

America's great rail
intermodal sites serve
as vital hubs in the
logistics landscape.



RIDING THE RAILS

The romance of the railroad is deeply embedded in American culture. The image of a train chugging through the landscape has inspired countless songs and stories that capture the character of the country.

But for logistics professionals, the lore and the lure of rail goes far beyond charming words and pictures. In today's high-speed supply chain networks, rail represents a key component of the intermodal framework. Linked with ship, air, and truck transportation, the mighty freight train cuts through the landscape with the products that drive the world economy.

In the United States, several states and regions stand out as leading rail intermodal sites — places where geographic, economic, and logistics resources blend into an ideal crossroads for moving products from Point A to Point B.

Kentucky: A Logistical Paradise

The lyrics to the American folk song “I’ve Been Working on the Railroad” have a special ring in Kentucky, where rail has long established its role in the logistics infrastructure. An enterprising adventurer named Richard J. Corman helped make it so.

Corman, founder and owner of R.J. Corman Railroad Group, worked on the railroad from his teens until his death in 2013. Right after graduating from high school in 1973, the Nicholasville, Ky., native started his career in railroad construction. He turned a railroad crossing reconstruction operation with a single backhoe into one of the leading diversified railroad services companies in the nation.

With more than 60 operating locations in 24 states as far west as Arizona and Montana, the R.J. Corman family of companies now has more than 1,600 employees. The company also has had a particularly strong impact on its Kentucky home. One example is its rail service for Logan Aluminum in Russellville, Ky.

“We take 15,000 trucks off the road each year by moving aluminum ingots from Berea, Ky., to the Logan plant,” says Bob Helton, economic development manager for the R.J. Corman Railroad



Contributing to Kentucky’s rail offerings is R.J. Corman, headquartered in Nicholasville. The company owns shortline rail lines in seven states, and offers other railroad, warehousing, and aviation services throughout the United States.

Group. “We also provide freight rail services for grain moving from farms in south central Kentucky, for peanuts moving to the Jiff peanut butter plant in Lexington, and for river sand being transported from Louisville to Lexington.”

R.J. Corman’s freight rail operations are emblematic of Kentucky’s prominent place on the list of great rail intermodal sites.

“Kentucky is a logistical paradise,” says Mandy Lambert, commissioner of business development for the Kentucky Cabinet

for Economic Development, the primary state agency responsible for encouraging job creation and retention, as well as new investment in the state.

Impressive numbers support her contention. “The state is located within one day’s drive of two-thirds of the American population, and is in the middle of a 34-state distribution area,” Lambert says. “Our two international airports are home to two of the world’s top air cargo hubs, UPS and DHL. They helped Kentucky rank third in total air cargo shipments last year.

“Kentucky also features 1,000 miles of navigable rivers, seven public riverports, 19 interstate highways and controlled-access parkways, and nearly 3,000 miles of rail throughout the state,” she adds. “No matter where or how you need to move a product, Kentucky has the ability, access, and infrastructure to make it happen.”

In addition to its ideal location for moving products, Kentucky is a great place to do business. “We consistently have some of the lowest overall business costs in the eastern United States, the lowest electricity costs east of the Mississippi, and the nation’s lowest cost of living,” Lambert notes.

The Commonwealth also has built a strong reputation for meeting and exceeding industry needs, providing companies with a skilled and available workforce to meet the demands of a global economy.

“Our Kentucky Skills Network trains



Headquartered in Lexington, Ky., Gray Construction is building logistics excellence in the state. It specializes in providing engineering, architecture, and construction services to both domestic and international companies.

FLORIDA EAST COAST RAILWAY **CONNECTING** YOU *TO KEY MARKETS* **FASTER**

+ CONNECTING FLORIDA *TO THE* WORLD



With seamless solutions for intermodal shippers, Florida East Coast Railway is your connection to reach 70% of U.S. population in four day or less. Florida East Coast Railway has excellent connectivity with the South Florida ports, providing the advantages of near-dock rail at Port Everglades and on-dock rail at Port *Miami* to move freight seamlessly to destination.

For efficient service, flexible, reliable options and fewer delays along the way, connect with Florida East Coast Railway today.

