House Committee on Transportation and Infrastructure
Highways, Transit and Pipelines Subcommittee

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Testimony submitted by
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Northwest Container Services, a division of Waste Connections, Inc. (NWCS), is pleased to submit the following written testimony to the House Transportation Subcommittee on Highways, Transit and Pipelines. We are also grateful for the opportunity to appear before the Subcommittee and share our thoughts and ideas on how freight movement from Origin to Destination, and its component parts - rail, truck and barge, may be utilized to improve freight and goods movement efficiency and contribute to economic development locally, regionally and nationally.

Background

NWCS has been providing containerized short-haul intermodal logistics services since 1985. The NWCS mission is to improve freight mobility in the Pacific Northwest and other regions of the country by providing intermodal or multimodal transportation solutions to customers utilizing rail, truck and barge. The NWCS business model is built on a network of privately owned intermodal facilities capable of building and deploying unit trains for short-haul rail service, typically 300 miles or less. Additionally, over the last several years, NWCS has entered into Public-Private Partnerships (PPP) with public ports and private entities that embrace our mission of expanding transportation options for shippers. Currently, NWCS operates five intermodal facilities in Washington State and Oregon linking the major West Coast ports of Seattle, Tacoma and Portland with in-land intermodal centers in Washington and Oregon. Negotiations and plans are underway to expand the network to include a new facility in eastern Oregon near Boardman, OR.

NWCS utilizes a "hook and haul" intermodal rail operation. We contract for dedicated rail line-haul capacity and engine power with either the Union Pacific Railroad (UPRR) for the Seattle, Tacoma and Portland service, or, the BNSF Railway (BNSF) for the Pasco service.* NWCS owns its facilities and equipment assets, including a fleet of forty-one double-stack container rail cars.

By the Numbers

By using dedicated direct trains (supported by truck and barge services) to transport international containers, NWCS is able to ensure timely, efficient, cost-effective delivery of cargo for importers and exporters.

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* It is interesting to note that the original NWCS start-up service between Portland and Seattle/Tacoma, in 1985 served as the "test model" for the UPRR's experiment with a "two engineer" crew operating the intermodal train. The success of this test resulted in the UPRR switching to all two-person crews system-wide, resulting in significant economic savings in labor costs.

NWCS provides a Port (Origin) to Door (Destination) service by utilizing Truck to pick the imported marine container up at the Port, truck to NWCS Intermodal rail facility, hook and haul with Class 1 railroad and truck to door. The emptied container is then returned to the NWCS intermodal rail facility near the destination and then trucked out again to be loaded with a PNW export. and then railed/trucked back to the Port. The foundation for this model is to locate our facilities near the major Port's and plans now will be to expand inland to where the exports are processed.

NWCS's business model is built on a "load-load" strategy. The majority of the time our intermodal trains haul loaded containers, rather than empty containers. This load-load strategy not only optimizes our operational efficiency, but it also results in better and more efficient equipment utilization. It is always our objective to build trains moving in each direction to our facilities with loaded containers – imports in, exports out. An interesting fact regarding intermodal container movement – primarily truck movements, is that 50% of the time a container is moved by truck, it is empty. This high rate of movement of empty containers results from the need to reposition the empty container back to its origin within the same day. Our model allows the steamship line to reload the imported container with a local export saving both the steamship line and the exporter the cost of repositioning the empties.

NWCS has averaged over 70,000 intermodal containers via our short-haul intermodal rail system. This figure represents 5 - 6% of the total container volume moved through the ports of Seattle and Tacoma. The majority of this cargo was moved through the Seattle-Tacoma-Portland I-5 Corridor. Viewed another way, this represents 100,000 truck trips off of Interstate 5 and the Columbia river bridge that were shifted to rail, freeing up valuable highway capacity for "people" movement and other freight and goods. Additionally, these intermodal rail movements saved road maintenance dollars, contributed to cleaner air, and relieved highway and port congestion. With unprecedented volume growth predicted for import and export container movement in the Pacific Northwest, the West Coast and nationally, NWCS is well positioned to expand on its current success and duplicate its business model in other areas of the Northwest and into other regions of the County that would benefit from improved utilization of an intermodal transportation network.

