

# United States Inland Ports: Lessons Learned

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Talking Freight Webinar  
Examining the Growth of Inland Ports  
July 15, 2020



# Defining terms for this discussion.....

**“Inland port”** is a transportation terminal that is an inland extension of one or more seaports, connected by a “short haul” rail service to the conventional port

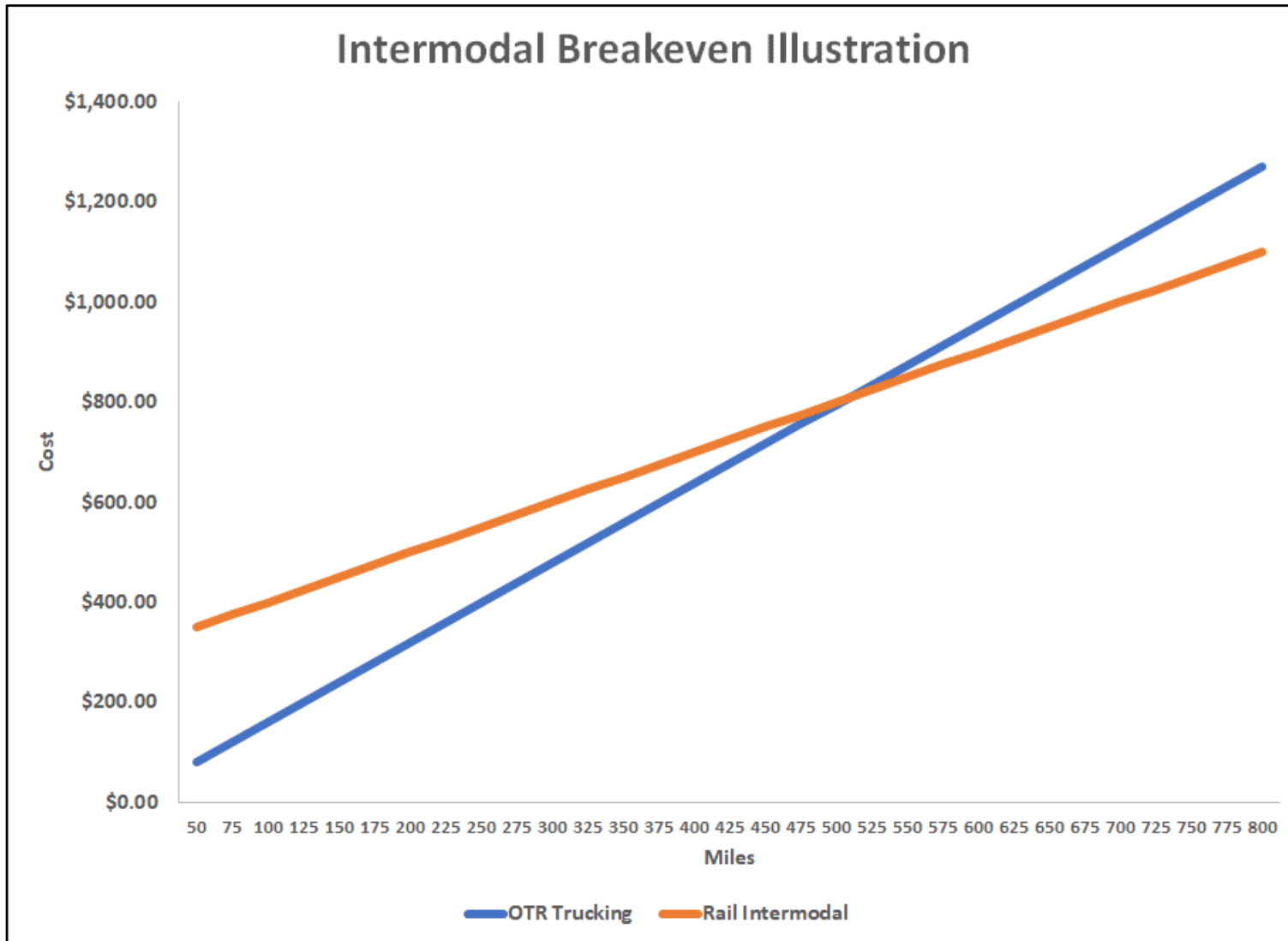
**“Rail Carrier”** is the railroad or combination of railroads that serves the port, regardless of size or ownership