To learn more, visit www.fecrwy.com



Intermodal • Carload • Transload • Drayage/OTR

workers in industry-specific skill sets, and our ability to provide the flexibility and customization that companies require sets us apart," Lambert says. "Additionally, the friendly, hard-working people of Kentucky possess an unbridled spirit that can boost any company's bottom line."

Moreover, the Cabinet of Economic Development stands ready to help companies make the best of the state's economic and logistical assets. The Cabinet administers programs that support and promote economic development, primarily by attracting new industries to the state, assisting in the expansion of existing industries, leading a statewide network of support for entrepreneurs, small-business owners, and knowledge-based startup entities, and assisting communities in preparing for economic development opportunities.

It all adds up to the three Rs of logistics: right people, right place, right time.

"Kentucky is open for business and wants to be a strategic partner with both new and existing companies to create opportunities

for all," Lambert says. "Whether a company is looking for a competitive tax climate, progressive incentive programs, an ideal location, or an unsurpassed quality of life, Kentucky offers the can-do workforce and business climate companies need to succeed."

FLORIDA: SUNNY SKIES AHEAD

In Florida, prospects are bright and sunny for an ever-improving rail intermodal future. A noteworthy case in point is Florida East Coast Railway (FECR), which operates 351 miles of mainline track along the east coast of Florida, with direct rail access to South Florida's ports.

FECR also serves five intermodal terminals and provides full-service drayage. The railway moves intermodal loads and car-load commodities from pulp and paper to aggregate and automobiles.

"We convert over-the-road (OTR) truck service to intermodal by providing what we call 'time-definite services,'" says Jim Hertwig, FECR's president and CEO. "We

have six trains moving south and six trains moving north every day. If a shipper misses the cutoff, there's another train in five or six hours.

"The key to competing with other modes is the frequency of the FECR train schedule," he adds.

The density of Florida's population — the state has now surpassed New York as the third most dense population in the United States — makes the rail alternative especially important. *The Case for Intermodal in South Florida*, a study conducted by Logistics Capital & Strategy for FECR, underscores that point.

"Trucking companies have increasingly turned to intermodal as a reliable and cost-effective option for managing freight flows in South Florida," the study says. "Intermodal offers carriers a 'truck-like' service into South Florida without the hassle of congestion or retrieving backhaul loads.

"Furthermore," the study continues, "intermodal accommodates the transportation of consumer goods (food, household

Disasters Happen! How you handle them is what matters.

On May 22nd, an EF-5 tornado devastated nearly 1/3 of Joplin, Missouri
7,000 homes were destroyed

More than 500 businesses were leveled and 5,000 jobs were lost

107 miles of city streets were filled with 3 million cubic yards of debris

(That's enough debris to fill a football field end zone to end zone nearly as high as the Empire State Building)

Eleven public school facilities, including the high school, and one private school were lost

Before dawn on May 23rd, all streets were opened one lane for emergency services

Before midnight on May 24th all lanes were cleared

On May 26th the Business Recovery Center opened to help impacted businesses

More than 400 businesses have reopened their doors with more reopening every day

3,500 of the employees who "lost" their job remain on the payroll

All 3 million cubic yards of debris was removed by August 7th as scheduled

Schools started on time in temporary facilities that are the model for schools of tomorrow



For More Information

Kevin Welch, Director

Joplin Regional Partnership

320 East 4th Street | Joplin, MO 64801

417.624.4150

kwelch@joplinregionalpartnership.com

www.JoplinRegionalPartnership.com

This recovery would not have been possible without our Regional Partners
and help from all across the United States and the world.

Thanks to this CAN DO attitude, the Joplin region is still open for business and stronger than ever.

Your business can benefit from this CAN DO spirit.

Contact us today.

The Joplin Region: Central. Connected. More Than Capable!



36' CLEAR

ON DEMAND EXPANSION SPACE

Meeting retail demands means expanding and adapting. Watson's 36' clear facilities with built-in expansion space let you rapidly grow your operations and inventory without adding to your leasing costs.

LEARN HOW TO EXPAND UP AND SAVE!
www.36ftclear.com



supplies, electronics, building supplies, office products) normally carried via truck.”

Without rail, “all the car-truck traffic had to go through congested downtown Miami,” Hertwig points out.

