

# Intermodal Freight Facilities in Small to Medium Sized Communities



Rural Freight Transportation September 2004

# **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**



## AAR News

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

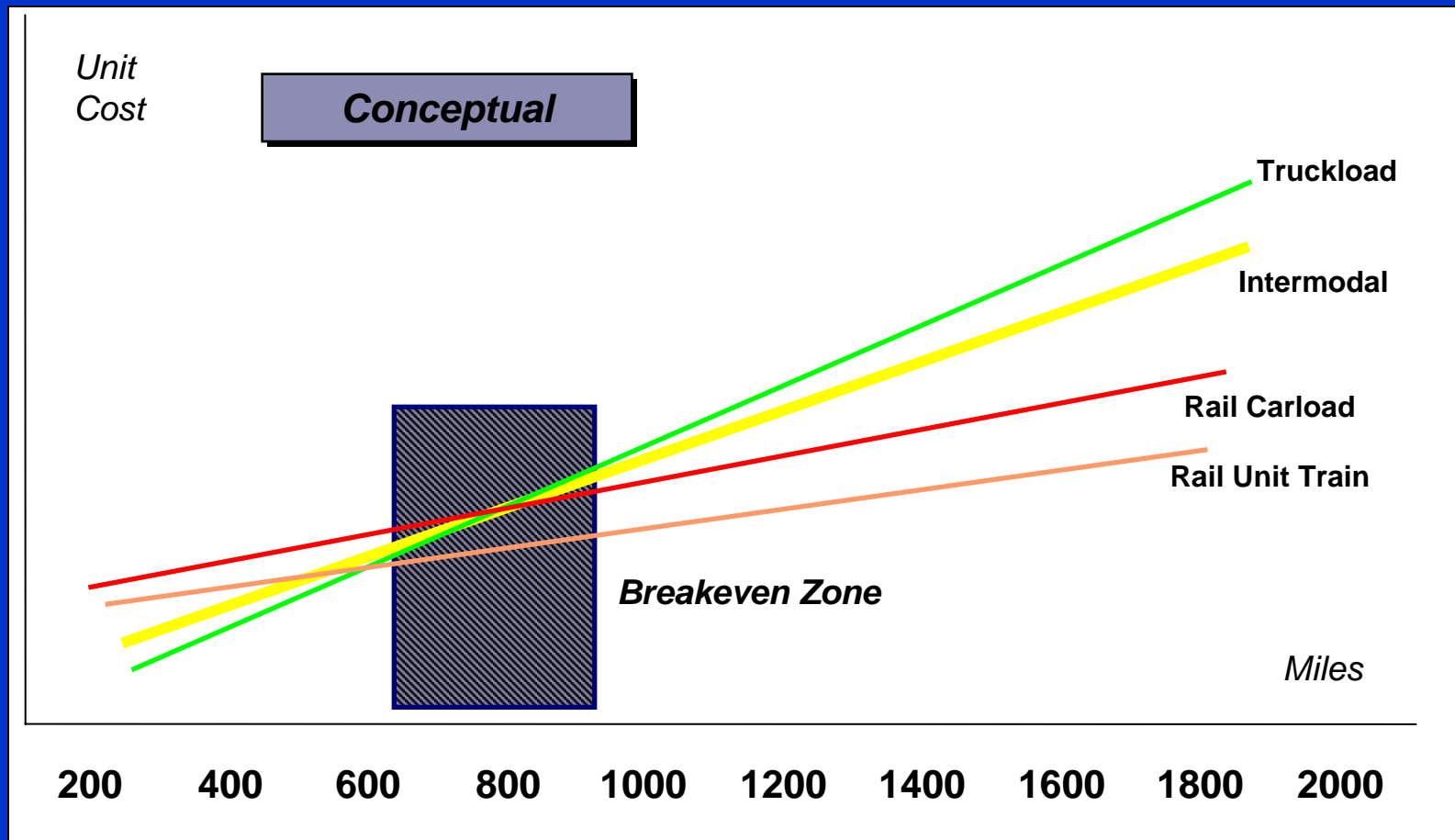
- International (steamship traffic)
- Domestic wholesale (truckload, freight forwarders)
- Domestic premium (UPS, USPS, LTL truckers)
- Domestic retail (Triple Crown)

