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BCLR: GAF service a success.

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Second Section

Please see discussion in first section.

- Chop Hardenbergh

MASSACHUSETTS

BCLR

February.  HOW THE RAILROAD REKINDLED A CUSTOMER’S USE OF RAIL from 200 to 1500 carloads a year was described by Bernard Reagan, senior vice-president of sales in a 1996 short line conference presentation, and by a GAF official in a February interview.

The customer

The GAF Corporation’s Millis Massachusetts plant produces asphalt shingles, using glass mat (fiberglass) and roofing granules (colored crushed stone). The Millis plant also distributes other GAF-manufactured shingles received by rail from other plants.

Rail facilities

The plant has two sidings on one side, and one siding on the other side, sporting:

- one platforms with four spots for boxcars.
- one conveyor passing under the two sidings, which can unload two covered hoppers of stone simultaneously.
- on the other side of the plant, one platform with two spots for boxcars.

About one-half mile down the track, a GAF warehouse has a three-car platform for loading and unloading finished product.

History of rail use

The 2.3 mile line from Medfield Junction to Millis was sold by Conrail in 1987 to the MBTA, which contracted in 1988 with BCLR to operate the track. At that point, GAF rail traffic amounted to about 200 cars a year.

Through aggressive pricing action and good switching service, traffic began to return to the railroad. Then GAF opened a New Jersey distribution facility, and has a triangular move to serve it. Shingles made in GAF’s Canton Maryland facility move by rail to Millis; the empty cars are loaded with Millis shingles for a trip to New Jersey; and then the cars return empty to Canton.

The coming of a dedicated switcher

As traffic increased, space at the loading docks became critical. GAF often needed to handle more than one car a day at a location, which required daily intraplant switching. GAF indicated that the plant could take more rail cars if it had daily switching, and the company was willing to pay for the service. BCLR and GAF agreed to base an engine and crew at the plant; GAF would pay the crew wages and the cost of the engine instead of a switching charge.

[While GAF declined to state what it is paying BCLR, available tariffs indicate a fee charged by Class Is of $100 to $200 per switch for plants near yards with switchers available. Given the cost of a switcher and two crew, I believe GAF is paying far less per switch in its deal. Editor]

The use of the dedicated switcher

On a recent weekday, the railroad had spotted two cars of granules for unloading, and held six on an adjacent siding. All six box car spots were occupied, and ten were held on adjacent siding. To change cars at any spot, GAF simply calls the BCLR crew on the switch engine phone, and cars are switched promptly.

In the past, the switcher has also provided a shuttle service to move pallets of finished shingles from the plant to the warehouse, and GAF is considering resuming the half-mile move.

The result

Good service and aggressive rate-making resulted in a doubling of inbound business in 1993 and again in 1994. In 2001, traffic in and out of GAF exceeded 1500 carloads a year. The GAF official believes short line access will be a significant factor in warehouse relocation decisions.

How the short line nimbleness helps

This case illustrates the advantage to a customer of dealing with a short line:

Close contact with the customer. The GAF case illustrates the important role of short lines in pickup and delivery. The short line sales executive normally has smaller customers, and fewer of them, than the salesperson for a Class I carrier. The sales executive can serve the small customers that management of a Class I railroad doesn’t have time to think about.

Quick decisions. Large railroads tend to have an institutional problem dealing with special situations. The Class I would require handling through several levels of marketing and operating departments, confronting resistance to different ways of doing business and to
VRS: THE VTR TRAILER STORY

Many readers know that the Vermont Railway has an intermodal trailer fleet. Eric Moffett, who heads the intermodal division of Vermont Railway (VTR) explains that since 1967, VTR, now a part of the Vermont Railway System, has owned and offered for use a fleet of piggyback trailers under reporting marks VTRZ. They literally travel the Western Hemisphere.

The fleet size and control

VTRZ has a fleet of 2100 trailers, both 45- and 48-foot lengths. At this point, said Moffett, due to the weak economy “utilization ranges in the mid-60s [meaning about 65% are used at any one time - editor]. Generally we’re over 85%.”

Trailer sales, marketing, and maintenance was formerly handled from an office in Cincinnati. Two years ago VTRZ brought the entire operation back to Burlington, added a new maintenance computer system, and hired a new customer service person. “We can now track maintenance a lot easier.”

Moffett is purchasing new trailers to retire older ones. “Our fleet average age is 10 years. We’ll bring it down to five years” In a down economy, VTRZ can purchase the new trailers at a good price. In turn, that will give customers the best piece of equipment, “and we can attract new customers, who have not used us in the past.” The company is about to ink a deal with a major trailer manufacturer for about 20% of the fleet, mostly 48-footers.

Who uses the VTRZ trailers

While VTRZ has a few private accounts using the trailers, Moffett said “most of our railroads are Class I railroads.” In addition, the trailers travel by barge to Alaska and South America. “We have a steady flow out of Miami to South America. We have agreements with water carriers,” including Crowley Liner Services, Seaboard Marine, Totem Ocean Trailer Express, Alaska Hydro-Train, Matson Navigation Co, and Trailer Marine Transport.

The terminals

Since the railroad must pay a per-diem charge while the trailer remains its responsibility [see box], it will send the trailer ‘home’ if not using it. VTRZ has provided three ‘homes’ for the convenience of its customers, who are thereby saved the cost of repositioning the trailer all the way to Vermont.

In St. Louis, the terminal is managed by Affton Trucking Company. In Chicago, VTRZ manages its own terminal, near the junction of the Chicago River South Fork and the Chicago Sanitary and Ship Canal. In Memphis, the terminal is managed by Comtrak Depot Services.

Locating a new terminal

VTRZ acknowledges that the major transcontinental intermodal route now runs New Jersey - Chicago - Kansas City - Los Angeles. Historically, VTRZ located in St. Louis because so many railroads terminated there, and so a railroad wanting to return a trailer to VTRZ would not have to pay another railroad for repositioning.

With the mergers reducing the number of US Class Is to six, Moffett is considering another terminal location. “We’re always looking at other terminals. Maybe we’ll get one on the East coast. Or, with the mergers, we can look at sites west of the Mississippi.” For example, Texas still has quite few railroads, and a large number of shippers in the West.

A trailer provider wants to avoid a terminal in a one-railroad town, Moffett noted. “With only one railroad in town, you are at the mercy of whatever services and lanes they offer.”

Vermont service

VTRZ has no regular service in Vermont on its circus ramps in Rutland and Burlington, said Moffett. “We’re looking at getting regular intermodal service from Class Is, and are in talks with them right now.”

Marketing

VTRZ competes with other trailer providers. While containers are usually reserved, trailers are available first-come, first-served because, as Moffett put it, “there are more trailers than business.” When the drayman drives into an intermodal yard, he chooses which empty trailer to take, so VTRZ makes an effort to draw attention to its trailers in several ways:

Pre-inspected trailers: A drayman doesn’t want to drive out of the yard only to find he has hooked up a defective trailer. So he spends time inspecting the trailer before hauling it. VTRZ can save him that time by inspecting the trailer beforehand and tagging it. The tag says in effect: “Take me!”

The associate program: VTRZ designates some drayage companies as associates, with authority to pick up a trailer at a rail ramp in the account of VTRZ, and thus take it out of the account of the terminating railroad.

Marketing: In addition to building up personal relations with the people at the railroads who select which trailer to use, VTRZ advertises in the appropriate media. {ANR&P discussion 13.Feb.02}