TUNNELING THROUGH TRAFFIC

In addition to the benefits of intermodal, the South Florida ports have made significant investments to increase capacity and relieve traffic bottlenecks. For example, in August 2014, PortMiami opened a tunnel to alleviate traffic congestion around downtown Miami. This tunnel allows truck cargo leaving the port to directly enter onto the interstate highway system, avoiding downtown Miami completely when delivering to and from PortMiami.

Prospects for the region are brighter still, given the Panama Canal expansion slated for 2016. Hertwig points to a South Florida port strategy at both PortMiami and Port Everglades. “We believe we will capture market share on those big vessels,” he says.

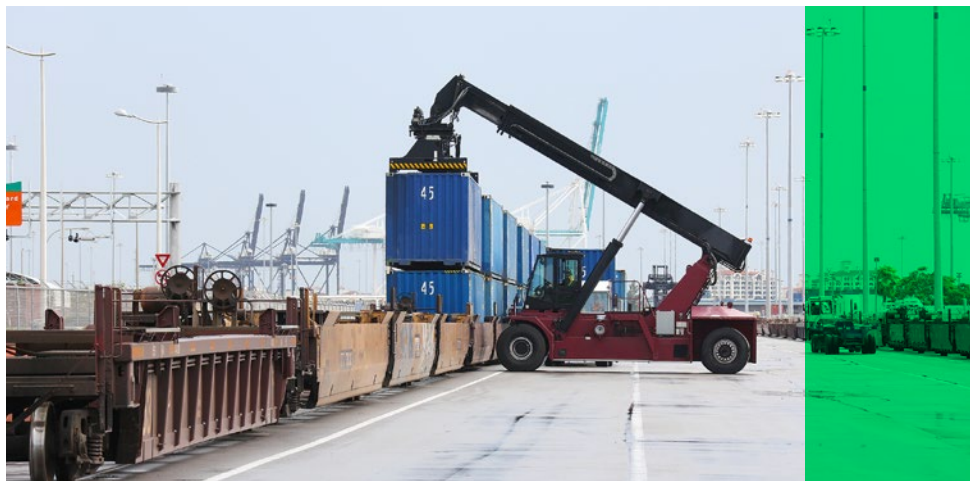
A new facility at Port Everglades was finished in July 2014, complete with separate gates for domestic and international shippers. “Both ports are efficient. The use of state-of-the art technology helps truckers get in and out in record time,” Hertwig says. “With our service, both ports will grow.”

Hertwig is proud that FECR has a mainline that rivals Class 1 railroads. “Our mainline has all concrete rail ties,” he notes, “and 77 percent of our units are intermodal.”

Also contributing to the railway’s assets is its recent purchase of 24 Tier 3 GE locomotives. At the end of 2014, these Tier 3 locomotives were the most current to meet emission standards. With 55 locomotives already in operation, FECR returned 11 leased locomotives and took an additional 13 out of service by leasing them to a Class 1 railroad. “We have now modeled out our system through 2018,” Hertwig says. “It was a major investment, but it was the right buy for us.”

The new locomotives can be converted to LNG from diesel, and the railway will begin to test LNG later in 2015, following Federal Railroad Administration standards.

“As fuel prices increase, I-95 congestion yields volatility in transit times,



Florida East Coast Railway’s on-dock intermodal rail facility at PortMiami handles cargo efficiently to better meet the needs of its customers.

and imbalanced freight flows generate unpredictable backhauls, carriers will increasingly benefit from reliable and cost-effective intermodal service in South Florida,” the Logistics Capital & Strategy study concludes.

With connections to CSX and Norfolk Southern in Jacksonville, Florida East Coast Railway is right on track to be a prominent player in that growth.

SOUTHERN CALIFORNIA: COASTAL SUCCESS

When logistics professionals identify the best points of entry for products manufactured offshore, they apply a lesson first expressed by Benjamin Franklin: “Time is money.” It is little wonder, then, that the West Coast is prominent among the country’s great rail intermodal sites. The West Coast represents the shortest all-water route into the United States.

In particular, southern California stands out as a leading intermodal site. The twin ports of Los Angeles and Long Beach serve as the Pacific gateway for products coming into the United States from Asia.

