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Imagine a huge, flat, rigid map of the country covered with millions of identical chess pieces, each representing a U.S. resident where he or she lives. Place that map on a support, and the spot where it balanced would be the mean center. The last time the Census Bureau did that calculation, it found the nation's point of perfect population balance in Phelps County, Missouri.

That ideal location in the center of the United States is just one of many features that make Missouri a stellar spot for logistics. Locate a production plant or distribution center in Missouri and you're within easy reach of 20 states and a large portion of the nation's commercial markets.

And "easy reach" doesn't mean simply as the crow flies. Missouri's transportation infrastructure includes 18 interstates plus many other four-lane U.S. highways, five Class I railroads, 13 public port

authorities, 131 airports, and eight major intermodal facilities. Together, they provide a wealth of options for connecting efficiently with the rest of the country and the world.

Missouri is the 18th most populous state in the United States and one of the largest in the Midwest. Thanks in large part to its state education system, its population of 5.9 million residents includes three million highly educated workers. Those workers, and the companies that employ them, have helped to make Missouri one

of the most diversified economies in the nation. The state boasts the fifth-lowest cost of living in the United States and the eighth-lowest business costs of any state. In 2008, the Bureau of Business Research at Indiana's Ball State University ranked Missouri first among the states for manufacturing and logistics.

ROADS TO EVERYWHERE

The story of Missouri as a vital link for U.S. commerce started in May 1804, when the Lewis and Clark expedition pushed off the Missouri River's banks just north of St. Louis to explore the newly purchased Louisiana Territory. That journey of exploration on what would become a major commercial thoroughfare helped open the western half of the continent to settlement and trade.

Today, for companies that move goods in and out of their facilities, the big story about Missouri still centers on its transportation resources. For starters, consider the state's 32,800 miles of highway, including 1,180 miles of interstates. Taken together, these make up the seventh-largest highway system in the nation, an efficient and largely uncongested network for over-the-road transportation.

Major east-west highways in Missouri include I-44, I-64, and I-70; north-south routes include I-29, I-35, and I-55. Other interstate routes providing more localized transportation include 435, 635, and 470 near Kansas City, and 270 and 170 near St. Louis.

Numerous four-lane U.S. highways add to Missouri's inventory of efficient routes. For example, U.S. 61 in eastern Missouri forms part of the Avenue of the Saints, a



A WEALTH OF OPTIONS: Missouri boasts 18 interstates, in addition to other four-lane highways, railroads, airports, and intermodal facilities.

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It's easy to get it there, but how do you get it
back?



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Missouri's highway system, the nation's seventh-largest, comprises 32,800 miles of road, including this section in Kansas City.

corridor linking St. Louis with St. Paul, Minn. Highways 60, 54, 50, and 36 are major east-west routes, and Highways 65 and 71 cross the state from top to bottom.

That road network, already excellent, is seeing continuous improvement. During the past few years, Missouri has invested nearly \$2.5 billion of state money in expanding more sections of highway to four lanes. Over the longer term, transportation officials hope to make parts of Missouri's highway network even more hospitable to truck traffic, building some of the nation's first dedicated truck lanes on I-70 and I-44. The plan is to add two lanes in each direction to the existing two,



separating passenger vehicles from heavy commercial traffic.

"Dedicated truck lanes allow for flexibility," says Pete Rahn, director of the Missouri Department of Transportation.

"Heavier and longer-dimension trucks can travel those lanes, separate from family vehicles." Missouri is working to obtain funds to support this initiative, he adds.

Continues on page 8



Way to go.

If you're looking to ship to the major metros by land or water, northeast Missouri is the way to go.

Highways 61 and 36 provide the least congested routes between St. Louis and St. Paul, between Kansas City and Chicago. Projected improvements to highways 63 and 54 will further the area's reach with 4-lane access to a long list of cities in and out of the state. If it's ports or rail you're looking for, the northeast has both, including a new full-service port in the tri-state area. So if you're looking high and low, up and down, for the right place to locate your business, Northeast Missouri is *the* way to go.

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The infrastructure of Hazelwood has always been an advantage. Just to the north of Lambert-St. Louis International Airport, and near major U.S. interstate highways, we are the ideal site for logistics, warehousing and distribution. With Park 370 and the Hazelwood Logistics Center already operational, and the Aviator Business Park now being developed, the City of Hazelwood is positioning itself as a leader in the logistics industry.



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The St. Louis Connection

"Perfectly Centered" and "Remarkably Connected" – that's what the St. Louis Regional Chamber and Growth Association (STLRCGA) calls the city. According to STLRCGA, one-third of the U.S. population lives within about 500 miles of St. Louis, and 90 percent of the people in North America live within 1,500 miles of the city.

