

In March, RailRunner received permanent approval from the Federal Railroad Administration to continue the service. The company is in talks with soybean producers in the Fort Wayne area that are interested in using RailRunner to ship their identity-pre-

By truck or track

RailRunner markets service that turns intermodal chassis into rail-highway vehicles

BY PETER T. LEACH



Bogies, or sets of railroad wheels, fit under container chassis, turning containers into railcars.

RailRunner

served products to markets via Jacksonville. The backhaul to Fort Wayne consists of paper products and agricultural goods from Georgia.

Last month, RailRunner received an investment of \$5 million from U.S. Boston Capital Corp. that it will use for its next phase of expansion and to set up its sales and marketing operation.

The next stage is to start a commercial service on BNSF Railway carrying identity-preserved soybeans, dried peas and lentils from Minot, N.D., to the railroad's terminal in Minneapolis, where the grain would be transferred to BNSF intermodal trains bound for outbound ports in the Pacific Northwest for shipment to Asia. BNSF has been evaluating the project, but has not yet made a commitment to it.

"We are very hopeful that BNSF is going to approve this," Foskett said. "Our plan is to get approval to run a 125-unit RailRunner train from Minot to Minneapolis in the first half of 2006." He said RailRunner figures it will fill about 20 percent of its containers with miscellaneous equipment and manufactured goods on the return to Minot.

Foskett said RailRunner is focusing on providing short-haul intermodal service between points with high and low densities of container cargo. "We are targeting the container and chassis market in lengths-of-haul markets from 250 to 800 miles where railroads are shutting down intermodal terminals because there are not enough volumes to warrant them," he said.

He said current trends in trucking play into RailRunner's strategy. Trucking service is being constrained by high fuel costs, traffic congestion, lack of drivers and the hours-of-service rules.

RailRunner's bogies have wedge-shaped ramps on both sides that allow a yard hostler to shove a chassis and container up the ramps, lifting them off the ground and centering them on the bogies.

"It takes two-and-a-half to three minutes to back the chassis and container up onto the track and get it in place, allowing RailRunner to build an intermodal train at almost the same rate as it could with a crane lift," Foskett said. "We call

it 'terminal anywhere' technology because you can do it on a farm, you can do it at a factory, you can do it virtually anywhere."

Besides the grain market, RailRunner is targeting another growing source of cargo — containers of municipal solid waste, which can be transloaded at high-volume rail terminals and carried on RailRunner chassis to landfills in remote locations.

RailRunner is concentrating first on the agricultural market for two reasons. First, Foskett said, the demand for identity preserved grain, which now accounts for 2 to 3 percent of global market demand, is growing so quickly that it will account for 10 percent over the next five to seven years. "Farmers are turning to high-value products like lentils, like soybeans, like dry peas, like flax for which they get more per bushel, but they have to meet certain specifications," he said. "There are 27 different kinds of soybeans, and you can't mix them all together in the hold of a ship." So each product must be shipped separately in a carefully labeled container.

Second, the 2-to-1 imbalance in U.S. containerized imports over exports offers an opportunity for lucrative backhaul cargo. Containers that carry export grain to Asia can easily be reloaded with U.S.-bound consumer goods or manufacturing components, Foskett said. Honda Motors, with an auto plant in Marysville, Ohio, has purchased a soy-processing plant so it can import auto parts from Japan in containers and send the boxes back to Japan filled with soybeans.

"But you have to get the containers back to the farmers," Foskett said. "Right now, the farmers' ability to export is limited because they can't get containers. When they have the containers, their market is going to grow. When their market grows, they'll need the RailRunner service. Foskett believes the Minot-to-Minneapolis service will grow to two or three unit trains a week in a few years, each consisting of 125 to 150 railcars. "This will increase the business for BNSF on that route, and will feed their stacktrain business out of Minneapolis, so it's a double win for them," he said. ♦

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