But it is not enough just to get products into the country. The key is how efficiently they are handled after they arrive. Playing a major role in that part of the equation is Watson Land Company, a developer, owner, and manager of industrial properties throughout southern California.

“Our master-planned centers are developed within locations that provide immediate access to major freeways, ports,

airports, and intermodal rail,” says Lance Ryan, the company’s vice president of marketing and leasing. “This provides companies speed and flexibility whether they are transloading imports, exporting raw materials, or distributing their own manufactured products.”

Watson Land Company, based in Carson, Calif., has developed millions of square feet of master-planned centers within four miles of the Los Angeles and Long Beach ports. This results in a much lower drayage cost and a significant increase in truck turns. The company also maintains facilities in Carson/Rancho Dominguez, Chino, Apple Valley, Fontana, and Redlands, Calif.

Watson Land Company has a Foreign Trade Zone (FTZ) designation on more than eight million square feet of its distribution buildings. The FTZ designation allows companies to significantly reduce operating costs through methods such as single weekly entry of containers (thus reducing merchandise processing fees) and duty deferral.

As the growth of intermodal transportation has accelerated, Watson Land Company has moved aggressively to keep pace. The company continually makes investments to support intermodal’s important place in the logistics infrastructure.

Watson Land Company’s rich history extends back more than 200 years to the Rancho San Pedro, the first piece of land granted to a private citizen in southern

WERNER

est: 1956

Origin:
SHANGHAI, CHINA

Origin:
NASHVILLE, TN

Origin: **SAN JOSE, CA**

Origin:
PERTH, AUSTRALIA

DELIVERING THE SIMPLE THINGS THAT MAKE LIFE BETTER.

WERNER.COM | 800.228.2240



California. In 1784, King Carlos III of Spain granted the 75,000-acre tract of land to Spanish soldier Juan Jose Dominguez. When the soldier's great grandniece, Maria Dolores Dominguez, married lawyer James Alexander Watson in 1855, the merger of the two families eventually led to the creation of Watson Estate Company – later renamed Watson Land Company – in 1912.

The land owned by the company was used for agriculture and oil production until 1963. In response to southern California's rapidly changing business environment, the company shifted its focus to real estate development with the initial goal of enhancing the value of its holdings through the creation of master-planned centers for industrial buildings.

In the 1960s, the master-planned Watson Industrial Center in Carson paved the way for the firm's evolution into one of the region's most influential real estate companies, serving a broad range of regional, national, and international companies.

Today, Watson Land Company is one of the largest industrial developers in the nation. The company has earned a reputation for delivering functional, high-quality buildings within master-planned centers. Watson was the first industrial developer in southern California to design and construct speculative industrial buildings in accordance with the U.S. Green Building Council's Leadership in Energy & Environmental Design (LEED) guidelines.

Because Watson's assets and operations are backed by one of the most conservatively managed balance sheets in the real estate industry, the company is able to fund ambitious projects regardless of external market forces. For example, a few miles from the port, some five million square feet of buildings are in a designated overweight corridor to provide companies a place where they can split overweight loads into smaller shipments.

The logistics advantages of the region Watson Land Company serves are further enhanced by the sheer size of southern California's population. With some 22 million residents, southern California offers an ample and willing workforce. Moreover,

several logistics-focused trade schools are located in the region, and California State University, Long Beach, offers a well-respected global logistics program.

NEBRASKA: CENTER OF ATTENTION

When considering America's great rail intermodal sites, certainly the heartland cannot be overlooked. Right in the middle of everywhere is Nebraska, home to many leading transportation companies. Prominent among them is Werner Enterprises, a premier transportation and logistics company and one of the five largest truckload carriers in the country.

With global headquarters in Omaha, Werner maintains offices in the United States, Canada, Mexico, China, and Australia. The company's diversified portfolio of value-added transportation services includes intermodal, freight management, and truck brokerage. International services are provided through Werner's domestic and subsidiary companies, and include freight forwarding, customs brokerage, and ocean, air, and ground transportation.

Derek Leathers, Werner's president and COO, believes that prospects for volume increases in intermodal traffic will keep improving as the economy continues to gain its footing.