### Profile

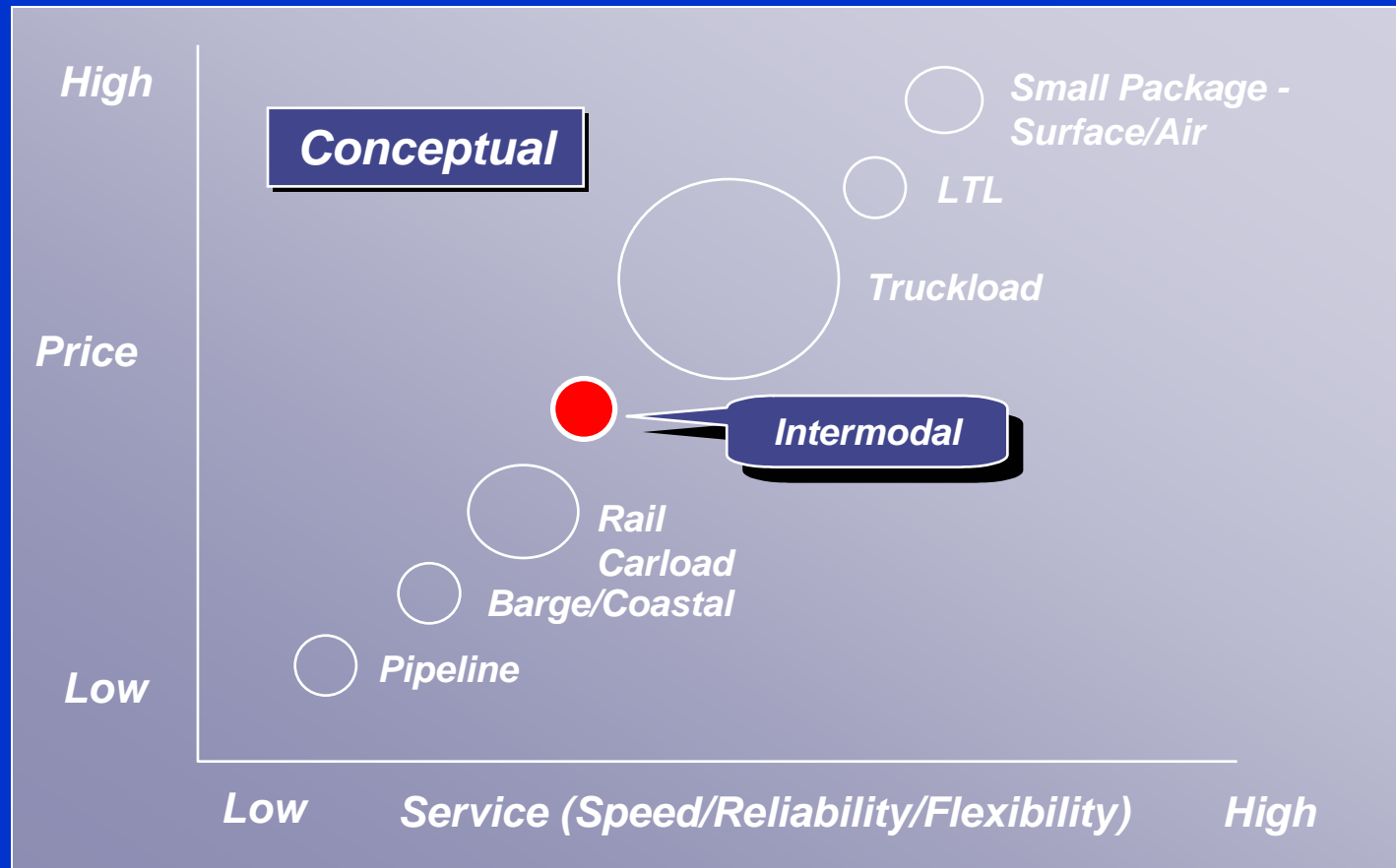
- Long haul over 1000 miles
- Mostly Interchanged (2 or more RR's)
- Profitable