"St. Louis is a wonderful logistics hub," says Milton Cornwell, chief operating officer at Materialogic, a full-service 3PL based in the city. "You can't do much better if you're looking for a central location to disseminate materials from, and to manage your freight costs and time in transit."

Along with the highways that converge in the city, St. Louis stands at the confluence of three major rivers, the Mississippi, Missouri, and Illinois. The Tri-City Regional Port District, which includes St. Louis, is the second-largest inland port in the country, serving about 2,500 barges each year. That port also is the northernmost facility on the inland waterway that stays free of ice all year. In addition, six Class I railroads and five short lines serve the city.

"St. Louis is an easy place to get to for all of your inbound freight," says Cornwell, whose clients include Fortune 1000 firms and online merchants, about half of them located in the St. Louis metro.

On the outbound side, freight shipped from St. Louis can reach most of the United States within three days. "That's a big key for managing freight costs," he says. Warehouse rates in the city are reasonable as well, he adds.

For a company importing goods from overseas and for distribution throughout the United States, St. Louis makes an extremely cost-effective distribution node. The central location makes distribution

less expensive than it would be from, for example, Los Angeles.

"Warehouse space, trucking services, and labor tend to be cheaper here," says Mike Short, manager of global logistics service provider Phoenix International's central region.

For companies that conduct logistics activities in St. Louis, another advantage lies in the city's access to Scott Air Force Base in western Illinois, headquarters to the U.S. Air Force's Global Logistics Support Center. "We benefit from the talent pool when the center's logistics personnel retire," says Denny Schoemehl, president and chief executive officer for third-party logistics provider Logistics Management Solutions.

The St. Louis advantage extends into surrounding communities, including the city of Hazelwood, which sits just north of Lambert International and benefits from its foreign trade zones.

"Most of our industrial area on the south side of Hazelwood is now part of the foreign trade zone," says David Cox, the city's economic developer. That includes the Hazelwood Logistics Center. As soon as the U.S. Department of Commerce gives its approval, the zone also will include the Aviator Business Park.

Hazelwood has 16 companies involved in logistics or distribution and 26 others that operate warehouses. "For instance, Supervalu runs grocery distribution out of Hazelwood," Cox says. "Prairie Farms Dairy runs their dairy distribution out of Hazelwood. In fact, they just consolidated some of their older operations in the Hazelwood plant."

Transportation and logistics service companies with facilities in Hazelwood include Davidson Surface/Air, Cheyenne Logistics, Ryder, and Air Express International, among many others.



GOOD NEIGHBORS: Companies in the communities surrounding St. Louis, such as Hazelwood (*top left*) and Lambert (*bottom left*), benefit from their proximity to the city's resources.

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Source: ¹2009 Texas Transportation Institute Study "A Modal Comparison of Freight Transportation Effects on the General Public"

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Delivering River Transport Solutions

Continued from page 4

A truck that heads out on Missouri's highway network and travels 600 miles a day can reach most U.S. markets in one or two days. Moreover, drivers who start in Missouri can reach a remarkable variety of population centers within 11 hours, before federal law requires them to take an extended break.

"It takes less than 11 hours to drive from Kansas City to the Arkansas area," says Mark Hogan, president and CEO of UTXL, a national, non-asset-based third-party logistics company (3PL) headquartered in Kansas City. "In addition, Oklahoma can be reached in less than 11 hours, as can Dallas, Denver, Nebraska, Minnesota, Chicago, Indianapolis, Louisville, Nashville, and Memphis."

Numerous trucking companies house

their headquarters in Missouri, including large firms such as Prime, United Van Lines, and Mayflower Transit in Springfield; Con-way Truckload in Joplin; and Jack Cooper Transport in Kansas City. Shipping to and from Missouri via these and other over-the-road carriers can be highly economical.

For example, a study conducted by Logistics Management Solutions (LMS), a transportation management firm, considered the cost of less-than-truckload (LTL), truckload (TL), and intermodal transportation in and out of a company headquartered in St. Louis. The exercise compared rates for moves between St. Louis and port cities on the West, Gulf, and East Coasts. It also looked at similar moves between those ports and Memphis, Indianapolis, Kansas City, and Chicago.

"Depending on LTL class, St. Louis ranked either the lowest cost or the second-lowest cost among the cities," says Denny Schoemehl, president and chief executive officer of LMS, which serves customers throughout the United States.

RAIL AND RIVER OPTIONS

Along with its highways, Missouri boasts 4,000 miles of railroad track, making it a major rail transportation center. Class I railroads that operate in the state include: Burlington Northern and Santa Fe (BNSF-1,785 miles), Kansas City Southern Railway (KCSR-187 miles), Norfolk Southern (NS-410 miles), Union Pacific (UP-1,221 miles), and CSX Transportation (13 miles).

