Intermodal Freight Facilities in Small to Medium Sized Communities
Intermodal is Vital to US Freight Transportation

Contributes to U.S. Economic Growth

- Enables companies to increase supply chain efficiencies
- Cost effective means of transporting both imports and exports

Railroads can incrementally increase their capacity at a lower cost than other land-based modes, especially over long distances

Since railroad deregulation, customers have saved more than $10 billion a year in shipping costs

More than 600 intermodal companies and organizations are involved in service development and delivery
Traffic World Magazine reported that for the first nine months of 2003, intermodal revenue reported by the largest North American railroads already had surpassed coal revenue by almost $1 billion. Roughly, coal accounted for $6 billion in revenue, and intermodal $7 billion.
Intermodal Profile

Intermodal:
- 10,934,330 shipments in 2002
- 5.7% growth in a soft economy

Services
- International (steamship traffic)
- Domestic wholesale (truckload, freight forwarders)
- Domestic premium (UPS, USPS, LTL truckers)
- Domestic retail (Triple Crown)

Profile
- Long haul over 1000 miles
- Mostly Interchanged (2 or more RR’s)
- Profitable
Typical Intermodal Breakeven is 600+ Miles

- Truckload
- Intermodal
- Rail Carload
- Rail Unit Train

Unit Cost

Breakeven Zone

Miles

200 400 600 800 1000 1200 1400 1600 1800 2000
Intermodal fills a price/service gap between rail carload and truckload transportation
Expected Change in Truck Rates

- Truckload
- Nat. LTL
- Reg LTL
- Intermodal

Percent Change

- January-03
- June-03
- Mar-04

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Percent Freight Diverted From Truck Due to HOS

- Intermodal: 40%
- Reg. LTL: 28%
- Nat. LTL: 17%
- Other: 15%
Segments with greater than 10,000 daily truck trips
The Benefits of Freight Terminal Development

• Jobs
• Competitive access to new markets
• Improved competitive position within the global supply chain
• Economic Development benefits
The North American Rail Terminal Network
Site Selection and Evaluation
Criteria

- Population
- Proximity to Class I carrier(s)
- Production
- Productivity (balance/Density)
- Political will
Population considerations

Rail Intermodal Service by Population
Percent of U.S. Metropolitan Areas

Metropolitan Area Population

- Over 4 Million: 100%
- 2-4 Million: 92%
- 1-2 Million: 81%
- .5-1 Million: 57%
- .25-.5 Million: 34%
- .125-.25 Million: 8%
- Under .125 Million: 4%

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Types of Intermodal Terminals

- International container ports
- Large metropolitan areas
- Concentrated production areas
- Multi-function terminals
- Paper ramps
Evansville, IN

Remington, IN

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Relationship to the Rail Network Drives Design Consideration

- **Interchange Terminals**
  - Los Angeles, Chicago, Kansas City, St. Louis
  - Peaking is often driven by interchange schedules

- **End Point Terminals**
  - Auburn, ME; Port of Montana, Green Bay, WI
  - Often driven by customer or production spikes
  - Difficult to serve if not balanced traffic flows

- **Intermediate Terminals**
  - Determined by carriers network
  - The number of intermediate terminals within a network often impact a carriers end to end service schedule
  - Often intermediate terminals serve train operating needs
Terminals must be competitively positioned.
Location, Location, Location!

- Length of haul
- Proximity to competitive intermodal facilities
- Competitively positioned from a cost and service perspective
- Network value
- Balance
Service Design is Often a Key Factor of Success

- Shippers expect Intermodal to be slower than truck
- Shippers demand reliability
- To the extent gate cut off’s and freight availability can compliment local shipping patterns the higher the likelihood of success.
- Circuitous routes to key markets or gateways may negatively impact terminal viability.
## Short Haul - Green Bay to Chicago

<table>
<thead>
<tr>
<th>Distance</th>
<th>TRUCK</th>
<th>Rail</th>
</tr>
</thead>
<tbody>
<tr>
<td>200 miles</td>
<td>Open</td>
<td>3:00 for a 5:00 pm gate cut off</td>
</tr>
<tr>
<td>Pick Up</td>
<td>4-5 hours depending on destination</td>
<td>8 hours</td>
</tr>
<tr>
<td>Transit Time</td>
<td>Same day</td>
<td></td>
</tr>
<tr>
<td>Delivery</td>
<td>Next day</td>
<td></td>
</tr>
</tbody>
</table>
**Catchment Areas**

- Drayage should not exceed 15% of the total door to door movement

Out of route drayage can increase intermodal costs

Rural Freight Transportation September 2004
Out of Route can Increase Intermodal Costs

- Drayage should not exceed 15% of the total door to door movement
Small Intermodal Terminals Can be Successful!

- 40-80 lifts per day/5 days per week
- Annual volume 18,000 – 24,000 lifts
- Balanced shipments are essential
- Shipper support
- Carrier service commitment
- Low cost operating environment
- Community acceptance
Questions?