"With regulatory, driver, and equipment cost headwinds, freight will continue to gravitate toward intermodal where these constraints are less impactful," Leathers says, adding that key variables will affect the pace of growth. "The magnitude of share shift to intermodal will be contingent upon many factors, including energy prices, rail operational efficiencies, and the employment alternatives available for today's driver force," he says.

But, he says, all indications are that intermodal traffic will accelerate. "Regardless of how these variables take shape, we expect a continued shift toward intermodal for the foreseeable future," Leathers says.

With the inherent blessings of its geography, Nebraska stands to be a primary beneficiary of the growth. Nebraska represents a centralized point of distribution for imported products, and its location assets are enhanced by road and rail systems that facilitate both inland delivery and export

shipments to the east, west, and gulf ports.

Werner takes full advantage of all these assets while also offering services designed to set it apart from its competitors, not only in Nebraska but worldwide.

"Our intermodal advantages can be described with one word – flexibility," Leathers says. "Werner's service offering consists of multiple rail partners, various types of equipment, a diversity of services, and a balanced portfolio of our own drayage fleets and qualified partners."

By adapting to shipper priorities, the company has become recognized as a global logistics partner providing customized supply chain solutions that manage cost, improve visibility, and pursue continuous improvement throughout its customers' network.

INDIANA & ILLINOIS: POWERED FOR PROGRESS

An essential piece of the rail intermodal success equation is the availability of low-cost, efficient energy. For much of Indiana and Illinois, the source of that power is Hoosier Energy.

Hoosier Energy is a generation and transmission cooperative providing wholesale electric power and services to 18 member distribution cooperatives in central and southern Indiana and southeastern Illinois. Based in Bloomington, Ind., Hoosier Energy operates coal, natural gas, and renewable energy power plants, and delivers power through a nearly 1,800-mile transmission network.

The generation and transmission cooperative and its members serve nearly 800,000 residents, businesses, industries, and farms. The company is part of the Touchstone Energy Cooperative, a nationwide alliance of electric co-ops.

Hoosier Energy provides electricity to developed sites and industrial parks along the I-70, I-65, I-64, I-69, and I-74 corridors. Both rail and Ohio River ports are available and used for transshipping as well. Hoosier Energy's workforce is located in adjacent metropolitan areas such as Indianapolis, Louisville, Cincinnati, and Evansville.

Sites served by Hoosier Energy stretch over a wide region. The eastern boundary of its service region offers one-day delivery

CEOS OF FOOD PROCESSING FIRMS
ARE ALWAYS AMAZED
AT OUR 21,000 SQUARE MILE OPEN-AIR SHOWROOM.

Once you hear all the benefits of moving or expanding your food business into Hoosier Energy territory, you'll think to yourself, "Why didn't I do this sooner?" And there are miles and miles of options. It all starts with our 59 counties in central and southern Indiana and southeastern Illinois offering a pro-business environment. Together they provide access to about 70% of the U.S. population in only a day's drive. Toss in an experienced workforce, fertile soil and excellent climate conditions and the business recipe starts looking pretty appetizing. That all means once you've seen our shovel-ready sites or existing facilities you'll come up with your own reasons to locate here.

HOOSIERENERGY
A Touchstone Energy® Cooperative

HOOSIERSITES.COM
812-876-0294

to most of the East Coast, while the western boundary is a short drive away from St. Louis. Many parts of the region have easy access to southeastern and south central markets such as Nashville and Memphis.

The logistics advantages of the region keep improving, according to Harold Gutzwiller, Hoosier Energy's manager of key accounts and economic development.

"Indiana finished construction of Interstate 69, section 3, in 2012," Gutzwiller says. "The next portion, section 4, will be completed in December 2015. Section 5 will be finished by December 2016."

For shippers and site selectors, the impact of the highway expansion is dramatic. "This major infrastructure project has opened up several completely new interstate interchanges between Evansville and Indianapolis, and improves shipping access to the Indianapolis and Evansville airports, as well as the State of Indiana port on the Ohio River," Gutzwiller explains.