Two of the largest rail terminals in the United States operate in Kansas City and

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LONG-HAUL ADVANTAGE: Trucks leaving Missouri can reach many major U.S. markets within 11 hours, before federal law requires the driver to take an extended break.

St. Louis. In the Kansas City metropolitan area, the Kansas City Terminal Railway manages rail traffic for more than 300 trains arriving every day on 90 miles of

track. The Terminal Railroad Association of St. Louis, founded in 1889, manages the interchange of rail traffic in that city. The association's current owners are UP,

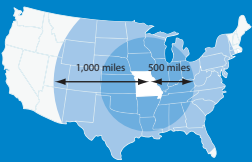
BNSF, CSX, Canadian National Railroad (CN), and NS.

More than 1,000 miles of navigable waterways in Missouri offer an economical and environmentally sustainable transportation alternative for shippers in many parts of the state. From St. Louis, for example, it is possible to reach 29 industrial centers – with a combined population of 90 million – by barge.

Each year, shippers transport an average of \$4.1 billion of cargo on Missouri's waterways. The state is bordered by 488 miles of the Mississippi River. It also has 367 miles of the Missouri River within its boundaries and is bordered by an additional 186 miles. Thirteen public port authorities and one regional port commission operate on the two rivers.

Based in St. Louis, AEP River Operations

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is one of the nation's largest full-service carriers on the U.S. inland waterway network, with approximately 2,800 barges and 60 towboats carrying cargo among points as far as Brownsville, Texas; Mobile, Ala.; Chicago, and Pittsburgh. Cargo moving by river from St. Louis can consistently reach any of those regions, says Bob Blocker, AEP's director of business development, budgeting, and planning.

Because the Mississippi south of St. Louis is a deep river, unimpeded by locks or dams, shippers using it don't need to worry about delays due to lock breakdowns. Also, thanks to the river's depth, AEP can fully load its high-capacity barges. For example, grain merchants are able to transport more grain without paying a premium. "It doesn't cost too much more to move 2,300 tons versus 1,800 tons in a

barge," Blocker says.

Along with grain and grain-based products, the main commodities that AEP hauls are coal, steel, and steel-related raw

materials. Shippers of project cargo and intermodal containers also could enjoy the benefits of barge transportation if they locate distribution centers in St. Louis or



Thanks to the Mississippi River's depth, carrier AEP River Operations can fully load its barges.

There's Lambert...



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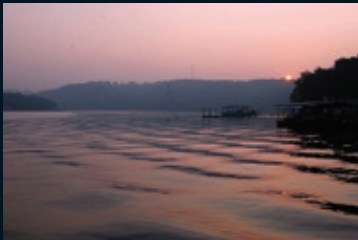
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These are but a few of the reasons that **Dollar General**, **Scholastic**, **Walmart** and many others have brought their distribution centers to the area.

(Whatever else they may have found attractive about the place is **anybody's guess**.)

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elsewhere along the rivers in Missouri. “Many products that are imported from China arrive in containers via New Orleans,” Blocker says. “Those containers could be loaded into barges.”

AIR CARGO TAKES FLIGHT

Among the 131 public airports serving Missouri, two are major commercial facilities: Lambert International in St. Louis and Kansas City International Airport (KCI). Commercial service also is available in Springfield, Joplin, Columbia, Cape Girardeau, Kirksville, and Fort Leonard Wood. Thanks to Missouri’s central location on the continent, passengers or freight flying from the state can reach most cities in the United States and Canada in three hours or less.

KCI is the largest cargo airport in Missouri and five adjacent states – Kansas, Nebraska, Iowa, Oklahoma, and Arkansas. Each night, trucks bring cargo from that entire region to load on planes belonging to the four all-cargo carriers that operate at KCI – FedEx, UPS, DHL, and DB Schenker – and to 10 passenger/combination cargo carriers. Two companies with cross-dock facilities at the airport, Forward Air Company and Jet Delivery Service, offer ground transportation and logistics services.

The Kansas City Department of Aviation owns approximately 11,000 acres of land, giving it one of the largest footprints of any airport in the United States. Because it has developed only about 4,000 acres, though, there’s plenty of room to expand, says Gary Bartek, the department’s manager of cargo development.

KCI recently attracted a new company: Smith Electric Vehicles, a UK-based manufacturer of electric delivery vehicles. “The company was attracted to the space that was available here, as well as our foreign trade zone benefits,” Bartek says.

