Carving Out Shorthauls

BY JOHN GALLAGHER

Intermodal technology gets slow start but expects fast gains moving shorthaul container freight

Shippers moving intermodal containers by truck between Fort Wayne, Ind. and Jacksonville, Fla., have a cheaper alternative that could increase scarce truck capacity at the same time.

RailRunner, N.A., which had been waiting months for the Federal Railroad Administration to approve commercial service of its technology linking containers and their chassis together for rail haulage, received the all-clear to roll in the Fort Wayne-Jacksonville lane in July. But official start of the operation last month was delayed by a hurricane and a tornado in Florida. It was finally up and running on August 19, moving three 53-foot container loads per week for Trailer Bridge, which operates a container barge service between Puerto Rico and Jacksonville.

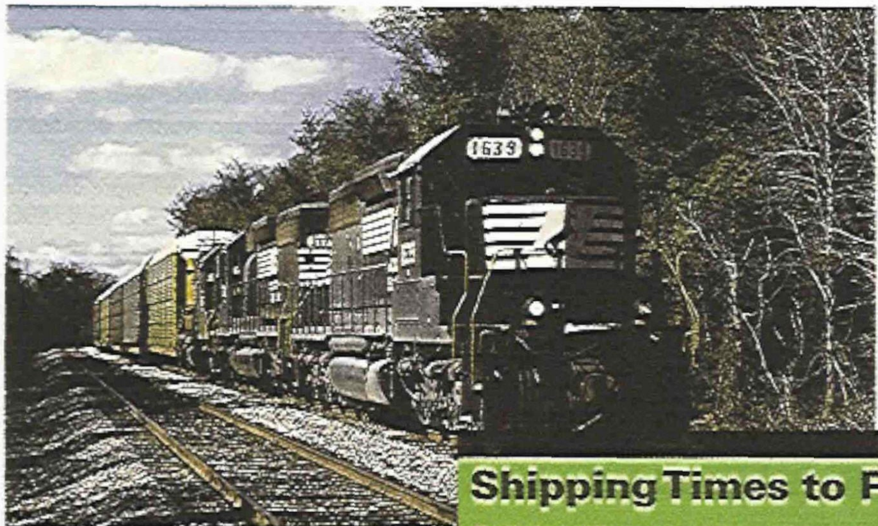

Photo by Larry Smith/Trans Pixs

"We were slowed down a bit, but we're really excited about how this is going so far," said RailRunner CEO Charles Foskett. "This is an important step for RailRunner and for anyone who has containerized goods they want to move inexpensively and efficiently. We have combined the flexibility of trucking with the cost advantages of rail so that businesses throughout the country can dramatically lower their shipping costs."

RailRunner technology strings container loads together — much like Norfolk Southern's Triple Crown Services hooks together trailers using RoadRailers — and can operate both on the highway and over rail tracks. It allows shippers to shift between road and rail without the need for cranes to lift the container from one carrier to another. Freight can be moved on and off of the rails by a truck at a siding without having to use intermodal terminals.

RailRunner plans to exploit markets that have been abandoned by the railroads as too costly to serve.

Manufacturers of finished products such as washing machines and microwaves in the Fort Wayne area have had to move those goods by truck to Jacksonville, and then by barge to Puerto Rico and the Caribbean. Foskett estimates that using RailRunner in conjunction with Triple Crown to move those containers intermodally without going through an intermodal yard will shave 10 to 15 percent off those shippers' freight bills.

Foskett added that taking containers off the highway will make available more truck tractors and drivers as record volume levels are depleting capacity on the roads. "I think this technology is contributing in a lot of ways to solutions the industry is looking for when the demand for freight transportation is so high," he said.

After upgrading from three loads to five loads per week in the next few weeks, the next step is to start backhauling loads into Fort Wayne, Foskett said, most likely agricultural products. "We anticipate building up to about 20 loads up and 20 loads back within the next six to eight weeks," said Foskett. "The service levels on NS right now are very high, but we're still playing around with turnaround times."

The Midwest grain market is where Foskett is heading next.

"This business has a tremendous asset problem: there's not enough hoppers and box cars," he said. "Export grain moving through the bulk rail system usually winds

Shipping Times to Final Customer

Bulk handling system	*Days*	*Container system*	*Days*
Farm storage		Farm storage	
Local delivery	1	Local delivery	1
Primary elevator	40	Intermodal terminal	2
Rail hopper cars	11	Double-stack train	2
Export terminal	19	Intermodal port	2
Bulk shipment	15	Container ship	11
Import terminal	10	Intermodal port	2
Local delivery	1	Local delivery	1
Final customer		Final customer	
Total	*97*		*21*

Source: USDA

up at Pacific Northwest ports where it can take two, three weeks to get transloaded from box cars to containers."