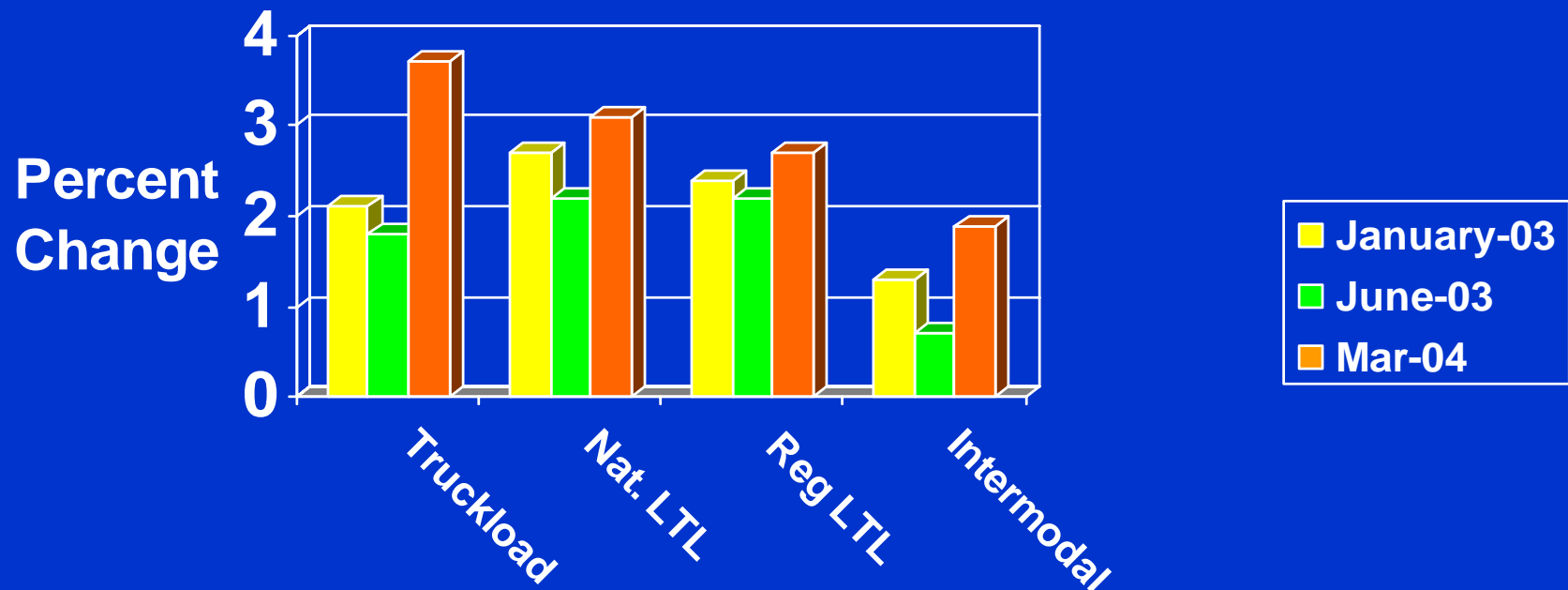
# Typical Intermodal Breakeven is 600+ Miles