Lambert International doesn’t handle nearly as much cargo as KCI. But economic development leaders and officials at the St. Louis Airport Authority are making a big push to boost that facility’s cargo

I-70 CORRIDOR: Central and Smart

A direct route between Kansas City and St. Louis, the I-70 corridor offers numerous highlights of its own. Columbia, home of the University of Missouri, sits just south of the interstate. A quick drive from there down U.S. 63 takes the traveler to Missouri’s state capital, Jefferson City.

Ditzfeld Transfer, one of the leading logistics firms in the Midwest, has been operating in the region since the 1960s. Today, it offers trucking and logistics services and operates 921,000 square feet of warehouse space. “Ditzfeld provides logistic services to most of the region’s major companies,” says Tracy Brantner, president of the Central Missouri Economic Development Alliance in Warrensburg.

A logistics operation seeking a cost-effective alternative to the state’s larger metropolitan areas will find exactly that in central Missouri, says Mike Downing, executive director at Missouri CORE, an economic development group representing 12 counties, with headquarters in Jefferson City. By locating within 30 miles of Columbia, for example, a business could have access to a population base of more than 100,000 while benefiting from small town real estate pricing—or from something even better. “Several communities outside of Columbia are offering land for free with a minimum number of jobs,” he says. “They also

are providing 100 percent property tax abatement on real personal property, most of them for 10 years.”

Several large companies have taken advantage of the CORE region’s benefits by locating distribution centers there. “Dollar General has a 1.5-million-square-foot facility in Fulton, off Highway 54, about 10 miles from Interstate 70,” Downing says. “Wal-Mart has a frozen foods distribution center in Moberly, and Scholastic has centers in Jefferson City and Moberly.”



Book publisher Scholastic operates distribution centers in Moberly (above) and Jefferson City.

Further east, Montgomery County is just an hour from St. Louis but offers significant savings on land and construction. “The property tax structure here is more friendly than in St. Louis, and we’ve got space,” says David Gaines, executive director at Montgomery City Growth, Inc. and Montgomery County Industrial Development. “If you need 100 acres on a railroad site, we’ve got that.”

Tyson has a fresh meats distribution center in the Montgomery City Business Park. Across Highway 19 from that site, several firms have production or distribution operations in the Montgomery City Industrial Park. One is Port-a-King Building Systems, which manufactures guard sheds and toll booths. “They ship their buildings around the world,” Gaines says.

Supreme Cuisine produces high-end food products in a processing plant formerly owned by a farmers’ co-op. “They added on a 30,000-square-foot frozen warehouse and another 5,000-square-foot kitchen and commissary,” says Gaines.

A big selling point for Montgomery County is its capacity for growth. Montgomery City, for example, could triple its population without having to add more water capacity. “And we could double the size of the town and not have to add any more wastewater capacity,” Gaines says. The town has two wastewater treatment plants, both connected to the business and industrial parks, and connections to two electric substations give it a redundant power supply.

