

Intermodal Subcommittee

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Overview

- Background
- Subcommittee Goals
- Members
- Subcommittee Accomplishments
- Survey Content
- What We've Learned
- Next Steps



Background

- What is “intermodal?”
 - The Intermodal Association of North America (IANA) defines *intermodal* service as: “The movement of cargo in shipping containers or trailers by more than one mode of transportation.”
 - Cargo is also transferred between modes in packages or in bulk and these are called *multi-modal* or *transloading* operations.
 - These terms should not be used interchangeably.



The key element: Standardized Containers

Background

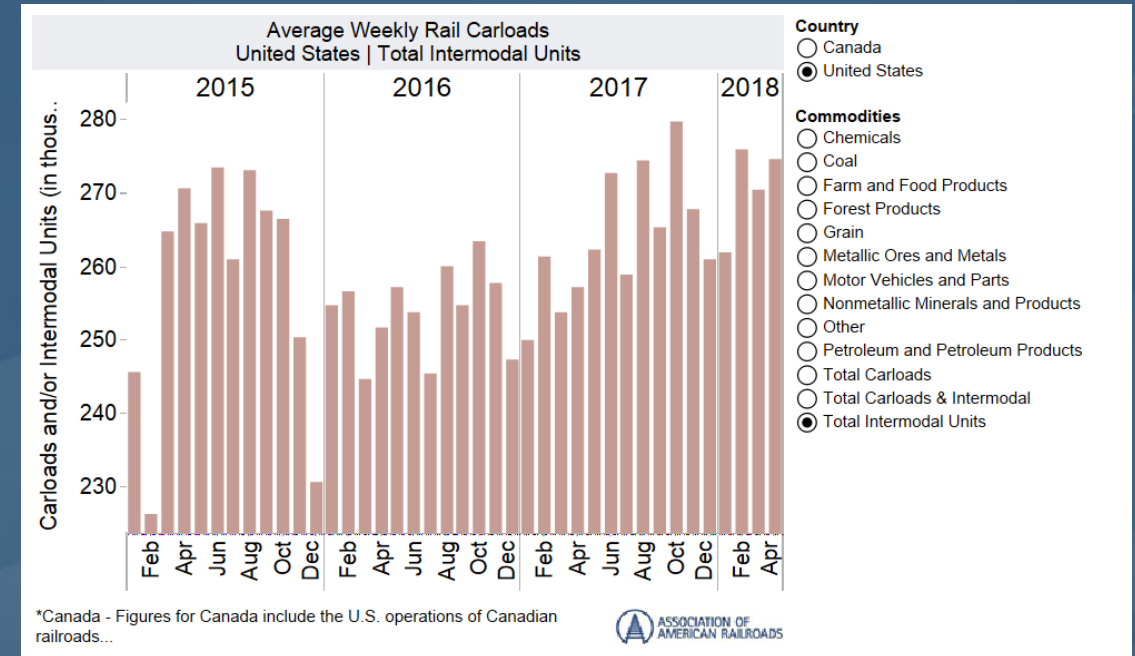
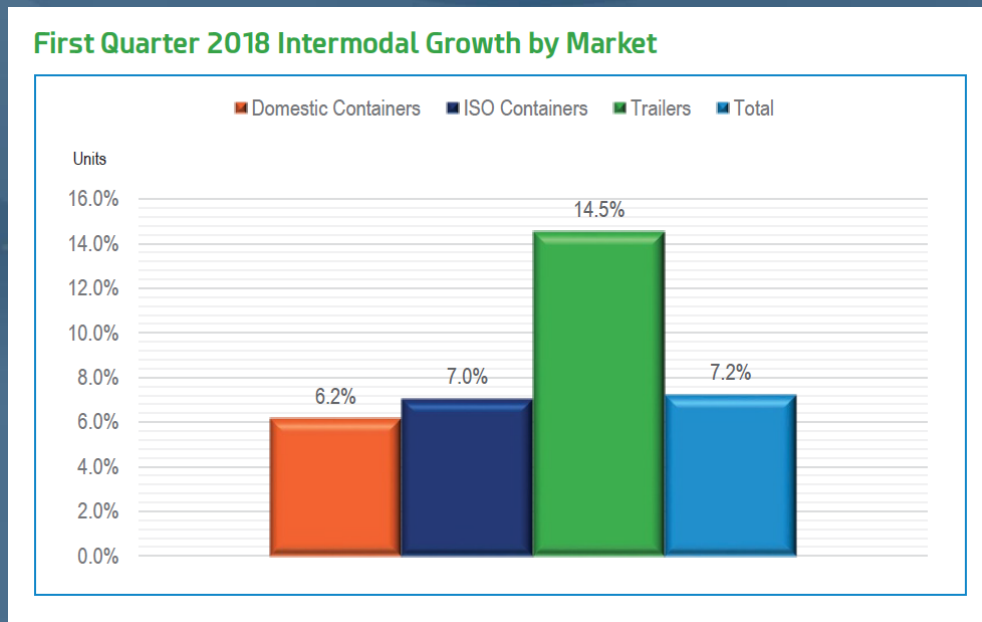
- Benefits of Intermodal
 - Economies of scale
 - Ships transport thousands of containers at once
 - Trains can transport over 200 containers at once
 - Interoperability
 - One box design fits all surface transportation modes
 - Transferring containers between modes can be done with simple equipment
 - Reusability
 - Boxes can be used for many years



