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Technology offers efficiency of a rail, flexibility of a truck

By GREGORY RICHARDS

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Thursday night, a train rumbled out of a Westside railyard on its journey to Fort Wayne, Ind. Amid the regular lineup were several railcars of a different sort that could change the business model for short-haul intermodal rail service.

The new type of railcar on its debut ride was a chassis capable of hauling cargo containers along both highways and railroads, eliminating the need for expensive equipment and facilities to swap boxes between trucks and trains.

RailRunner N.A., the company based near Atlanta that developed the technology, believes its system will allow railroads like Jacksonville's CSX Transportation to profitably haul containers on routes between 250 and 1,000-miles -- shorter distances where railroads typically have a tough time recouping costs. At the same time, it should make it possible to bring intermodal service to smaller cities like Fort Wayne that lack intermodal railyards, operations costing millions of dollars where containers are switched between trucks and trains. Jacksonville boasts three such complexes, being a major intermodal hub.

"This is a major step in the industry," said Charles Foskett, RailRunner's chief executive officer.

A similar strategy has been used for 18 years by Triple Crown Services, a division of Virginia-based Norfolk Southern Corp., to move traditional 53-foot van trailers over train tracks. In both cases, trailers are trucked to whatever stretch of train track is most convenient and backed onto the rails. Devices called "bogies" that roll along the rails are attached to both ends, lifting the trailer wheels off the ground and leaving the train free to move.

RailRunner is using Triple Crown's locomotives and facilities on the initial leg of its service, from Jacksonville to Fort Wayne, the nexus of Triple Crown's network. Foskett said that route was chosen

because Jacksonville's port is a major gateway to the Caribbean, and Fort Wayne has many manufacturers eager to ship to that market.

One of the company's first customers is Trailer Bridge Inc. a Jacksonville-based shipping line serving Puerto Rico. Trailer Bridge offers its customers door-to-door service, meaning it will handle their shipping needs all the way from Fort Wayne to Puerto Rico.

Plans halted

RailRunner was set to begin service Aug. 12, but its plans were halted when the tornado that struck Jacksonville that day touched down in the Westside railyard from where the train was to depart, damaging equipment. The cargo was trucked to its destination.

"It can help us with the potential for better economics, better transit time and better equipment utilization," Ralph Heim, Trailer Bridge's president, said of RailRunner.

RailRunner sees big potential in expanding its service to such Great Plains states as Kansas and Nebraska. The bulk of the grain grown there is hauled away in hopper cars. But about 5 percent of the grain, highly specialized varieties, are loaded into containers to prevent them from mixing with other types, either in a railcar or the hold of a ship if it's being exported. Because of a lack of intermodal facilities in the Great Plains, Foskett said, that grain is now being trucked great distances.

"This is a very significant market," Foskett said. "If you look at the size of the market, 5 percent of that market is thousands and thousands of containers."

Foskett said RailRunner doesn't so much compete with trucking lines and railroads as it adds new business from shippers who might not have otherwise found it cost-effective to ship to certain markets. He estimates RailRunner can save customers 5 percent to 10 percent on shipping costs.

But at the same time, he sees RailRunner being aided by the trucking industry's present woes: rising fuel prices, increasing highway congestion and a new federal law that limits the number of hours truck drivers can spend on the road. Although railroads are battling congestion, too, Foskett said the impact of that on RailRunner should be somewhat muted because Norfolk Southern has been one of the most effective in keeping its trains running on-time.

A RailRunner is positioned under a trailer ready for rail travel at the Norfolk Southern railyard. WILL

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It has taken RailRunner \$10 million and seven years to develop its patented technology. Industry watchers believe it has much potential.

"If you look at the East Coast, probably 75 percent of the containers are staying within 250 miles of the ports," said Ted Prince, a railroad consultant in Richmond, Va. "You're not going to move those by traditional rail, so you're either going to truck it or you're going to find a low-cost rail alternative, which [RailRunner] is."

William Vantuono, editor-in-chief of Railway Age, a monthly trade magazine, said he sees RailRunner serving more of a niche market. "But any technology that can add market share to rail transportation is helpful -- whether it's a niche market or a large market."

Eventually, RailRunner wants to move from operating its system to selling it to the country's biggest railroads, including CSX, the third largest. Bogie and chassis sets sell for between \$55,000 and \$60,000, so selling 30,000 sets to capture 1 percent of the intermodal market over the next 10 years equates to about \$1.8 billion.

Yet getting cash-strapped railroads to make the investment may be challenging.

"It's a concept worth watching," CSX spokesman Gary Sease said. But he said CSX has no plans to use the system.

"We haven't had a lot of customers saying they want this service," Steve Bobb, Burlington Northern and Santa Fe Railway Co.'s group vice president for agricultural products, said in a January issue of Traffic World magazine. "The questions are: Will the variable costs be low enough to pay for the up-front capital investment that this new technology is going to cost? Will the consumer be willing to pay more to fund this capital investment? That's something that still has to be figured out."

But there are signs that Norfolk Southern, the railroad partnering with RailRunner, likes what it sees so far.

"Our supposition going in is that it looks like a pretty good piece of equipment and we're anxious to try it with them," said Jim Newton, president of Triple Crown. "We'll see after about a year."

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