If opportunity knocks but once,
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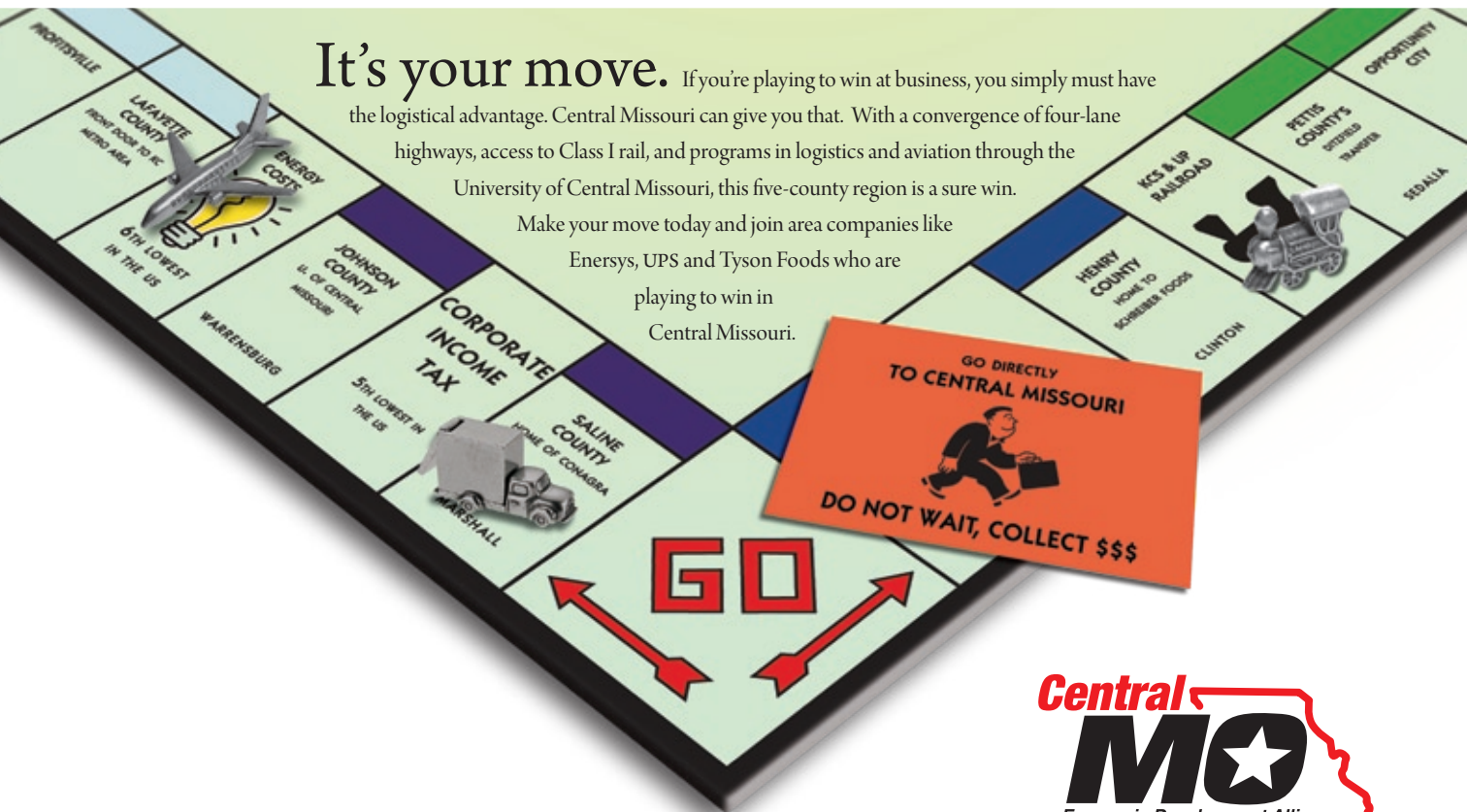
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traffic. The airport has abundant available capacity. It's also uniquely positioned for logistics. "We have all the infrastructure in place that would be required of any kind of logistics business," says Brian Kinsey, the airport authority's assistant director, marketing and business development.

That infrastructure includes numerous highways near the airport, as well as "rail service that comes right into the airport," Kinsey says. "Shipments coming in by air can be readily distributed by surface transportation without the congestion and other issues that some airports experience."

As part of its effort to attract more cargo, the Airport Authority is developing 80 acres on the north side of the property. "We also have another 100-plus acres that can have access to the air field



Kansas City International Airport is the largest cargo airport in Missouri and five adjacent states.

EASTERN MISSOURI: **Mississippi River Magnet**

Road, river, and rail create a powerful combination for logistics operations in eastern Missouri. To the north of I-70, the region anchored by Hannibal and Kirksville is seeing rapid growth in its transportation infrastructure. Now that construction on the Avenue of the Saints (U.S. 61), the corridor that connects St. Louis and St. Paul, Minn., is complete, Missouri and Iowa are collaborating on highway upgrades to create the "Corridor of the Capitals" (U.S. 63) between Jefferson City and Des Moines. West of Hannibal, Missouri is upgrading U.S. 36 to four lanes, making it an extension to I-72 and connecting I-55 with I-35 and I-29.

"Those improvements really open up Northeast Missouri," says Gordon Ipson, manager of economic development for the Northeast Missouri Electric Power Cooperative in Palmyra and vice president of the Northeast Missouri Development Partnership, a coalition of 13 counties.

The new Mid-America Port Authority is building its first port in Quincy, Ill., just across the Mississippi north of Hannibal, giving the region its first full-featured river port. "There are already places along the river where barges are loaded and unloaded, but this will be a multi-modal port facility," Ipson says. "It will connect rail to the river port and, of course, the highway."

As a rural area, Northeast Missouri offers a ready work force with a strong work ethic. Major employers in the region include General Mills and BASF in Hannibal, and Adair Foods, a division of Kraft Foods, in Kirksville. All three are examples of the strong value-added agricultural and agriculture-related business segment in the area. A

new employer in the area is a lab belonging to Human Identification Technologies, a forensics science lab based in Redlands, Calif. "It chose Kirksville because of the two universities there," Ipson says.

A collection of intermodal facilities tied to Mississippi River ports is one of the big attractions in Missouri's "Bootheel" in the southeastern corner of the state. More than 200 miles of the Mississippi River borders this region. At the northern end of that stretch, the Southeast Missouri Regional Port Authority is close to the Cape Girardeau Airport and has a six-mile short line railroad on the property. "Also, the New Madrid and Pemiscot County Port Authorities both have slack water harbors and rail," says Buz Sutherland, executive director of the Southeast Missouri Economic Development Alliance in Portageville.