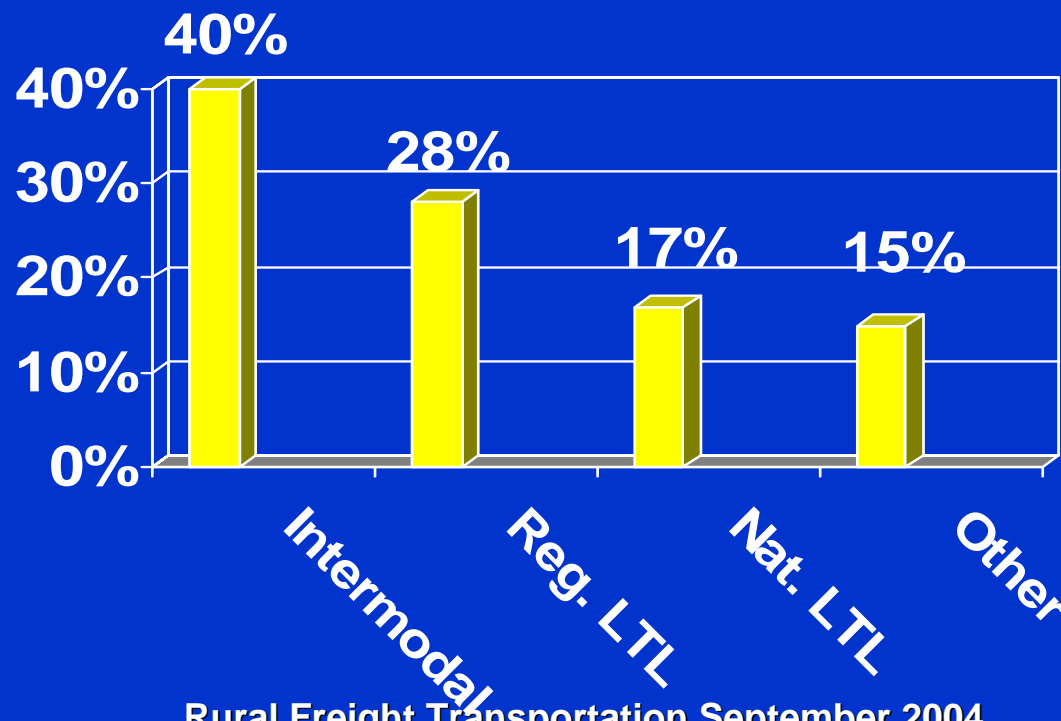
# Intermodal fills a price/service gap between rail carload and truckload transportation



## Expected Change in Truck Rates



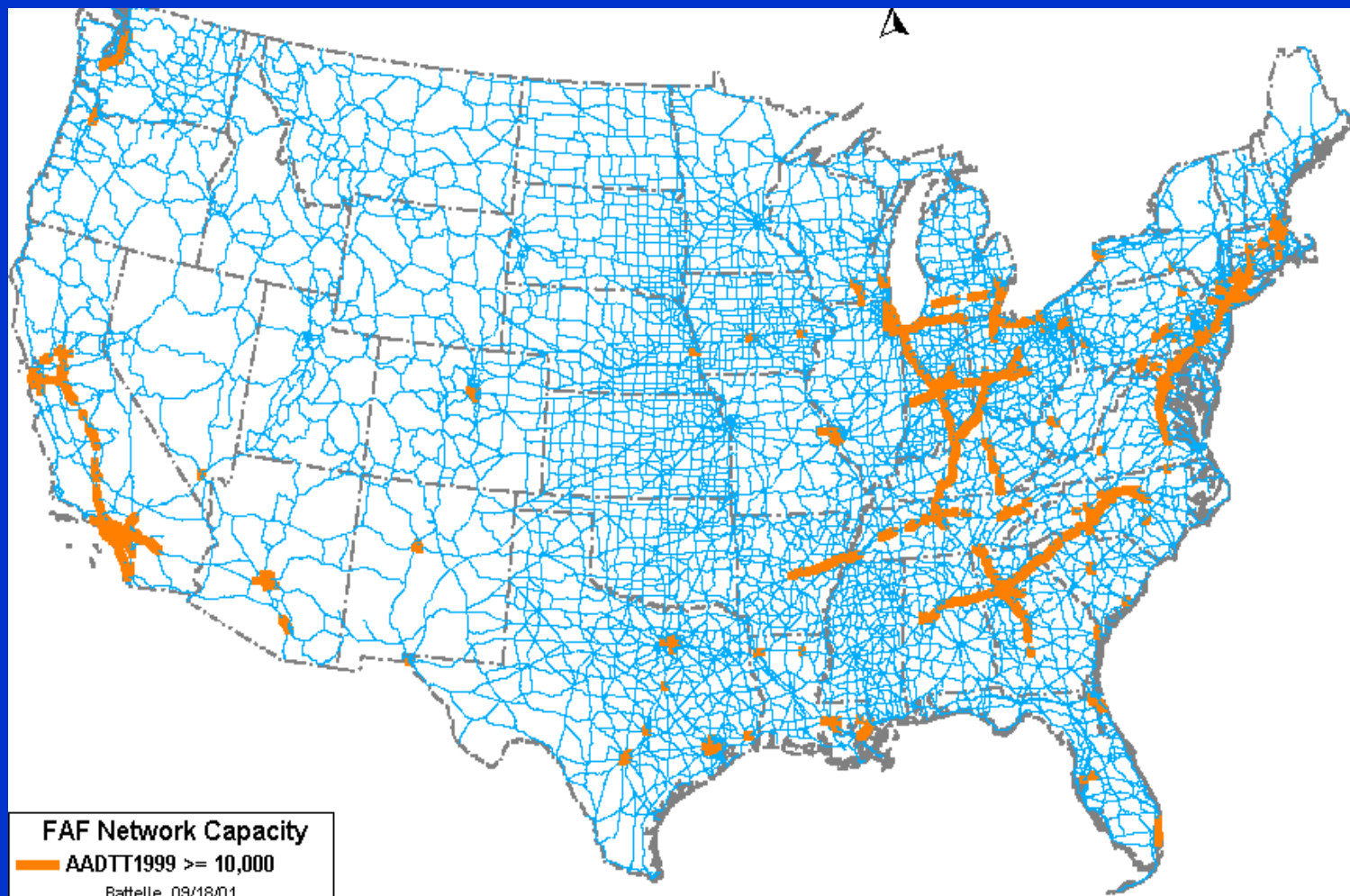
### Percent Freight Diverted From Truck Due to HOS