Standardized Containers = reduced shipping costs

Background

- Rail intermodal traffic has trended upward since a lull in 2016 (AAR)
 - Year-to-date through the first 19 weeks of 2018, U.S. carloads are up 1.1% annually at 4,879,984, and intermodal units are up 5.9% at 5,158,588.



- Growth in domestic container traffic for the first quarter of 2018 of 6.2 percent; international containers up 7 percent; trailers (“piggyback”) up 14.5 percent (IANA)
- Three of five fastest-growing trade lanes have U.S. Midwest as origin or destination

Background - How We Got Here



- Spring 2017 Freight Advisory Committee
 - Intermodal Strategy: voted most beneficial *and* most conducive to joint public-private action among the nine new policies in Wisconsin's State Freight Plan
- Fall 2017 to Summer 2018 – Subcommittee developed / in-progress
 - Six in-person meetings (monthly March-August 2018); one teleconference

Subcommittee Goals

- “Identify current and future opportunities and challenges to connect Wisconsin industries to world markets through the increased efficiency of containerized shipping”
- Intermodal Strategy Report to be created



Subcommittee Members

- Aim Transfer & Storage
- Canadian National
- Canadian Pacific
- The DeLong Company
- Hapag-Lloyd (America)
- JUSDA USA
- Krueger Lumber / Lake States Lumber Association
- League of Wisconsin Municipalities
- DATCP
- UW-Madison
- UW-Oshkosh
- UW-Superior
- WEDC
- WisDOT
- Logistics Council of Milwaukee
- Menards
- Port of Green Bay / WCPA
- Port of Milwaukee
- Union Pacific
- Wisconsin & Southern Railroad
- Wisconsin Agri-Business Association
- Wisconsin Manufacturers & Commerce

Subcommittee Accomplishments

- Outline for report complete and approved
- Content:
 - Executive Summary
 - Purpose of the Report
 - What “intermodal” means
 - History of intermodal terminals in Wisconsin since 1990
 - Current intermodal operations supporting Wisconsin



Subcommittee Accomplishments

- Outline content, continued
 - Wisconsin importers and exporters who use / could use intermodal
 - Potential markets; metrics
 - Future developments that could impact intermodal viability in Wisconsin
 - Maritime
 - Rail
 - Trucking
 - Domestic intermodal opportunities
 - Improving Wisconsin's potential for intermodal development

Subcommittee Accomplishments

- Members have committed to provide data for the Report



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- Historic volumes
- Container shipping costs
- Steamship business models
- Drayage costs
- Transfer locations, volumes, and container contents

Subcommittee Accomplishments



- Survey Development
 - Collaboratively created by Subcommittee
 - Content / format reviewed and approved
 - WMC will manage survey distribution, collection, tabulation, and archiving
 - All sensitive / proprietary information to be removed from responses prior to the sharing of results with state agencies

Survey Content

- Directed to importers, exporters, and domestic users
- Quantifying current and potential use / interest
- Questions to identify – similar content:

■ Overseas Imports:

- Coast of entry
- Wisconsin destination ZIP code
- Container sizes / numbers
- Enter Wisconsin in container?
- HAZMAT?
- Temperature Controlled?
- General contents

■ Overseas Exports:

- Wisconsin origin ZIP code
- Coast of export
- Container sizes / numbers
- Leave Wisconsin in container?
- HAZMAT?
- Temperature Controlled?
- General contents

■ Domestic / North America:

- Wisconsin ZIP Codes (origin or destination)
- Origin or destination North American region outside of Wisconsin
- Container sizes / numbers
- HAZMAT?
- Temperature Controlled?
- General contents

What We've Learned

Imports drive exports



- To have sufficient container quantities for exports, the state needs to attract inbound imports

• Wisconsin has enough product to fill export containers

- Mostly grains and DDGs
- Hardwoods



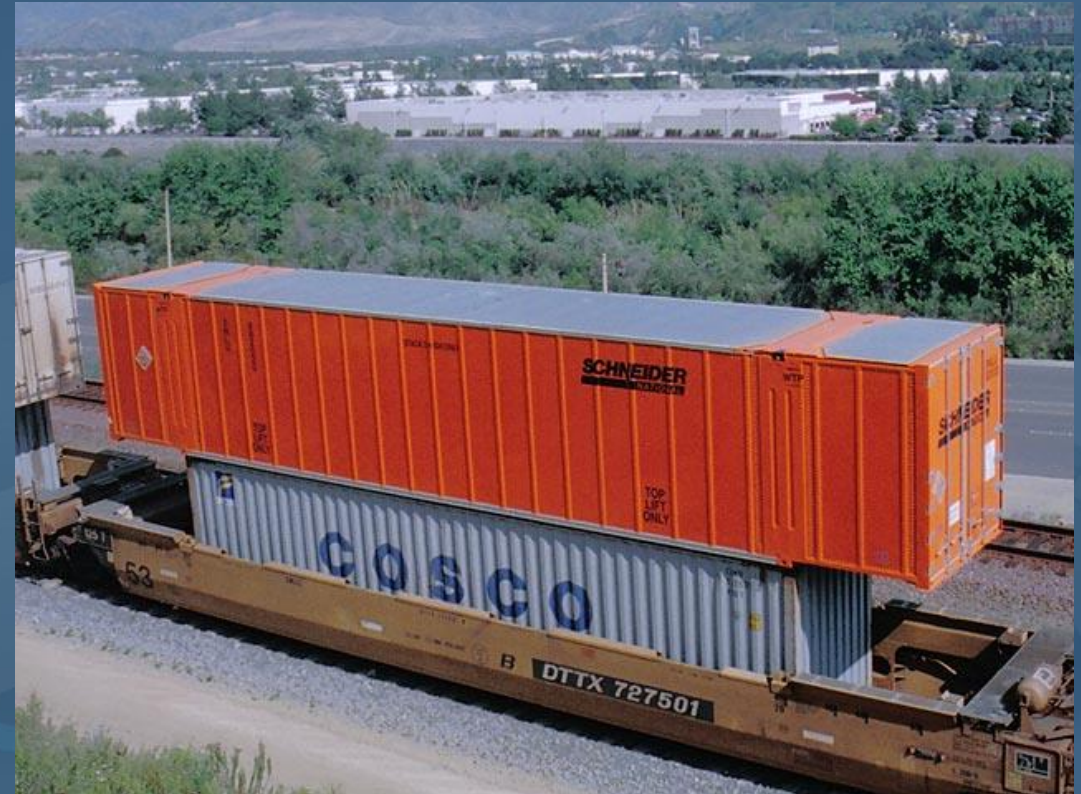
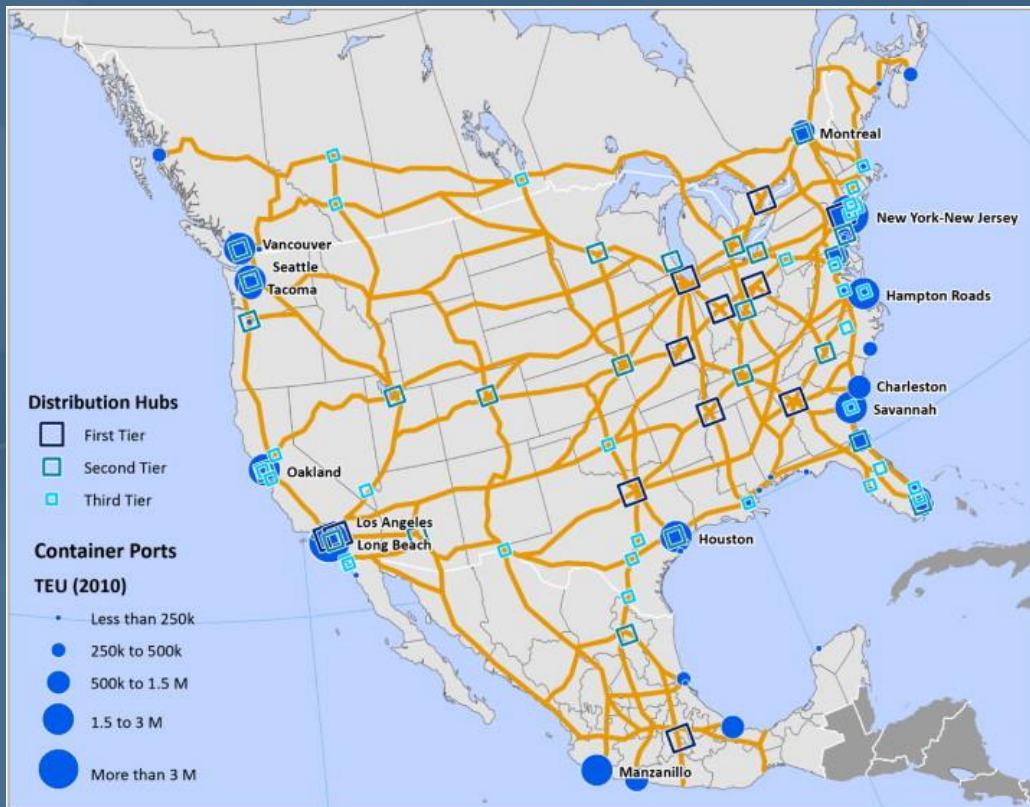
Steamship lines dictate the flow of international containers