Adjacent to the New Madrid County Port Authority, the Saint Jude Industrial Park encompasses 4,200 acres, including 1,720 acres available for development, and five miles of railroad. For companies developing sites in Southeast Missouri, the region's flat topography offers a particular advantage. "We have thousands of acres of shovel-ready industrial sites located on or near the interstate and U.S. highway systems," Sutherland says.

One of the most recent arrivals in Southeast Missouri is Orgill, a wholesale distributor of home improvement products, which is consolidating and modernizing its distribution network with a new, 795,000-square-foot facility under construction in Sikeston. Access to major highways and inexpensive electrical power were big draws for Orgill.

LOW COST



KANSAS CITY has the *lowest truckload shipment costs* and the *most central location* in U.S. A wide market reach and competitive shipment costs make Kansas City the *ideal location for your distribution center*.

Source: TransSystems Regional Freight Outlook Study for Kansas City, August 2009

TRUCKLOAD RATES FROM KANSAS CITY TO MAJOR MARKETS

Los Angeles, CA	1,616 mi	\$1,858
Denver, CO	601 mi	\$1,262
Laredo, TX	973 mi	\$1,508
Dallas, TX	490 mi	\$735
St. Louis, MO	249 mi	\$353
Chicago, IL	499 mi	\$549
Toronto, ON	1,003 mi	\$1,825
Memphis, TN	526 mi	\$631
Atlanta, GA	790 mi	\$987
Newark, NJ	1,189 mi	\$2,176

Estimates based on 8/3/09 line haul with no FSC
Source: Transportation Logistics Systems



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in the future,” Kinsey says.

Demand for that property could increase if leaders in the region succeed in an initiative to make St. Louis an entry port for air freight from China.

“With its central location and multi-modal access, St. Louis makes sense as a distribution point for any goods freighted

in from China,” says Christopher Chung, president and CEO of The Missouri Partnership, a statewide economic development group.

Federal, state, and local officials, Chinese government officials, and potential business partners have exchanged visits to explore this initiative over the

past few years. Now participants are discussing what sort of freight would fly in from China, what kinds of facilities would be needed to distribute it from Lambert International, “and what kind of freight could be received from throughout the Midwest and loaded on a plane back to the Chinese market,” Chung says.

KANSAS CITY METRO: Roads, Rail Add Up to Big Business

For firms with distribution centers in the market, transportation infrastructure is one of Kansas City’s main attractions. “Kansas City has more per-capita highway miles than any other city in the country,” says Chris Gutierrez, president of economic development group Kansas City SmartPort. But these aren’t the clogged highways you find in Los Angeles or New York. In a 2007 Texas Transportation Institute study of congestion problems in 90 U.S. urban areas, the Kansas City metro area ranked only 47th in terms of hours lost to traffic delays.

Kansas City also boasts an abundance of trucking terminals, and is the largest rail center in the country by tonnage. Add the area’s air and barge capacity, and the resulting competition makes for particularly favorable transportation rates, both into and out of the city.

Kansas City’s position in the heart of the heartland makes it a perfect distribution node, not only for domestic transportation networks but for international trade. “Kansas City is one of the largest customs ports for an inland city,” Gutierrez says. “It also has more foreign trade zone space than any other city.”

The benefits of conducting international trade through Kansas City are obvious to Stephen Puleio, southwest regional manager for Phoenix International, an international freight forwarder, non-vessel-owning common carrier (NVOCC), and customs broker based in Chicago. Compared with larger cities, he says, it’s remarkably easy to conduct international trade in Kansas City. Phoenix employees have established good working relationships with local officials at federal agencies such as U.S. Customs and Border Protection, and the Transportation Safety Administration.

Surrounding communities offer many of the same benefits as Kansas City. Saint Joseph is an easy 35-minute drive from Kansas City International Airport and is convenient to I-29 and U.S. 36. “Our business parks are located only about five minutes from the Highway 36 and I-29 intersection,” says Brad Lau, senior vice president, economic development, of the Saint Joseph Area Chamber of Commerce.

Saint Joseph is working on several fronts to attract new businesses. “We are in the process of developing a state-of-the-art business park that will have a number of fully served industrial and business park sites,” Lau says. Businesses that locate in the city can benefit from the Buchanan County Economic Development Loan Fund, which offers forgivable loans.

“We also are aggressive in using Chapter 100 bond financing to offset development costs through tax abatements,” he adds.