Rural Freight Transportation September 2004



## Segments with greater than 10,000 daily truck trips



Rural Freight Transportation September 2004

# 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

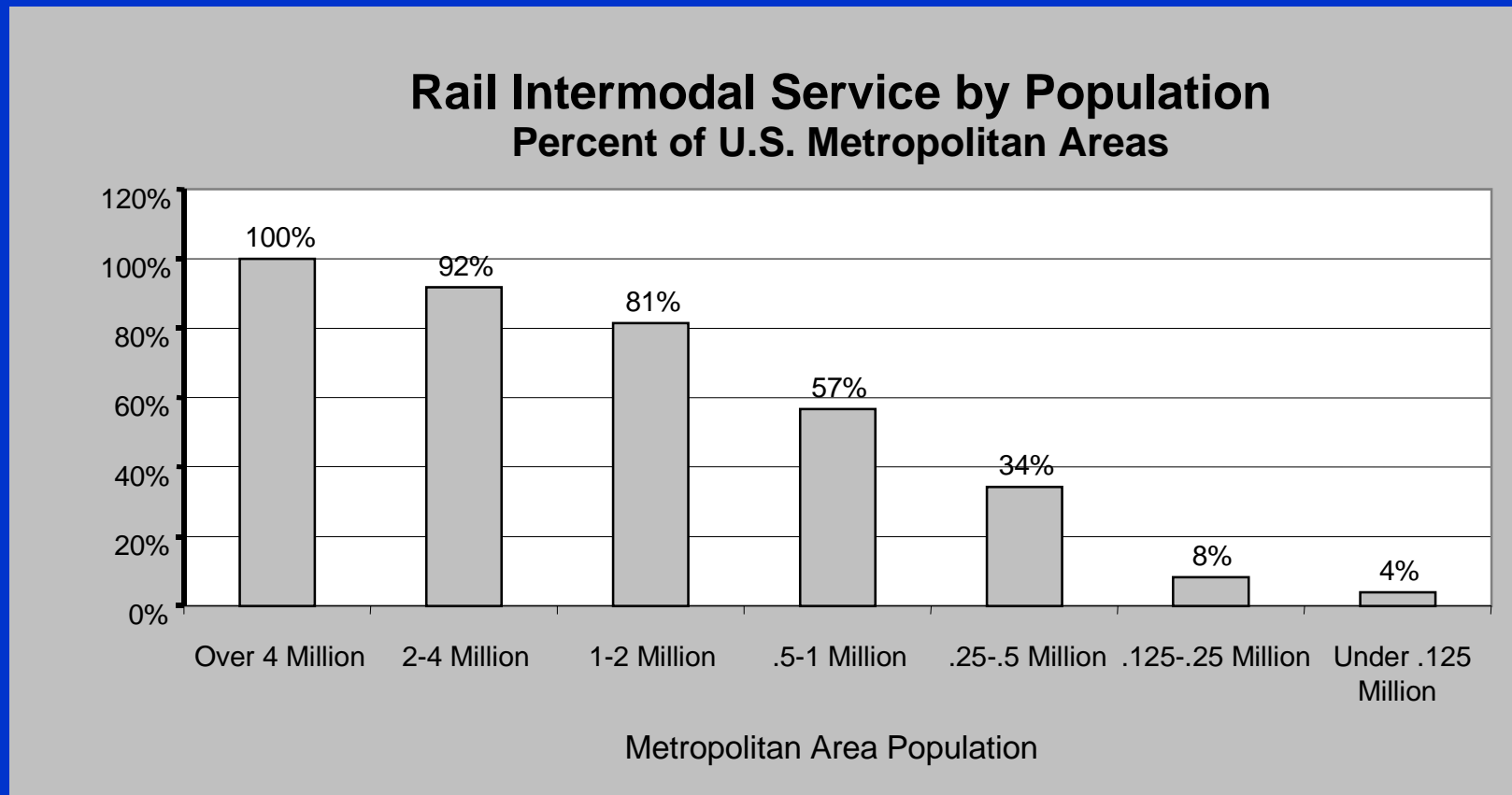


Rural Freight Transportation September 2004

# Site Selection and Evaluation Criteria

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

