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Great Logistics Sites & Services Leading the Way

In logistics, two Ws are most important—where and when. Choosing the right sites and services is vital for getting your products where they need to go, when they need to get there.

As the world continues to dot the i's (in-transit and intermodal) and cross the t's (technology and transportation) that are the distinguishing characteristics of modern commerce, consumers continue to grow in their broad-based understanding of logistics. Anyone who ever has waited for a package to be delivered—that is, virtually everyone—gets that logistics, in its simplest form, means the flow of products from Point A to Point B.

Logistics professionals, however, know the science of logistics is far more complicated than that. What happens, for example, when the package, or the truckload, arrives?

That's where great logistics sites come in. Those are the places that serve the industry as the ideal depots and turning points for products on the journey to their final destination. Such sites are the most vital links in the supply chain.

Places in Time

It is a subject of keen interest to Watson Land Company, a developer, owner, and manager of industrial properties throughout Southern California as well as on the East Coast. For more than one century, the company has served the logistics sector by 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.

The company's rich history encompasses more than 200 years, reaching back to the Rancho San Pedro, the first piece of land granted to a private citizen in Southern California. The property evolved into Watson Estate Company, founded in 1912, and was later renamed Watson Land Company.

Until 1963, the land owned by the company was used for agriculture and oil production.

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 the city of Carson, California, where the company is based, would pave the way for the firm's further evolution into one of the region's most influential real estate companies, serving regional, national, and international clients.

"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 executive vice president and chief operating officer. "This provides our customers speed and flexibility, whether they are transloading imports, exporting raw materials, or distributing their own manufactured products."

Drayage Costs Down, Truck Turns Up

Watson Land Company has developed millions of square feet of master-planned centers within a short distance of the Los Angeles and Long Beach ports. This results in much lower drayage costs and a significant increase in truck turns. With close to 20 million square feet of industrial, warehouse, and distribution facilities located throughout the South Bay of Los Angeles and the Inland Empire, Watson's buildings are designed and located to improve supply chain, distribution, and warehousing operations.

Watson customers have the opportunity to significantly reduce operating costs through the activation of its Foreign Trade Zone (FTZ) status granted through the Port of Los Angeles within the Watson subzone of FTZ 202. The FTZ can be activated in approximately 12 million square feet of Watson facilities. Companies can use the FTZ status to reduce operating costs for their manufacturing and inventory facilities. The non-privileged foreign position allows the duty rate for goods entering into an FTZ to be assessed according to the condition of the merchandise.

In addition, with access to product for display or exhibition purposes without customs intervention or supervision, utilizing an FTZ can significantly minimize bureaucratic regulations.

The FTZ designation also offers operational benefits that allow companies to gain a competitive edge in their markets. Companies have better inventory control with



PHOTO: Pascale Simard/Alpha Presse

Building strong relationships with shareholders, employees, governments, industry peers, customers, suppliers, and communities is central to CN's business philosophy.

lower customs supervision, and the duty payable on FTZ goods need not be included in the calculation of insurable value, which lowers insurance costs.

The FTZ may be utilized to examine product so it meets accurate specifications before duty is paid. Merchandise not meeting the requirements can then be repaired, re-exported, or destroyed without having to make duty payments. And, goods may be stored in an FTZ for unlimited periods, even if they are subject to U.S. quota constraints.

Certain types of merchandise can be imported without going through formal customs entry procedures or paying import duties until the products are transferred from the FTZ sites for U.S. consumption.

Intermodal Support

Watson Land Company is now one of the largest industrial developers in the nation. As the growth of intermodal transportation accelerates, the company continually makes investments to support intermodal's essential place in the logistics infrastructure.

Watson Land Company's logistics advantages are 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.

Southern California also boasts an extensive freeway network. The major highway routes providing intercity connections are Interstate 5 (north to Sacramento and south to San Diego), Interstate 15 (north to Las Vegas and south to San Diego), U.S. Route 101 (north to Santa Barbara), and Interstate 10 (east to Phoenix).

"Approximately 50 percent of the goods imported through the Los Angeles and Long Beach ports move to the local population," says Ryan. "For goods that don't, our location provides an ideal area for a land bridge for

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destinations toward the Midwest and beyond, via either rail or truck.” In addition, roughly five million square feet of buildings are in a designated overweight corridor to provide companies a place where they can break overweight loads into smaller shipments. “The overweight corridor is both a convenience and a way to save money,” says Ryan.

Watson maintains a footprint that includes facilities in Carson/Rancho Dominguez, Chino, Apple Valley, Fontana, and Redlands, California.

Covering the Continent

Logistics professionals know that “area” can mean anything from the distance from A to B, to the distance from A to Z. For CN, the term “area” encompasses more than 20,000 miles.

CN, a leader in the North American transportation services industry, has the only rail network that touches three coasts in North America, accessing the Atlantic, Pacific, and Gulf coasts. The company focuses on supply chain innovation and collaboration, offering integrated shipping solutions including rail, intermodal, trucking, freight forwarding, warehousing, and distribution. CN services 15 ocean terminals and well over 20 strategically located intermodal terminals across the network.

“We work hard with our supply chain partners to innovate, create, and implement solutions that seek to drive sustainable, long-term growth for our customers,” says Mark Lerner, CN’s vice-president-marketing and business development. “We’ve put in place groundbreaking Service Level Agreements to open communication between CN and our supply chain partners.

“These agreements allow us to improve our customers’ total supply chain, from vessel to rail to trucking, or from

CN’s 20,000-mile network spans Canada and Mid-America, connecting three coasts: the Atlantic, the Pacific, and the Gulf of Mexico.



warehousing to distribution, and everything in between,” he adds.

In determining how best to serve its customers, CN explores several pertinent questions: Is the rail service inbound, outbound, or both? What is the origin and destination, equipment type, the commodity being shipped, and the anticipated rail car volumes? What will the proposed facility layout and footprint look like?

From a real estate perspective, CN has seen 3PLs, retailers, manufacturers, and industrial developers take advantage of the company’s assets and reach by locating in close proximity to railroad intermodal yards, and building rail spurs off the railway’s mainline to develop rail-served properties, industrial parks, and transload facilities.

CN is making record capital investments in people, infrastructure, and equipment to support safe and efficient service to customers. In 2018, CN will invest \$3.5 billion (Canadian) in capacity growth initiatives, new equipment, improved infrastructure and information technology to meet market demands. These investments include adding more than 60 miles of double track, 11 new siding extensions, and improvements in eight intermodal yards. CN says it will purchase 260 new locomotives over the next three years.

CN continues to extend its reach and capabilities. For example, in the United States, CN has opened a 6,000-square-foot warehouse for inspection of cargo at the Port Huron, Michigan, border crossing. This warehouse enables goods to flow seamlessly across the border—as they do at CN’s facility in Ranier, Minnesota—even if individual containers are removed for inspection.

CN also has added a new intermodal ramp in Duluth and has extended its partnership with the Indiana Rail Road Company to offer Indiana importers and exporters a seamless service to the West Coast.

“All our investments continue to strengthen CN’s reach into diverse markets both on and off our main lines and beyond with our base of trusted logistics partners,” says Lerner.

In 2018, the North American transportation industry has been tested in terms of service and capacity, challenging providers to evolve and improve. The rail industry has definitely seen and reacted to capacity constraints on its own networks.

CN plans to continue to make significant investments to create more efficient, competitive freight transportation capacity to serve growing and new business. Through its continued investment in people, equipment, and infrastructure, CN will be able to hold on to this momentum and move forward into the future as a strong and robust supply chain leader. ■

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