- These lines own the vast majority of existing containers
- They want to reduce cycle time to maximize efficiency and reduce capital expenditures on additional containers



International intermodal and domestic intermodal are two different operations

- Export containers follow routes to and from coastal ports



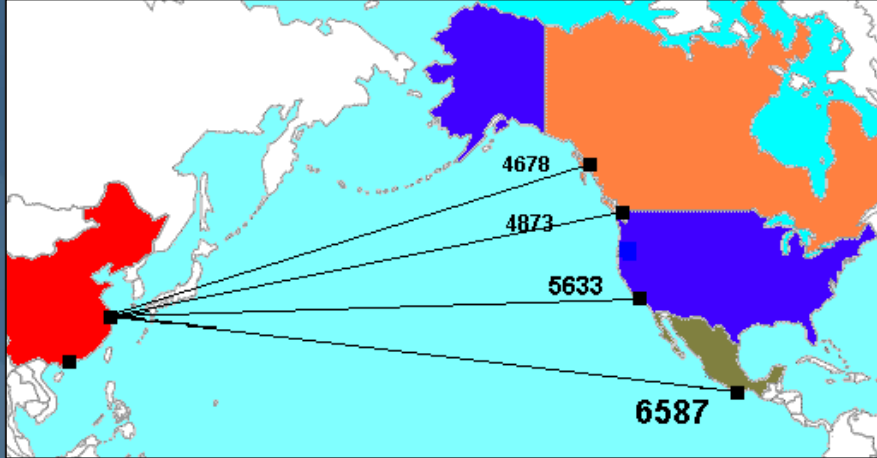
- Domestic intermodal containers can move anywhere in North America

Overseas intermodal is a probable precondition for North American intermodal in Wisconsin

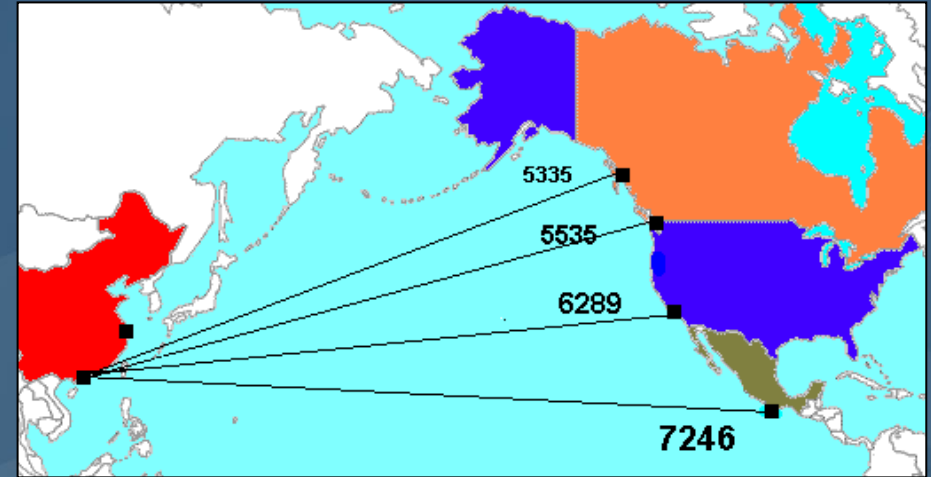
- Subcommittee members state the focus should be on building the overseas import / export side first, then adding North American operations where warranted