# Population considerations



## Types of Intermodal Terminals

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





JCPenney



Westport 3  
367,000 SF

## Evansville, IN



## Remington, IN



Rural Freight Transportation September 2004





## Paper Ramps

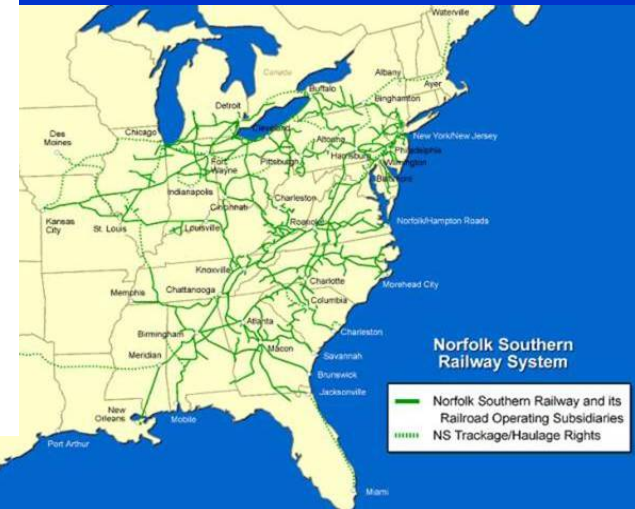
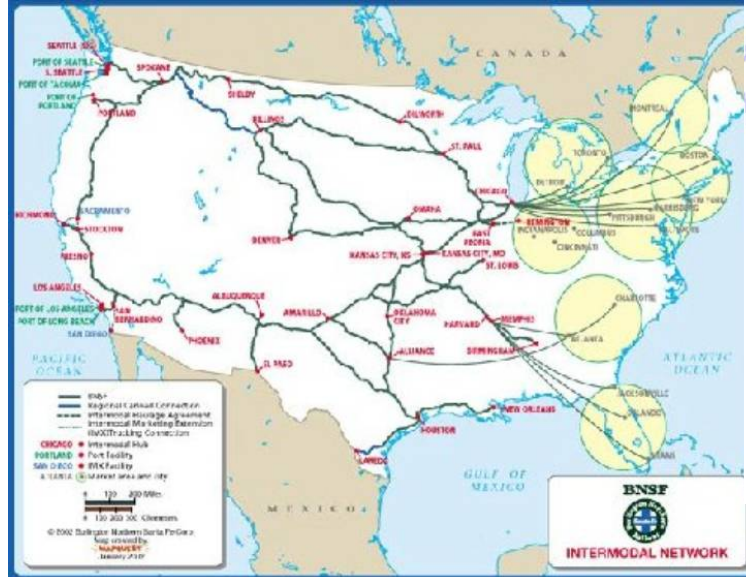
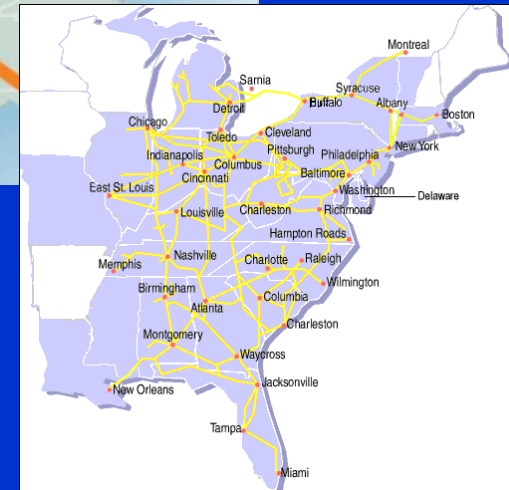
Rural Freight Transportation September 2004