However, the ability to gather and link containers that have been loaded directly at the elevator can significantly increase cycle times and open new market opportunities for those grain shippers that don't have the facilities to load large shuttle trains favored by western railroads like Burlington Northern Santa Fe Railway and Canadian Pacific Railway.

The biggest obstacle seems to be convincing railroads that are focused on keeping their grain networks lean that such an operation would be viable.

"RailRunner is keeping us informed of the performance of its commercial service and we will proceed with our decision making based on the economics," said BNSF spokesman Pat Hiatte.

Amtrak's Dead Letters

Delivering mail with people is no longer viable for passenger service trying to remain afloat

Dragged down by its own operations and congestion along the tenant freight railroads, Amtrak will give up carrying mail for the United States Postal Service. Freight rails and LTL carriers will absorb First Class and bulk mail moving under the $65 million contract when it expires at the end of September.

"We've concluded that the mail business is marginal at best, and that it causes reliability problems that affect schedules and efficient operations," said Amtrak spokesman Cliff Black. "We feel it makes sense to focus solely on core business, which is passengers."

Black said that the railroad decided to reevaluate its mail service because of congestion problems on the freight rail system. "On portions of some of the freights, Amtrak has been woefully delayed, and we have to look for ways to reduce the chances of delays for our passengers."

In addition, running boxcars for mail service on passenger trains means Amtrak has to stop at intermediate terminals to switch cars, requiring that large dwell times be factored into the schedule. Equipment maintenance was also driving up costs, Black said.

The decision is probably good news for other carriers for the U.S. Postal Service, including the passenger airlines that have seen mail traffic sharply fall off as the USPS has funneled more letters to truck transport and toward a large and growing contract relationship with FedEx Express.

Amtrak has been moving mail for the USPS since the country's intercity passenger service was created in 1971. Hoping to become less reliant on government funding, Amtrak expanded its services in the late 1990s through its "mail and express" subsidiary, moving perishables along with mail. But despite offering shippers faster service than freight railroads, Amtrak couldn't make it profitable. "We quickly realized it was not the business we should have been in," Black said. Two years ago Amtrak decided to let their express contracts run out.

Amtrak will likely need more financial help as well to keep trains moving. Black said the $900 million subsidy proposed by the federal government this year is half the amount Amtrak will need and could force it to shut down by next summer.

— *by John Gallagher*

TTX Gets Pooling Extension

STB rules unanimously for TTX over objections of railcar lessors

The Surface Transportation Board approved a 10-year extension of TTX's flatcar pooling authority. The extension was supported by the National Industrial Transportation League and National Steel Car but opposed by a group of rail car leasing companies.

TTX, which owns and manages a fleet of intermodal flatcars on behalf of the Class 1 railroads, argued that pooling intermodal equipment spreads investment risks, maximizes efficient use of equipment and lowers costs to the rail industry for maintenance, repair, research and development.

The STB agreed with TTX. "In light of the various benefits achieved from flatcar pooling and the substantial support from a variety of interested parties, we find that an extension of TTX's flatcar pooling authority clearly will be in the interest of better service to the public or of economy of operation," the Board said in a unanimous decision.

Opponents included car leasing giants Bombardier Capital Rail, CIT Rail Resources, First Union Rail and GATX Rail. They argued that TTX should not be permitted to set rates, charging it sets those rates at levels that are below those that leasing companies profitably can charge for similar equipment.

The result is that these companies claim they have to avoid competing with TTX and could be driven out of the flatcar supply market. "These commenters also claim that TTX's low flatcar usage rates have been used against leasing companies unfairly in car hire arbitration proceedings," the STB noted.

However, the STB found the pooling agreement "will not unreasonably restrain competition."

Although he agreed with the 10-year extension, STB Vice Chairman Frank Mulvey did not agree that the authority should apply to other specialized types of flatcars such as those used by the Department of Defense for moving military equipment.

"It does not appear to me that petitioners have sufficiently demonstrated on this record that the pooling of specialized flatcars will promote better service to the public or economy of operation, or that it will not unreasonably restrain competition," Mulvey said.