**“Port”** is the ocean port associated with the inland port, regardless of institutional structure

**“Marine Carrier”** is the ocean carrier that, in this case, uses the inland port to extend its service inland

**“Terminal Operator”** is the local independent, entrepreneurial firm that sometimes operates an inland port

# Rail Intermodal Stand Alone Economics



- Rail stand alone intermodal break even appx 500 miles
- Railroad owns/operates the terminal
  - Railroad owns the railway and operates the trains.
  - Railroad provides the rail equipment
  - Private drayman completes the line haul
  - Railroads are typical more circuitous than highways



# Short Haul Railroad Initiated Inland Terminals

- South Carolina/Charleston
  - Atlanta (CSX, NS)
  - Charlotte (CSX, NS)
- Georgia/Savannah
  - Atlanta (CSX, NS)
  - Charlotte (CSX, NS)
  - Birmingham (CSX, NS)
- Jacksonville, FL
  - Atlanta (NS)
- Port of Virginia
  - Greensboro (NS)
- Port of Miami/Fort Lauderdale
  - Fort Pierce (FEC)
  - Titusville (FEC)
- Port of New York and New Jersey
  - Worcester, MA (CSX)
  - Buffalo (CSX, NS)
  - Pittsburgh (NS)
- SeaTac
  - Portland (BNSF)

# Railroad Terminals--Lessons Learned

- Network Advantage
  - Incremental Revenue using existing terminals and without a new train start
  - Marginal profitability competing with other traffic for space on the railroad
  - Most likely to be rationalized to create capacity
- Commercial Leverage/Volume
- Equipment--Address imbalances

# Terminal Operator Initiated Inland Ports

- Business Entrepreneurs
- Northwest Container Services 1986
  - SeaTac
  - Portland
  - Union Pacific
- Cordele Intermodal Services 2011
  - Savannah Port
  - Cordele
  - G&W (GC & HOG)/CSX



Primary Transportation Route



# Operator Terminals--Lessons Learned

- Northwest Container Services (NWCS)--Portland
  - Marine carriers call SeaTac and avoid Portland—pricing takes into account the avoidance of a port call
  - NWCS has multiple lines of business including trucking and container yard
  - NWCS/Rail service includes unrelated MSW movements—network effect
  - Railroad provides line haul only, NWCS provides rail equipment and terminal





# Operator Terminals--Lessons Learned

- Cordele Intermodal Services—AG market focus
  - Small, bare bones operation
  - CIS has multiple lines of business—Trucking, brokerage, warehouse
  - Shortline railroad provides line haul—Underlying railroad state owned
  - Export terminal able to source empty containers by rail





# Why Publicly Sponsored Inland Ports?

- Jobs creation/Economic Development
- Exports to Market
  - Agricultural
  - Manufacturing
- Extend the “Catchment” area for the Port