# 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**

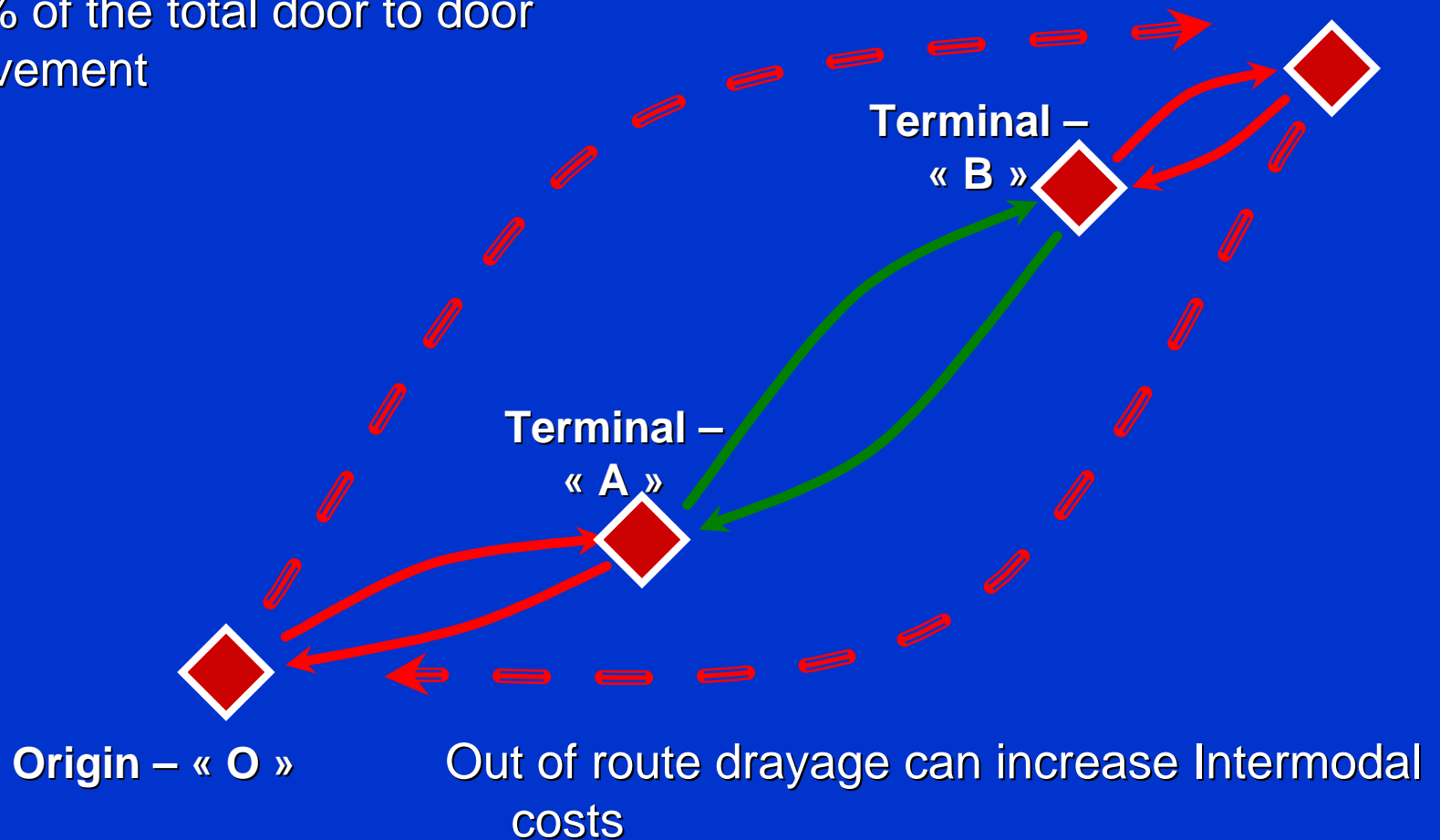
- Shippers expect Intermodal to be slower than truck
- Shippers demand reliability
- To the extent gate cut off's and freight availability can compliment local shipping patterns the higher the likelihood of success.
- Circuitous routes to key markets or gateways may negatively impact terminal viability.

