

- Class I railroads are defined by the DOT as railroads with an annual revenue exceeding 490 million.
- The \$80 billion freight rail industry is operated by seven Class I railroads, (the last four – in **bold** – are considered “major”):
 - Canadian National Railway
 - Canadian Pacific
 - Kansas City Southern
 - **CSX**
 - **BNSF**
 - Owned by Warren Buffet
 - **Norfolk Southern**
 - **Union Pacific**
 - 22 regional
 - 584 local/short line
- Just like in the game of *Monopoly*, railways in the U.S. are owned by private organizations who are responsible for maintenance and improvement projects.
- 52% of rail freight consists of bulk commodities, such as agriculture, energy products, automobiles, construction materials, chemicals, equipment, food, metals, minerals, paper, and pulp.
- The other 48% is intermodal traffic that consist of consumer goods in shipping containers that can be easily transferred from ship, to truck, to train. That’s where we operate.
- What are IMCs?
 - IMCs are intermodal Marketing Companies who market and sell rail service on behalf of the railroads.
 - Railroads do not market direct to shippers.
 - You must know the Beneficial Cargo Owner (BCO) for each shipment, as the rail will require this prior to moving the freight.
 - The reason for this is to protect the rates for the incumbent IMC, and to ensure that they are not competing against themselves on rate.
- Rail Background:
 - All rail companies have contracted freight sometimes referred to as a “mutual commitment program.” A company will promise X amount of freight in return for a contracted and normally reduced rate. Railroads will look to protect these contracts, and will give them priority booking and adjust rates accordingly for non-contracted freight. If shippers do not meet their minimum, they lose the rates.
 - What we are doing is buying the excess intermodal capacity on the spot market, so rates will vary day-to-day and will be highly dependent on current capacity.
 - We are buying through subsidiaries of the rail, and all rates are door-to-door, meaning they include drayage to and from the rail ramp. These are “all-in rates.”
- What freight should I look to move on the rail?
 - You can move anything on the rail that is not time-sensitive, and that can easily be loaded in a container.
 - Rail will almost always be the most cost effective, and is great for large projects like warehouse moves or very price-conscious clients.
 - For warehouse moves, we are able to setup drop and hook programs for load out.
 - If you lose an account to a broker, such as TQL or CHR, with low service and low rates, rail maybe a viable option.
 - Ramp locations:
 - Drayage is capped at 200 miles from a ramp.
 - Essentially, every large city has a rail ramp – just stay away from rural areas.
- What do you need to get a rail quote?
 - ZIP codes
 - Piece count



- Commodity
- Volume
- Who the shipper or BCO are
- Current rail challenges:
 - The rail market is similar to the FTL market in headhaul and backhaul lanes.
 - West-to-East is typically headhaul, and East-to-West is typically backhaul.
 - Bottlenecks occur for rail, due to port congestion, chassis and container shortages, and chassis and container buildup in non-advantageous areas.
 - Essentially, what you need to know is that performance is currently not great for the rail on West-to-East lanes, but you can get some good deals for East-to-West lanes.