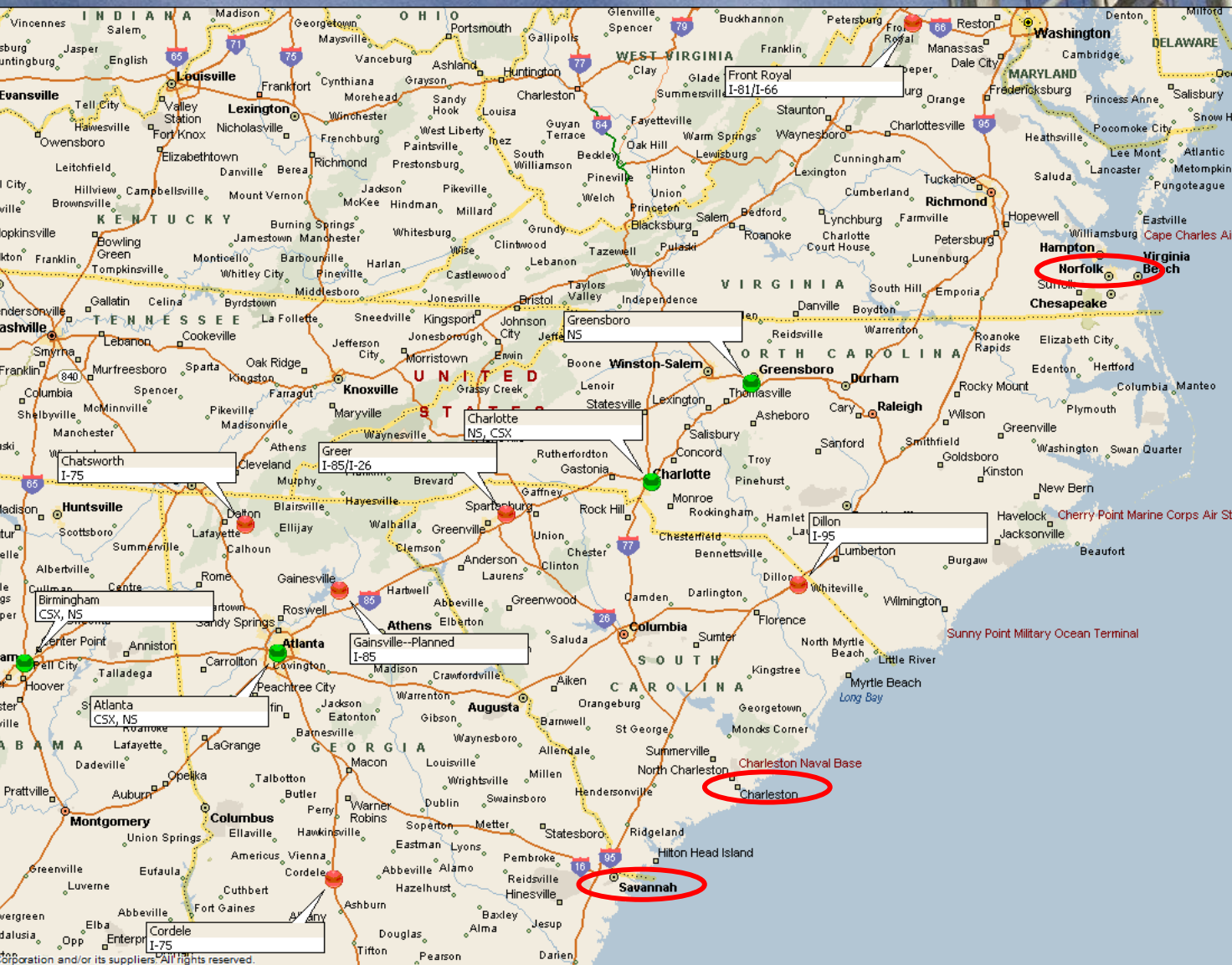
# Why Publicly Sponsored Inland Ports?

- Reduce highway congestion near urban port area
- Avoid related environmental concerns
- Port highway traffic is viewed as a public/political problem





# SE Port Sponsored Inland Ports



- Port of Virginia
  - Front Royal (NS) 1989
- SC/Charleston
  - Greer (NS) 2013
  - Dillion (CSX) 2018
- GA/Savanna
  - Chatsworth (CSX) 2018
  - NE Georgia (NS) 2021 (planned)

# Port Sponsored Terminals--Lessons Learned

SE US Inland Port Development is a Tale of Three Balance Sheets

Railroad Perspective—must increase profitability of short haul service

- Reduced risk associated with terminal investment
- Reduced risk associated with operations cost

