



**GeoMetrix**  
Empowered Logistics

## Visibility for your Rail Supply Chain

an Internet service by  
Quest Computer Consultants Inc.

To: The Rail Freight Service Review Panel April 1, 2010  
Attention: Mr. Walter Paszkowski, Chair  
Regards: Non-railroad Equipment Fleet Operations in Canada

The submissions to the review panel to date have been interesting and relevant but cover only a portion of the rail movements in Canada. The agricultural and lumber groups have brought their concerns forward, outlining the impact of rail service to their industry. A lot of the points are common across all rail shippers. Our area of interest is with shippers that own or lease their own railcars, primarily operators of tank railcars moving bulk liquids.

Tank railcar shippers have additional challenges: the products tend to require special handling; will include hazardous and inflammatory cargo, time-constrained delivery schedules and are more regulated than other railcar types. Tank car operators also require railcar storage areas, both temporary and long-term. The railcars are typically higher in purchase or lease costs and require a higher level of service and maintenance. Additionally, tank railcars have more stringent regulations due to the nature of the cargo.

All these factors will cause tank car fleet operators to experience higher per-shipment non-freight costs with the railroads than those shippers using railroad-provided equipment.

Tank railcars tend to be in the territory of the railroad carriers when working, therefore it is key to our rail shippers to get decent performance measurements on each shipment. Railcars must keep moving to make money for our customers. Shippers work closely with the railroads to make this happen. To do that, they also need the key performance measurements that the Review Panel is looking at to improve.

Leased railcar fleet operators are challenged by the carriers with:

- Railcar turns: how many trips per year am I getting per car?
- Storage: railroads are dramatically reducing customer storage area on their rail yards, and when or if available, charging a high price.
- Switching costs are escalating and being enforced, which also increases costs for railcars going into and out of storage.
- Demurrage fees are being enforced, even when the private rail yard is unable to handle inbound railcars due to constraints.
- Hazardous material shipments are no longer allowed to dwell temporarily on railroad property and so they are pushed into the private yards, or shippers face a daily super fee.



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- The typical shipper using tank cars sees reasonable transit times, with most shipments in the 500 to 2,000 mile range. The killer is the variance. In our measurements, the ratio of transit dwell to transit move is 3:1 up to 5:1. That is, for the transit time that the car is in the carrier's custody, it is idle way more than it is moving. That is the primary cause of ETA variance, and is outside of the control of the shipper.
- Route transit time variance and demurrage are killers of fleet sizing. Our customers have to oversize their fleets to compensate for the delayed and inconsistent return of railcars to the loading origin.

Part of our Internet service to our customers is fleet performance measurements. Our GeoMetrix system provides some 25 different metrics, so that our customers are in a better position to make operational improvements and to be in a better position to negotiate with the carriers.

We would be interested in how our key performance metrics may be of interest to the panel and how they can play a role in improving the rail supply chain system in Canada. Some information on the company's services follows this letter.

Jim Benedict  
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### GeoMetrix

- ❖ Established for 25 years; since 1986.
- ❖ Headquartered in Calgary; one sales office in North Carolina.
- ❖ Marketing of GeoMetrix; an Internet service for rail fleet management.
- ❖ About 40 corporate customers; about ½ in Canada, ½ in United States.
- ❖ Monitoring and management of about 40,000 railcars; mostly tank and covered hoppers.
- ❖ Emphasis on fleet performance and measurement.
- ❖ Products include: fuels, LPG, fertilizer, lubricants, carbon black, ore concentrates.
- ❖ Shipments both in Canada and trans-border.
- ❖ Electronic data interfaces with the railroad carriers for bills of lading, etc.
- ❖ Monitoring of car storage, detention, demurrage, switching.
- ❖ Private rail yard operations management tools.