The never-ending story of cross-towns

Remember the saying “the more things change, the more they remain the same.”

Even after consolidation has left just two Eastern railroads (CSX and Norfolk Southern) and two Western lines (Union Pacific and Burlington Northern Santa Fe), the intermodal industry is still trying to solve its age-old problem of cross-town movements.

When more than one railroad is involved in rail transportation, it becomes necessary to interchange traffic. While rail carload traffic can only be interchanged by terminal switching, this method (“steel-wheel” interchange) is not always the norm for intermodal traffic.

Frequently, intermodal traffic arriving at the destination terminal of the first railroad is unloaded, trucked to the next railroad, and reloaded for further movement. This method (“rubber-tire” or cross-town interchange) adds to terminal congestion by requiring two more gate moves than a steel-wheel interchange. The reasons for rubber-tire interchange are often compelling.

First, the shipper needs cargo modification, and the trailer/container will have goods added, removed or both before continuing on to destination. (This is especially frequent in natural freight centers like Chicago.)

Second, service criteria for cutoff connection to the next carrier cannot be met. This may be because steel-wheel interchange is time consuming, has operating obstacles (such as commuter train curfew), physical obstacles (such as river crossings) or because an inbound train was delayed arriving.

Third, the first railroad may be suffering a flatcar shortage and does not wish to relinquish scarce assets.

Fourth, unsatisfactory loading at origin resulted in units not being loaded in block order for the receiving railroad. This could happen for any number of reasons, one being that the origin terminal, although it had sufficient volume, could not maintain block order. (For example, Los Angeles loads 300 units on a train for Chicago. Although 50 units may be for Philadelphia, it is too hard to maintain these loads together because there are more than 30 different destinations.)

But what can’t be measured can’t be managed, and the cross-town information problem is as old as intermodal. Although technology has greatly improved, the industry still lacks the ability to manage a problem that defies measurement beyond basic conjecture and anecdotal evidence.

The Department of Transportation’s Chicago Listening Session last Nov. 19 highlighted many information-related impediments to intermodal freight movement. First, local and corridor data are weak. Second, draymen have different information needs because of differences in cost structures and types of operations. Third, small carriers — typically operating at a 2% margin (or less) — cannot afford the sophisticated technology or expertise.

The listening session identified operating problems that, because of the information deficiencies, are not easily solved. First, a high volume of rubber-tire interchange — perhaps as high as one-third of rail-related moves — adds to congestion. Second, driver shortages, especially for night shifts, force carriers to schedule most moves during the day. Off-peak moves are not cost-effective; they are low-revenue moves.

Finally, draymen cannot afford to absorb the cost of shifting freight moves from time-slot to time-slot or terminal-to-terminal to avoid congestion. Demand from just-in-time shippers also reduces flexibility to reroute freight.

Although these problems seem timeless, they must be solved. Terminal infrastructure is essential to intermodal’s continued growth. Capital — and other — constraints will preclude massive building. The industry will have to find a way to do more with less. Resolving the cross-town problem is a step in the right direction.

The very first Intermodal Association of North America conference had a panel on “throughput terminals.” The Chicago & North Western experimented with car-to-car transfer when Global Two first opened. It was a commercial and operating success story — and has been tried with varying degrees of success since then. Cross-town transfers have been an problem forever. I think it is time we solve the problem.

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