Marine Carrier Perspective—intense competition

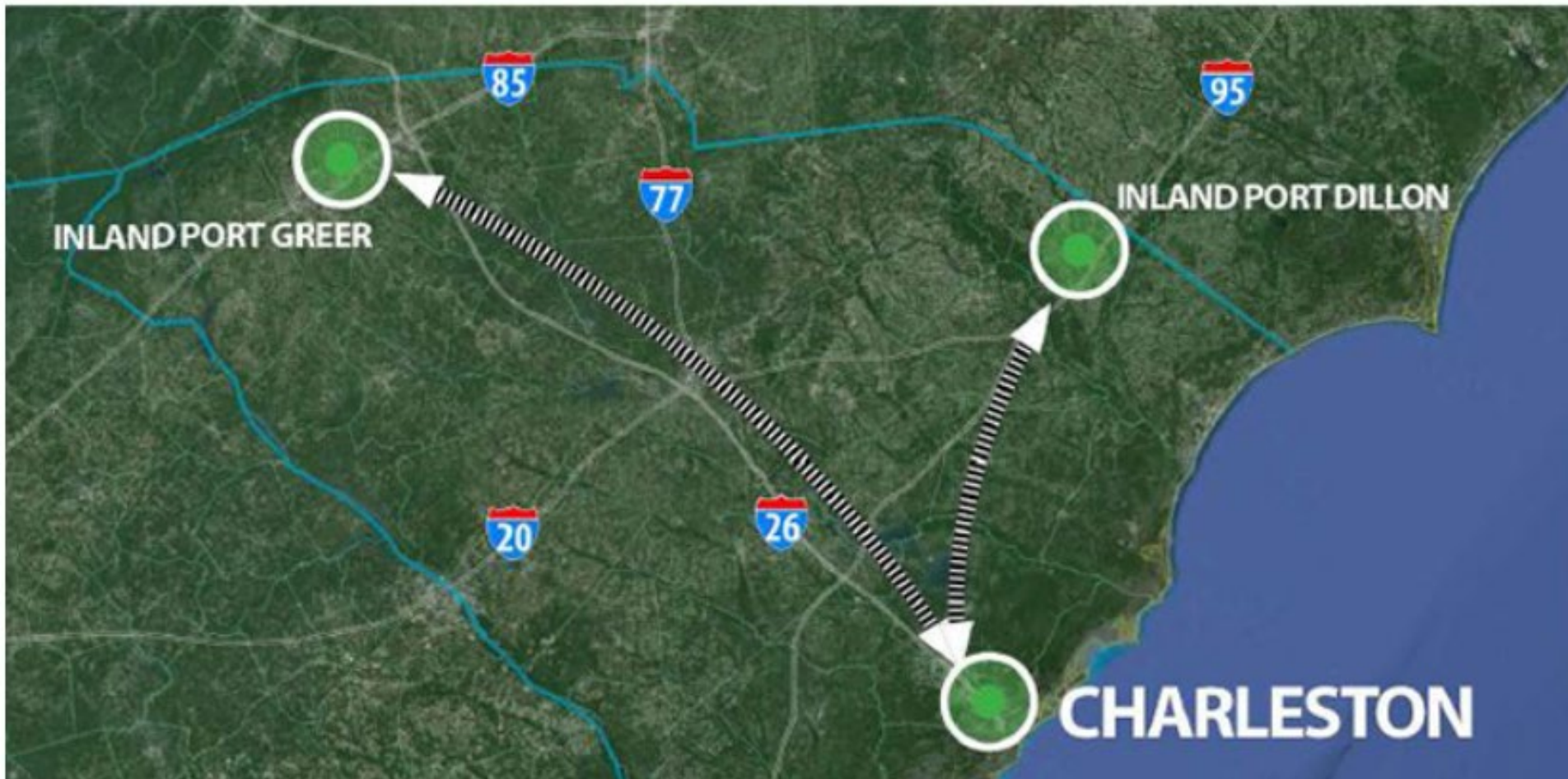
- Willing to reduce margin to gain volume
- Particularly when associated with large accounts

Port Perspective—particularly when state agencies

- Ports take a statewide public service/financing perspective
- Willing to invest for economic development and to extend catchment areas
- Motivated to reduce truck share of inland port movements



