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Thinking Big

By Rachel Duran

As the demand for the faster and more efficient movement of cargo continues to increase as consumers demand the delivery of products in quicker time frames, the questions become: How do we achieve this within our existing logistics infrastructure, which is having a hard time keeping up? What are the solutions?

Many collaborations and partnerships between the public and the private sectors are taking shape in order to get things moving. In California, Southern California Edison, an investor-owned utility, is teaming up with officials at the ports of Los Angeles and Long Beach to develop an electricity strategy to address the projected growth at the ports in the next 10 years to 20 years by determining how best to optimize services and become more efficient with current operations.

“Land is at a premium and the ports will not be able to acquire much more land,” says Campbell Hawkins, manager of economic development, Southern California Edison. “So what they have to do is become more efficient in handling the containers that are coming through the ports. We are determining the necessary electrical infrastructure to assist with that process, as well as assisting the ports in addressing the environmental challenges they face. We are evaluating cold ironing, the ability for ships to plug in so they don't have to run their engines, which contributes to the air quality challenges.”

Hawkins also says the state of California is working to enhance its transportation infrastructure. The state's 37 million people comprise the world's sixth-largest marketplace. What's more, California acts as a gateway for Pacific Rim trade to enter and be distributed to points east. “The state's voters passed a nearly $20 billion bond measure in 2006 to improve our infrastructure, which includes $3.2 billion focused specifically on goods movement,” Hawkins says. Hawkins says Southern California Edison worked in partnership with the Los Angeles County Economic Development Corp. to prioritize 40 key infrastructure projects for the region, which have been submitted to the state for funding consideration.

Another component that takes the load off of ports and their surrounding communities and infrastructure: intermodal ports or intermodal hubs. While intermodal ports have been in existence for some time, the development for these types of sites has increased dramatically in order to create supply chain efficiencies.

In Clinton, Iowa, “we have all the components for logistics advantages, which include access to the Mississippi River, three Class I rail carriers, and barge access,” says Steve Ames, president and CEO, Clinton Area Regional Development Corp., which markets communities in eastern Iowa and western Illinois, including Clinton, Iowa, and Fulton, Ill.

“We are developing manifest train services on the Iowa side and unitrain capacity on the Illinois side,” Ames says. “We can link that capacity to an existing barge terminal in Fulton, easily and cost effectively. We have only scratched the surface of what that terminal can do.” The terminal is under private ownership.

Ames says the region's Lincolnway Railport is in the running to site a proposed nearly $1 billion chemical manufacturing operation, which would require rail access, potential barge access, and which would be a heavy user of energy. “We were the only place in the state of Iowa that had the attributes necessary to submit a response to the project,” Ames says. The Lincolnway Railport features electrical services at the site.

“We truly have an advantage for large chemical manufacturers that need rail access, as well as biofuels producers and organizations that have commodities that are not time sensitive, where they can use rail and barge modes of transportation, which cost less but take a little longer to get from point A to point B,” Ames says.

As of this writing, Clinton regional officials were hoping to have an approval from Union Pacific in regard to new rail access and services that have been in the approval process.

Looking Inward

The Allen Group is a developer of logistics parks, including two rail-served industrial parks in California: a 700-acre international trade and transportation center, located outside of Bakersfield; and a 480-acre logistics park in Visalia.

The Allen Group is looking further into the nation's interior, developing logistics hubs in the Dallas and Kansas City metro marketplaces, says Jon Cross, director of corporate marketing, The Allen Group. The Dallas Logistics Hub is a 6,000-acre logistics park, with the potential for erecting 60 million square feet of facilities. The site is located in southern Dallas County and provides access to four major highways, and is also located adjacent to Union Pacific's Southern Dallas Intermodal Terminal. What's more, The Allen Group is currently erecting two large spec buildings at this site.

“What is unique about this site is that we have the potential for a second intermodal service, which would be a BNSF intermodal,” Cross says. “The company has the land under option, and if it moves forward with an intermodal facility in our park, we would be the first industrial park in North America to feature access to two intermodal facilities.”

The Kansas City metro project being developed by The Allen Group is located in Gardner, Kan. The 1,000-acre site is expected to accommodate more than 7 million feet of building development. The project is scheduled to be operational in 2009, Cross says. “All the containers that will come into the area's BNSF intermodal location are coming straight from the ports of Los Angeles and Long Beach,” he says. Containers will be dropped off at the Gardner facility for distribution to other locations.

The development taking place in Gardner is one of three major logistics projects taking place in the Kansas City metro; CenterPoint Properties is underway with the CenterPoint-KCS Intermodal Center, which will feature a nearly 370-acre intermodal facility operated by Kansas City Southern Railway Co., and approximately 830-acres for an industrial park developed by CenterPoint Properties. The development is located at the Richards-Gebaur Airport, a former U.S. Air Force Base.

The third major development is taking place at the Kansas City International Airport, where the Trammell Crow Co. has initially signed on for the development of a 640-acre site. (The maximum build out on the site that the airport owns is 8,000 acres.) The company is expected to break ground for the first phase of development on 200 acres in the next few months. The firm is expected to build a 400,000-square-foot spec facility at the site.