As highways pave the way for shippers, Hoosier Energy is positioned to power the new businesses that follow the path to the company's service region. "Hoosier Energy can offer a new five-year Economic Development Rider (EDR) for existing plant expansion or new plant construction," Gutzwiller says. "The EDR gives a discount on both energy and demand components of the industrial power bill, and is a competitive incentive."

The EDR is the newest among a range of services Hoosier Energy offers to manufacturers, shippers, and other businesses in the region. In 2014, the company launched a full redesign and overhaul of its economic development website to further support growth throughout central and southern Indiana and southeastern Illinois.

The update to hoosiersites.com provides enhanced access to economic development tools and calculators. Integration of a sites and building database called LOIS brings new demographic research tools to the site search process. The company has also made updates to the tax abatement and workers compensation estimators.

"The website redesign is an improvement to an already powerful tool that allows us to help local economic development organizations achieve their goals,"



The historic opening of the I-69 corridor in southwestern Indiana is expected to create opportunities for growth in areas served by Hoosier Energy members.

says Jeff Quyle, Hoosier Energy's economic development coordinator. "It gives them the competitive edge they need to bring economic success to communities throughout Indiana and Illinois."

JOPLIN, MISSOURI: GROWTH CURVE

Another midwest standout is Missouri, where the logistical assets of the Joplin region are growing faster than, well, a speeding train. In Newton County, one of the areas served by the Joplin Regional Partnership, officials are talking about a proposed rail-to-truck hub that will enhance the area's already considerable offerings to shippers. Neosho, Mo., lies on the western edge of the Ozarks.

Neosho is "at the center" of the Joplin Region, says Mike Franks, chief executive officer for the Neosho Area Business and Industrial Foundation. He is excited about the proposed rail-to-truck hub because "you have an inland port, the Kansas City Southern Railway, and two interstate highways all converging in this area," he says,

making it an ideal location for the proposed hub.

In addition, plans for a FTZ are quickly coming to fruition. "The FTZ has received preliminary approval," Franks says, "and it is now in front of the Department of Commerce." He hopes to soon have more word about the 300-acre FTZ.

"We're very excited about all of this," says Rob O'Brian, president of the Joplin Area Chamber of Commerce, part of the Joplin Regional Partnership.

The Joplin Region is comprised of 10 communities and five counties in southwestern Missouri and southeast Kansas. The Joplin Regional Partnership coordinates economic development efforts throughout the region, providing site selection assistance, incentive and business tax information, key contacts in business and local government, demographic and economic data, and other services.

O'Brian is upbeat about the prospects for continued growth in the region's logistics sphere. "We're seeing increased demand for different transportation locations," he says.

He points to the region's easy access to prime locations across the country. "There is great transportation from a highway standpoint," he says. "Interstate 44 connects the Midwest to the Southwest. It's one of the few angled interstates in the United States. Meanwhile, Interstate 49 connects Kansas City with Fort Smith, Ark., and resumes again in Louisiana. That's great connectivity."

Rail access likewise puts the region out front. "Kansas City Southern goes north and south and into Mexico," O'Brian says. Kansas City Southern is a Class I railroad serving both ports in Mexico. In addition, two shortlines service the region.

"Joplin is the heartland of the country," O'Brian says. "And we have companies that import heavily too, principally from Asia."

The completion of the Panama Canal presents additional opportunities for the gulf ports. "It will change the landscape," he says.

But regardless of how the American logistics landscape changes in the future, one thing is certain: The country's great rail intermodal sites will have giant stars on the map. ■



ROGER, KENTUCKY LOBSTER, YOU ARE CLEARED FOR TAKEOFF.

If you dined on fresh lobster last night, chances are, it originated in Kentucky. That's because Clearwater Fine Foods chose to locate its seafood distribution center just a few miles down the road from the UPS world air hub at Louisville International Airport. Lots of businesses locate near UPS in Louisville and near the DHL global hub at the Cincinnati/Northern Kentucky International Airport. So claw your way to greater competitiveness. **Let Kentucky add speed to your supply chain.**



For more information visit ThinkKentucky.com or call 800-626-2930.



[Facebook.com/ThinkKentucky](https://www.facebook.com/ThinkKentucky)



[Twitter.com/ThinkKentucky](https://twitter.com/ThinkKentucky)



Cabinet for Economic Development