Asian trade lanes determine potential railroad partners



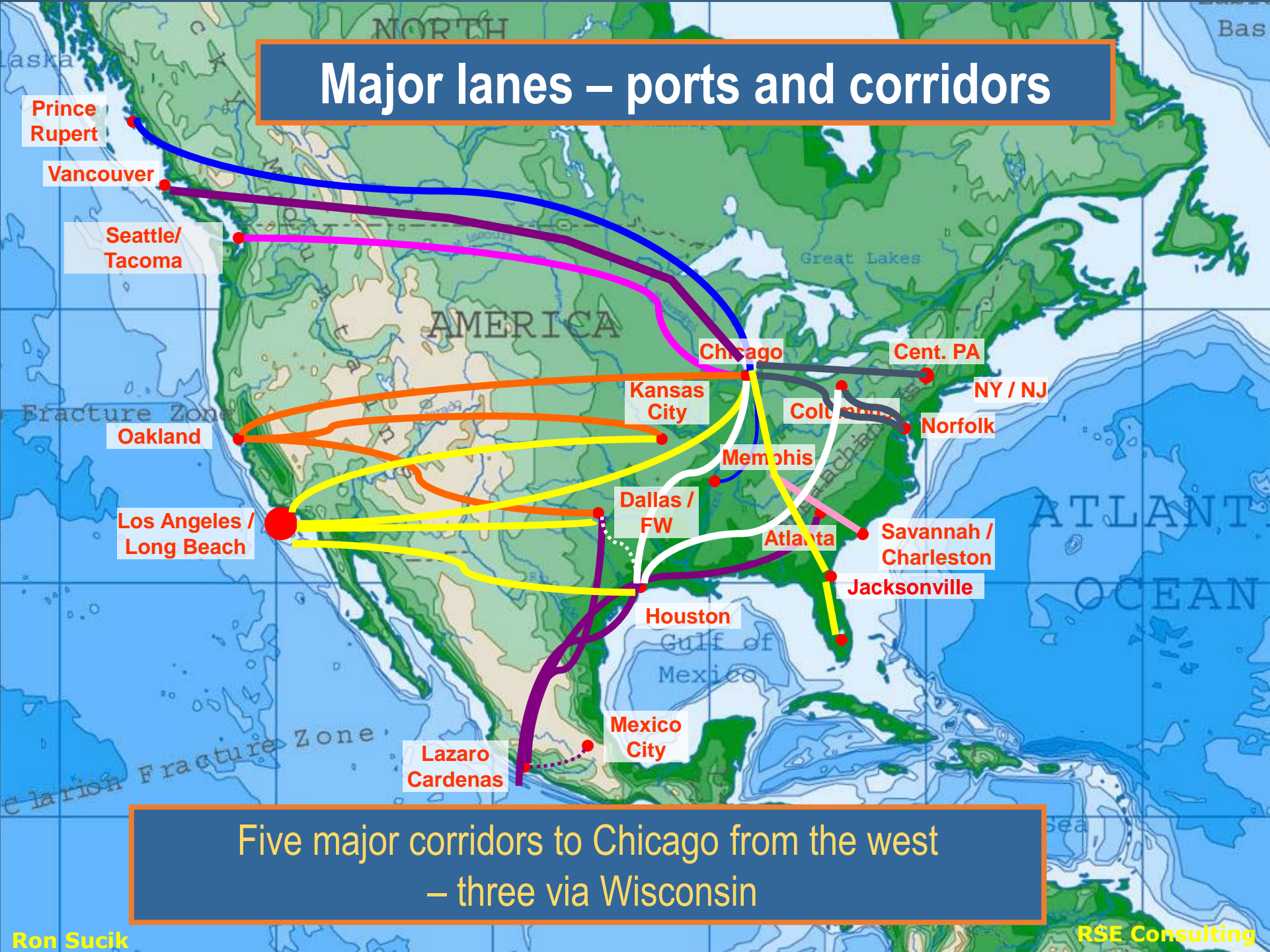
Nautical miles from Shanghai



Nautical miles from Hong Kong

- Canadian lines serve Vancouver and / or Prince Rupert
- BNSF and UP serve Los Angeles / Long Beach
- CSX and NS only serve east and Gulf coast ports