“The 640-acres that Trammell Crow has under contract provides immediate access to two of the runways at the airport,” says Pete Fullerton, executive director, Platte County Economic Development Council. “We already have two interchanges built, so we need to build better access from that site to those interchanges.”

Fullerton says within the next six months to a year, Kansas City metro project activities will put into place nearly 2,000 acres to support logistics activities. The city of Riverside recently won a federal award to develop a 500-year levee, which will be built near 1,000 acres, of which, the community owns half of those acres. A master developer will soon be selected to develop industrial and logistics uses for these acres. “The city has spent nearly $40 million to put infrastructure in place in order to get the ground ready to go, including a new interchange off of Interstate 635, just north of the Missouri River,” Fullerton says.

Fullerton adds: “If you are looking at the distribution of products in the country, you usually put the activities in the heart, and we are located in the heart of the country. And as far as air cargo, KCI is the largest air cargo airport in a six-state region.”

Up, Up And Away

In regard to air cargo services, Shreveport (La.) Airport Authority's officials are underway with multiple projects, including relocating all scheduled air cargo to a new quadrant of the airfield in the next 18 months, says Bill Cooksey, manager of marketing, Shreveport Airport Authority. The airport is located on the west side of Shreveport and within a few miles of east Texas; served by Interstate 20, and Interstate 49, which connects the region to the southern part of the state, and soon to the Arkansas border. The proposed Interstate 69 will run near Shreveport.

Expansion activities at the airport also include the installation of 10 acres of concrete for aircraft parking aprons; and a new $1.8 million road system in to the new cargo park development, which will serve as an air cargo and warehouse park, Cooksey says.

Other developments at the airport include building a second parallel taxiway connecting the aircraft apron to the east-west taxiway. The authority also has bids out for the construction of two new air cargo buildings, which would comprise 57,000 square feet.

Moving from the southeast United States to the northern United States, Anchorage, Alaska, is a world leader in air cargo movements. The Ted Stevens Anchorage International Airport is the busiest cargo airport in the country, in terms of landed cargo weight; and the third busiest in the world.

In 2006, FedEx committed to a $30 million expansion for its Anchorage operation. The company has added a reload area and two additional unload positions, which increased the company's sorting capacity by 20 percent. The company also added two wide-body aircraft parking gates, and a new ground support equipment maintenance facility.

“Anchorage serves as the nerve center for the FedEx Express Network,” writes Connie Carter, spokesperson for FedEx, in an e-mail correspondence. “Because routings from Asia often come through the southern portion of Alaska, the Anchorage hub serves as the sorting center before the aircraft are launched to multiple points in the United States. By stopping in Anchorage, the aircraft can have an increased payload restriction, and through an arrangement with U.S. Customs, about 90 percent of all the goods are pre-cleared before they arrive in Anchorage, and more than 90 percent of the remaining goods clear customs within 24 hours.” Carter notes the time zone in Anchorage offers another advantage to FedEx, allowing the company to deliver packages to key North American, European and Asian locations within 24 hours. In fact, from Anchorage, it takes less than nine hours to reach 90 percent of the industrialized world by air.

And, when 111 new China cargo routes were awarded to U.S. air carriers, 62 of them are scheduled to fly through Anchorage. What's more, three Chinese carriers operate in Anchorage.

In July, officials from the Anchorage Economic Development Corp. signed a memorandum of understanding with officials from the Beijing Investment Promotion Bureau, with a key part of the agreement focused on increasing the export of Alaskan seafood to China. A second MOU between the Port of Anchorage and the Beijing Liqiao Bonded Logistics United Development Co., Ltd., allows the two free-trade zone license holders to continue investigating investment and trade opportunities.

The Port of Anchorage offers shippers an alternative to the West Coast's ports of Los Angeles and Long Beach. The port is undergoing a $350 million expansion to accommodate larger container and cruise ships, barges and tankers; and to enhance intermodal transportation systems.

Moving east from Alaska into Canada and the province of New Brunswick on Canada's eastern coast, the city of Moncton's officials are boosting the region's distribution and logistics capabilities, which will support rail operations and air cargo operations.

In regard to air cargo services, Moncton's officials are working to become a stop for air cargo operations flying from Europe that are destined for Canada or the United States. The Canada East Inland Port would be a center of excellence for transportation and logistics operations, where companies could unload and repackage their products, notes John Thompson, CEO, Enterprise Greater Moncton. Land for this inland port is earmarked near the tarmac of the Greater Moncton International Airport.

Thompson says officials are also planning to build facilities where companies can break down and repackage their products in the region in order to reduce shipping costs.

The ability to reduce shipping costs is attractive to every business that distributes its goods across the globe, especially because they are under shrinking timelines. Partnerships and collaborations work to develop efficiencies with the infrastructure we have in place, as well as standing up intermodal operations, with the intentions of improving the movement of goods.