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Produce rail distribution site proposed

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By Jeff St. John, Herald staff writer

For years, Washington growers have faced a problem feeding East Coast customers hungry for the state's apples, potatoes and other fresh produce -- a lack of reliable, on-time transportation.

For apple growers, it got so tough last year that "we were not able to meet all of the orders we had" for East Coast customers, said Washington Apple Commission President Dave Carlson. "We just couldn't get transport. That's not a good deal, when you have sales for your product."

That's why Carlson likes a proposal by a New York-based distributing company to build a \$10 million distribution facility in Wallula, where growers could load fruit and vegetables on a Union Pacific train making weekly trips to Albany, N.Y., and from there to supermarkets across the Northeast.

The proposal from Railex LLC was made public Friday by the Washington state Community Economic Revitalization Board, which has promised \$1 million in loans and grants to the Port of Walla Walla to build roads and infrastructure for its 183-acre site on Highway 12 where the distribution facility may be built.

If the port can secure additional state and federal funds, the distribution center could be open for business by summer 2006, creating about 150 new jobs, said Jim Kuntz, Port of Walla Walla executive director.

Railex and Union Pacific could not confirm details of their plans Friday.

Valoria Loveland, director of the Washington state Department of Agriculture, said that would be an important first step in alleviating the transportation bottleneck that's stymied efforts to expand the reach of the state's agricultural products into East Coast markets.

"One of the challenges we've had is getting enough refrigerated cars on the rail lines for fruits and vegetables," Loveland said. The opening of Railex's distribution facility "will give us the needed refrigerator cars, and we will be able to guarantee delivery."

"We just haven't had that, at least not by rail," she said. "So I'm just delighted."

Various factors contribute to the transportation bottleneck, Kuntz said. Rising fuel costs and stricter federal rules on how long truckers can drive between rest breaks have reduced the availability of cross-country trucking, he said.

At the same time, Loveland noted, railroads have been pressured to fill their cross-country trains with higher-value products, leaving less space for high-volume, lower-value produce.

Of course, lower value is relative. Carlson estimated that Washington apple growers ship \$10 million to \$15 million in apples per year to the Northeast, out of about \$65 million in annual sales nationwide -- and right now, most of that goes by truck.

"I personally think we need to do more of our long-distance transportation by rail, for several reasons," he said. "It gets trucks off the road, and it gives us more consistent (freight) rates throughout the year."

A similar situation applies to potatoes, with only about 5 percent, or about 250 train car loads, of Washington's fresh crop leaving the state by train, said Paul Vander Stoep, general manager of the Washington Perishable Shippers Cooperative

Association, which coordinates state potato and onion shipping.

"I think this would help the truck situation," he said. "It's not as hard to find truck drivers willing to go from Pasco to Wallula" as it is to find cross-country drivers.

What makes Railex's proposal so promising, Kuntz said, is the combination of an experienced produce distributor with a railroad willing to guarantee on-time shipments.

In this case, he said, Railex's parent company is an established distributor that "knows how to get produce to grocery store chains throughout the East Coast," and Union Pacific is "absolutely committed" to a weekly train of 55 refrigerated rail cars making the cross-country trip in five days.

To Carlson, guaranteeing that delivery time will be crucial to such a project's success.

"One of the problems we've had on the standard rail cars is that the delivery time is not always what it should be," he said.

At times, train loads have taken up to a month to reach their East Coast destinations.

"One of the big deals is, how dependable will it be?" he said.

Still, "55 loads is a big deal," he said. "That equates to about 150, or as many as 200, truckloads. If you can take 200 truckloads and put it on rail, that will have a wide effect on the industry."

That may be just the start. Kuntz said Railex officials have told him the service could be expanded to two, three or more trips per week, depending on demand.

Of course, the project is still in its first stages, though Kuntz called Friday's announcement of the state's loan and grant package "an important milestone."

More steps remain. Kuntz said the port is seeking a \$700,000 Community Development Block Grant from the state to build a water system for the distribution facility, and is seeking federal funding to help pay for the approximately \$2.5 million it will cost to build a loop track to serve the facility, he said.

A representative of Railex LLC, which shares ownership with Riverhead, N.Y.-based AMPCO Distribution Services, declined to comment when reached by phone. A representative of Union Pacific in Vancouver, Wash., did not return a phone message, and the director of public affairs for Union Pacific's western area did not answer a phone call.

But Kuntz said he expected both companies were serious about the proposal, given the amount of time they have put into it so far.

"You've got two partners with proven track records," he said.

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