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Train of 'cans'

Bringing intermodal to the hinterlands

By Mikkel Pates
Agweek Staff Writer

FARGO, N.D. - It's clear that as the region's agriculture sorts itself into the "large" of commodity shipments in shuttle trains and the "small" of IP and non-GMO, there is a growing demand for "container"-style shipping.

A key issue in serving smaller, niche markets is use of containers - or "cans," as they're called in the industry. These are the steel boxes of 20-, 40-foot lengths that are sealed and sent to domestic or foreign buyers.

Historically, a key issue is whether producers can get containers to and from an "intermodal" rail yard - a facility where containers are lifted off truck chassis and stacked on rail cars to take to export ports or domestic users. The farther the farm producer or processor is away from a terminal such as Dilworth, Minn., or Minneapolis, the harder it is to get empty containers and the harder it is to get to the terminal.

Despite increasing demand, the intermodal facilities seem to be going the wrong direction. Some intermodal yards have closed or are rumored to close. There are no intermodal yards in North Dakota or South Dakota.

Enter RailRunner N.A. Inc. The Georgia-based company has come up with a system that takes container-carrying truck trailer chassis together to form trains. If its plans work, soon trains of containers from the area can be assembled and then shipped to an intermodal terminal.

Flexible, scalable

Joseph Waldo, vice president for sales and marketing, presented information on the new technology as part of a multicounty Extension Service seminar in Fargo on identity-preserved market possibilities. Waldo says the system is flexible in that it can be built anywhere, as long as there is gravel at the same level of the tracks.

There is no change in the way customers load containers today. The difference is in the chassis, which looks and acts like a highway trailer, but is pulled to a local rail siding where it is put on the rail to act like a rail car.

The system uses bogies - low, swiveled undercarriages - at each end of the chassis to form a rail car. A truck tractor pushes the container up on a chassis. A pressurized air system picks the chassis up, road wheels and all.

"All you need is a rail siding, and enough space to bring containers alongside, and a truck tractor to bring them up on the rail and have air lift the whole train up.

"You could do a whole train with five, 10 \$50 containers, with no more than a siding and some gravel."

When the bogies aren't being used, they can be removed from the siding which can be used for other purposes.

"I would visualize that this system could open up more IP markets to North Dakota farmers, and probably (manufacturing) companies as well," says Rudy Radke, North Dakota State University area extension specialist for ag diversification and high-value crops.

Radke, who helped organize the conference, says the container shipping is used heavily by organic producers and those who deal in non-GMO grains for food, as well as specialty seed producers. Containers are a way of making sure that products aren't adulterated in normal transportation chains.

"A large farm, or maybe an elevator could purchase this kind of system," Radke says. "If they typically run 20 containers, they're going to need 19 or 20 bogies. Companies like Bobcat in Gwinner, N.D., have shown interest in the system.

The Upper Great Plains Transportation Institute in Fargo has been looking at intermodal possibilities for North Dakota. Housed at NDSU, the institute late last fall created an Intermodal Development Committee. There are two groups - one in the Minot, N.D., area and another in the east, Radke says. The idea is to explore the possibilities of putting in high-tech intermodal facilities. An intermodal terminal was phased out on the Soo Line in Thief River Falls, Minn., several years ago. The BNSF has an intermodal capacity in Dilworth, just east of Moorhead, Minn., but it is known to be somewhat unwieldy.

Cost is an issue.

Who pays the price?

While rail costs tend to be roughly a third of the trucking costs, there is a cost for a system that gets product on the rail. Each bogie lists at \$45,000. Each trailer chassis runs about \$9,000 to \$12,000 - usually at a premium to ordinary truck chassis because they're reinforced with heavier steel.

A 20-car setup would involve an investment of about \$900,000 for bogies alone - roughly a million dollars.

Carrol Duerr, general manager of the Minneapolis-based Midwest Shippers'

Association, listening to Waldo's presentation, speculated that such a system could be based in a town like Minot.

"There could be a yard up there where you would truck it out of that system, but it would serve as a 'temporary' or different type of intermodal drop-off."

Waldo says that Duluth, Minn., officials have shown interest in that kind of yard. They don't have enough

volume for a railroad to put a conventional intermodal yard.

Waldo offers that a grain elevator or some other "third party" might manage such a facility. "It could be a subsidiary of the railroad," he says. "It could be a shippers association."

"Someone has to keep the chassis (fleet) in place," Waldo says. "Someone has to make sure you get the dray delivered to where you want it. Someone has to make sure you get an empty car when you need it. Someone has to make sure the equipment is there when the BN is ready to haul it."

In the case of Duluth, a couple of terminal operators are interested in managing such a system, he says. Who's going to fund it?

"The state of Minnesota is real interested in it," Waldo says. "The economic development corporation of the city of Duluth is real interested in it and we have shown, through the modeling, that there is at least a 20 percent after-tax return for an operator to operate it.

"And we have enough leasing companies who are willing to lease it to an operator, so they wouldn't have to put up the million dollars that it would take to start."

Will the railroads cooperate with such a system?

"They probably won't stop a larger mainline train to add on a shorter train of RailRunners," Waldo acknowledges. "What they really want to do is give you a locomotive for eight hours. That's what they do best - 'I'll give you the power and the crew, it's going to cost you this much; build a train for us. I just want to hook and haul.'"

RailRunner officials calculate the system would become economical at 15 to 20 containers twice a week. "As volume grows, as the market matures, as you ship more cars from that areas, the trains can grow with it," Waldo says.

Passing the test

Of course the equipment is a "rail vehicle," and has been fully tested and approved by the government. It's been tested on what is called the American

Association of Railroads Test Center in Pueblo, Colo. RailRunner is using 20 prototype systems in the East. The company says it's the most efficient within a 300- to 900-mile range.

Charles Foskett, president and chief executive officer, says the company has been running on short lines in Georgia for the past three years, with about 50,000 miles of operation on a shortline.

The first place it'll have "real live customers" will be between Jacksonville, Fla., and Fort Wayne, Ind. It will be a "feeder system" to the Jacksonville port to send containers primarily into Puerto Rico. Foskett says the shipments southward will be consumer goods and the products shipped back north include some paper and horticultural products.

"We do have some IP grain situations in the prairies of Canada, where we're pretty close to having something up there as well."

Foskett notes that a company called Triple Crown Services of Fort Wayne runs a similar service for vans,

but the design is different and RailRunner boxes separate from the chassis.

Waldo says the "economics are compelling enough for both the rail side and the shippers," that such a system could be up and running in North Dakota and South Dakota within a year or two.



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