One company that recently took advantage of Saint Joseph’s business incentives is Boehringer Ingelheim Vetmedica, Inc., a producer of biological and pharmaceutical products for livestock and pets. “Last September, they announced a \$150-million expansion on their campus over a five-year period,” Lau says.

In Liberty, another community in the Kansas City metro, work force quality and development are big selling points. “Businesses in Liberty consistently praise the local work force,” says Alicia Stephens, director of the Partnership for Community Growth and Development in Liberty. “It’s stable and dependable. Most of the companies tell us that their turnover is non-existent.”

Strong collaboration among organizations focused on work force training and development and higher education make it easy to connect employers with resources they require.

“If an employer mentions that they need to do some new equipment training, I know exactly which contact to give them,” Stephens says. Resources in the area include the Full Employment Council and the Metropolitan Community College System’s Business and Technology College, which offers businesses customized training.

Kansas City-based Hallmark operates a distribution center in Liberty. Close by stands Heartland Meadows, a 260-acre light industrial park located near U.S. 69 and I-35 and adjacent to a BNSF line. Companies in the park include RR Donnelly (formerly Banta Publications), O’Dell Publishing Company, Continental Disc Corp., Shaped Steel, and Wear-Concepts.

TRAINING CAMP: Kansas City ranks as the country’s largest rail center by tonnage.

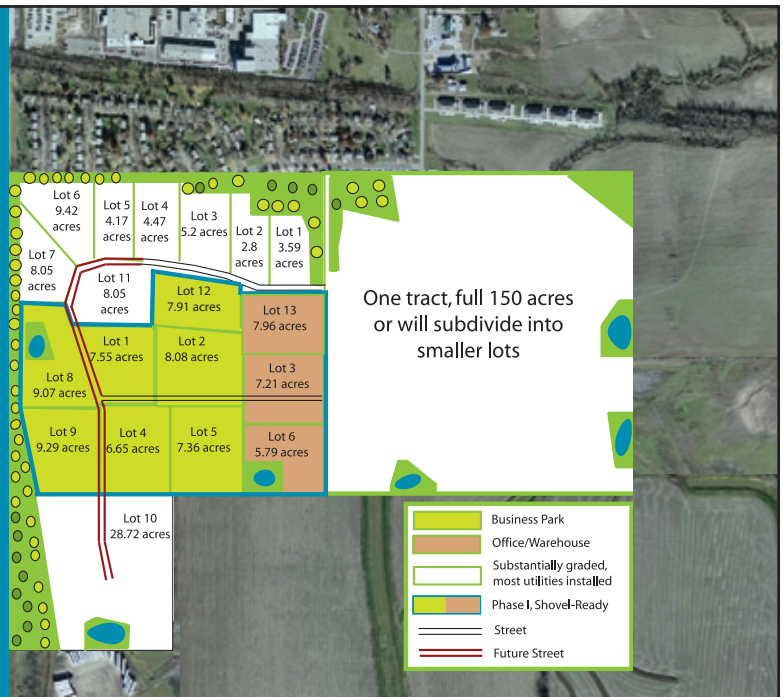


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Mizzou Center Lends Logistics Expertise

About 128 institutions of higher learning operate in Missouri, and, as of 2006, the state was granting more post-secondary degrees than seven out of the eight surrounding states. Programs in logistics and/or supply chain management are available at Fontbonne University; Missouri State University; St. Louis Community College; University of Central Missouri; University of Missouri, Columbia; University of Missouri, St. Louis; University of Missouri, Kansas City; and Washington University.

One valuable opportunity that companies in Missouri enjoy is the chance to tap the knowledge of scholars at the Center for Engineering Logistics and Distribution (CELDi) at the University of Missouri in Columbia. "Mizzou," as the university is known, is one of 10 institutions of higher learning across the country that participate in this cooperative research program, sponsored by the National Science Foundation (NSF).

A company that participates in CELDi pays \$50,000 to engage with a university on a logistics research project tailored to that company's needs. A faculty member plus at least one undergraduate and one graduate student work on the project. At the University

of Missouri, the interdisciplinary program draws upon researchers from five core academic disciplines: industrial engineering, transportation systems within civil engineering, business, agricultural economics, and health management.

Missouri companies that have worked with CELDi include manufacturer Leggett and Platt in Carthage; power company Ameren in St. Louis; aircraft manufacturer Boeing in St. Louis; Hallmark in Kansas City; and a startup in Columbia called Freight Pipeline Company, which is developing a way to transport freight through underground pipelines.

"Leggett and Platt has about 200 facilities in the United States," says James Noble,

director of Missouri's CELDi program. "Initially we looked at consolidation strategies for their network. Then we branched out to their China-U.S. link, and considered how to consolidate and configure their inbound logistics network."