## **Short Haul - Green Bay to Chicago**

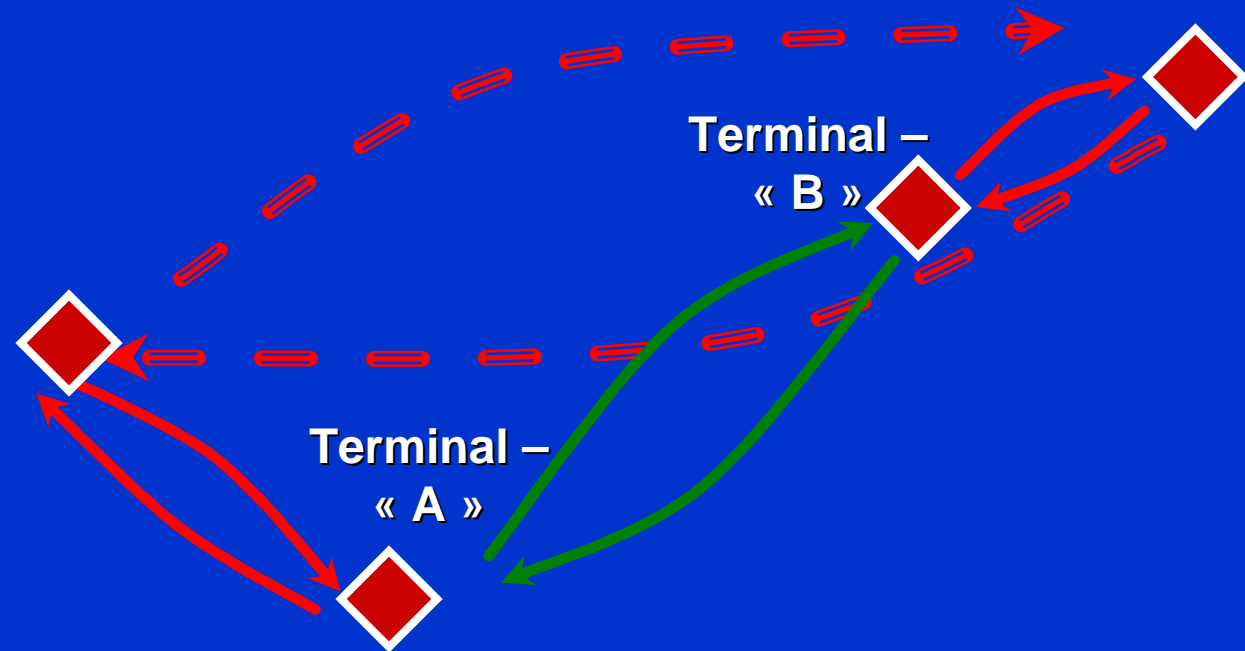
<b>200 miles</b>	<b>TRUCK</b>	<b>Rail</b>
<b>Pick Up</b>	<b>Open</b>	<b>3:00 for a 5:00 pm gate cut off</b>
<b>Transit Time</b>	<b>4-5 hours depending on destination</b>	<b>8 hours</b>
<b>Delivery</b>	<b>Same day</b>	<b>Next day</b>

# Catchment Areas

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



# 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?



Rural Freight Transportation September 2004