Major lanes – ports and corridors



Five major corridors to Chicago from the west
– three via Wisconsin

International Trade Lanes Require Balance

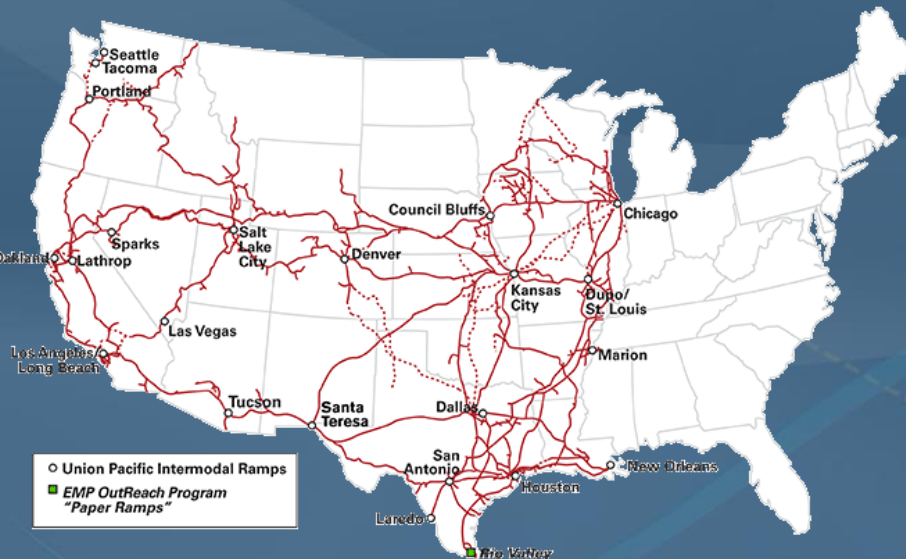
- Steamship lines seek “matchback” loads for efficiency



- Challenge for Wisconsin exporters to Europe: Most of inbound containers to Wisconsin originate in Asia; they will be directed to return

Each Class I railroad has a different network and thus a different business model for intermodal

CP operates from the U.S. Midwest and north



UP and BNSF have major lanes between Chicago and California / Portland / Seattle



NS and CSX operate east and south of Chicago

CN extends across British Columbia, Gulf of Mexico, Maritimes

Class I railroad networks adapt to market demands

- Crew change points add or reduce intermodal location viability



- Railroads collaborate on run-through operations to extend the reach of their systems

Drayage rates have grown as one-day travel distances have shrunk

- For service to / from Chicago, cutoff line is north of Milwaukee and Madison
- Economic penalty for NE Wisconsin importers and shippers
- Driver shortages continue to grow
- Chassis condition, availability



Weight limits on roads connecting to intermodal yards can influence viability

- Allowing local movement of import or export containers adds capacity and efficiency for businesses



Demand drives investment

- Where sufficient, sustainable demand for freight shipping is demonstrated, intermodal service can be considered



“Anchor businesses” will be critical to the development of a new, sustainable intermodal facility



- These larger businesses will have both the volume and permanence to merit investment from Class I railroads and others

“Wisconn Valley”

- “Wisconn Valley” is anticipated to generate interest in freight efficiency improvements that will include intermodal
 - Could support suppliers as well as other regional businesses



Look at Multiple Options

- Subcommittee members are interested in a report that presents more than one potential model for intermodal operations



- Consider a range of scales / sizes, partnerships, management, and other features

Limits of the Subcommittee Report

- The Subcommittee report can help find promising regions of the state that are most favorable to development of intermodal terminals
 - Actual site selection and development will be determined by the railroads and local partners



Funding

- There are federal grant programs with money available for intermodal



- WisDOT or local governments could sponsor grant applications

Next Steps

- Survey release
 - Released August 8th
 - Conducted through SurveyMonkey
 - WMC as main clearing house
 - Seeking other partners to distribute survey to their members
- August through late fall 2018
 - Monthly meetings
 - Data gathering / analysis
 - Drafting of report
- Fall FAC meeting - November 15th
- Overall a great joint public-private effort!

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Questions?