Opportunities

NWCS believes that there is great opportunity to expand its "footprint" into inland regions of the country where there is an export and land to develop future distribution centers.

Areas such as this are a perfect fit for our business model because of the import-export volumes that move through the area. In the San Joaquin Valley, CA, for example, there are tremendous volumes of food and agricultural exports, while at the same time major U.S. retail importers such as Target, Wal-Mart, Sears, IKEA, and VF Corp., to name a few, have located mega import distribution centers in the valley to service their regional retail stores, or reposition containers on east bound long-haul unit trains for Mid-West distribution. Unfortunately, the majority of the San Joaquin agriculture exports and the retail import volumes are trucked from the ports of Los Angeles and Long Beach. A better

model would be for retail importers to move loaded containers from steamship carriers calling the Port of Oakland to their distribution centers in the San Joaquin Valley via short-haul rail. There, agricultural shippers could utilize the equipment to move loaded export containers back out. In this case, the Port of Oakland provides a competitive alternative because it is not faced with the capacity and congestion issues experienced at the ports of Los Angeles and Long Beach.

This is but one significant example of how a short-haul intermodal rail corridor would benefit U. S. export shippers by providing a competitive alternative to trucking. There are other regional examples in the Pacific Northwest, Mid-West, and East Coast where the short-haul rail intermodal business model is a viable alternative, and actually enhances the effectiveness of all intermodal transportation components. A critical element in the future viability of this model, however, is the willingness and ability of the federal government and states to adopt smart land-use planning and develop its own short-haul and short line strategy. Development of a national, regional, and state multi-modal investment infrastructure program needs to be a top priority of federal and state policy makers and regulators.

Future Issues and Concerns

NWCS shares the same concerns that many in the modal transportation industry have expressed in recent months and even recent years. Real questions continue to be raised about the major railroad industry's obligation to serve its customers and the nation's transportation needs. Against this backdrop, the undercurrent of rhetoric and actions is the same theme faced in virtually every state in the lower 48 faces: the Class I railroads own and control a majority of our Nation's major rail infrastructure, and in response to their shareholders, they have clearly determined that it is in their financial interest to dedicate a majority of their capacity for long-haul intermodal container movement and profitable bulk commodity movement, bypassing significant volumes of intra-state and intra-region cargo. Open-access is not the solution, these are their assets and they should be able to do with them as they wish. We would suggest instead, that there need to be federal and state programs providing viable intra-state and intra-regional infrastructure and investments. With rare exception, a mile of new rail track is less expensive to build then a new mile of highway. A program which combines smart land-use planning and investments in a public/private intra-state, inter-regional rail network while utilizing shortline railroads could be the more cost efficient alternative to new highway lane miles.

We believe that serious attention needs to be focused on how intra-state and intra-regional service can be maintained, enhanced and expanded. The investment that states and other local public entities are now making in improving infrastructure – overpasses, grade separations, port infrastructure, etc., which contribute to the railroads increased efficiency and velocity -- are not enough. Programs like Oregon's "Connect Oregon" and Connect Oregon II" are providing funding for expanded rail infrastructure. This program is a step in the right direction. But two $100 million dollar programs, while significant in the State of Oregon, won't be enough to address the needs that now exist.

Without a strong visionary program at the Federal level – one that is funded at a level that will result in the development of new rail infrastructure that can augment and complement existing rail infrastructure and/or bridge critical gaps in our nation's short-haul network, new short-haul freight models like I have described today, will be difficult to replicate. We need a strong and visionary program from the Federal Government and we urge the Committee to consider developing such a program as one of the Titles in next year's reauthorization effort.

Thank you for the invitation to testify before you today, it has been my privilege. I would be happy to answer any questions you might have for me.