# South Carolina



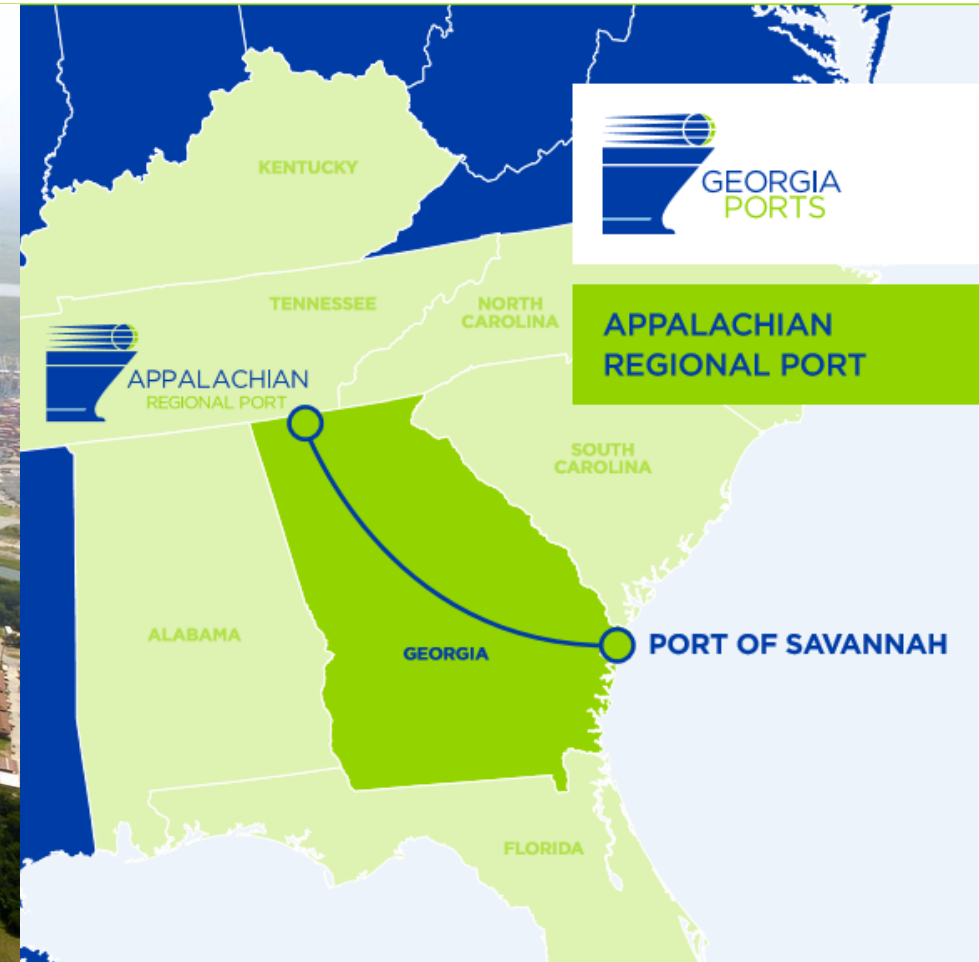


# South Carolina





# Georgia





# Virginia

Since 1989:

- 54 major companies
- Over \$1.2 Billion invested
- 10,100+ jobs created
- 11 Million+ SQFT created





# Other Comments

While all these facilities tout economic development, congestion reduction is also important

- All measure rail share of cargo—Charleston 13%-25%
- Development of on/near dock rail facilities linked with inland port

However, Inland Port concepts at less than 100 miles from a port complex primarily motivated by highway congestion have not yet been successfully developed

- Negative rail network impact
- Significant operating subsidies likely required
- Urban/Suburban development sites difficult to find/develop

# Summary

## Four categories of stakeholders

- Railroad Carrier
- Marine Carrier
- Ports/States
- Terminal Operators/Entrepreneurs

By working together and with stakeholders sharing costs/risks there are some circumstances where short haul inland ports can be very successful

## Implementation requires

- Champion/Sponsor
- Viable Market Plan/Anchor Customer
- Viable Financial Plan/Shared Risk
- Active Collaboration Among the Public and Private Stakeholders



# End