For Hallmark, CELDi analyzed the design of the company's distribution center in Liberty. "We were modeling how to optimally lay out SKUs within the facility to reduce picking costs," Noble says. "With Boeing, we're exploring supply chain energy costs. For example, as energy fluctuates, how might it reconfigure its network, and what transportation modes would it use?"

For Ameren, CELDi worked on de-aggregating the company's inventory forecasts to make them more precise. And for Freight Pipeline, "we're doing some of the modeling for network design and some additional feasibility work," Noble says.

Along with the results of these proprietary research projects, each participating company receives a general report—minus the confidential information—from each CELDi project conducted across the country. The program also funds the development of software products based on selected research projects, which all participants receive. For example, next spring will see the release of a freight consolidation tool based on the Missouri center's work with Leggett and Platt.

"The nice thing about CELDi is that you get more than your money's worth just from the project. And then you get all these add-ons," Noble says.

With so many transportation choices available, it's only natural that Missouri would offer outstanding intermodal facilities. Developers are creating several large logistics parks that soon will make it even easier for companies to take advantage of the convergence of highways with air, rail, and river transportation.

One is CenterPoint Intermodal Center-KC (CIC-KC) in Kansas City. The 1,340-acre site includes approximately 370 acres of Kansas City Southern (KCS) intermodal facilities that have been in operation since mid-2008.

All infrastructure is complete in the first phase of the adjoining 940-acre industrial park developed by CenterPoint Properties. The initial phase includes more than four million square feet of warehouse, distribution, and manufacturing facilities available for sale or lease. KCS will offer direct rail service to CIC-KC from the Port of Lazaro Cardenas, Mexico, in addition to key markets in Mexico City, Toluca, San Luis Potosi, and Monterrey.

PERFECT POSITION

"CIC-KC opened in March 2008 with 11,340 feet of main line track for efficient loading and unloading, ample room for growth, extensive paved parking, gate security, and access to two four-lane divided highways—U.S. Highway 71 and Missouri 150—providing a direct connection to a wide network of cross-country interstates," explains Patrick J. Ottensmeyer, KCS executive vice president, sales and marketing.

"This facility is well-positioned on the North American trade corridor to serve growing traffic volumes between Asia and North America and between the United States and Mexico," he adds. "With its numerous amenities, this facility is certain to be a crown-jewel for the region, and will ensure that Kansas City continues its tradition of serving as a transportation and logistics hub for North America."

CIC-KC is positioned to be an easy solution for companies looking to cut supply chain costs. The modern buildings and



The University of Missouri, Columbia, hosts a research center for supply chain projects.

CLEARED TO LAND



Kansas City International Airport (KCI*) is one of the most convenient commercial airports in the world. In 2008, more than 10 million passengers enjoyed its easy terminal access, few delays and low fares. Twelve major passenger airlines offer 200 daily departures, with **nonstop service** to more than 50 destinations.

But, KCI is more than great airport. KCI has land. Beyond the terminals, there are **7,000 acres** of land available for commercial development surrounding the airport. KCI has become a **prime opportunity** for developers, manufacturers, shippers and freight forwarders looking to expand their businesses.

KCI offers Class A office space for \$15 per square foot. Custodial and other services are now bundled. CBRE/Trammell Crow is developing the **KCI Intermodal BusinessCentre**, featuring build-to-suit flex buildings combining low-cost, **on-airport sites** with easy access to four major Interstate highways, an expansive cargo-handling infrastructure and one of the nation's largest Foreign Trade Zones. KCI is the smart choice for passengers, cargo and commerce alike.

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transportation savings resulting from a location immediately adjacent to the intermodal center create tremendous value for users. Additionally, sites are build-ready, with all incentives in place to further reduce costs and cut transit times.

EYE ON INTERMODAL

As a modern, energy-efficient warehouse/distribution and manufacturing center with low operational costs and efficient distribution systems, CIC-KC results in less truck traffic and less fuel consumption.

"As evidenced in other CenterPoint inland port developments, there is a major trend in the warehouse/distribution real estate industry for companies to be located close to intermodal operations, because often transportation costs

outweigh real estate costs," notes Fred Reynolds, vice president, development, CenterPoint Properties.

Kansas City Southern Railroad is fully operational at the site, says Chris Gutierrez, president, Kansas City SmartPort, an economic development organization focused on transportation and logistics. CenterPoint Properties has initially invested more than \$30 million in infrastructure for the industrial park. "The park has everything from water and city utilities to roads and pad sites for buildings," he notes.

At KCI, Trammell Crow is developing the KCI Intermodal BusinessCentre in partnership with the Kansas City Department of Aviation. Site grading on phase one of the project, comprising about 200 acres, started in October 2008, Bartek

says. When it's completely built out, the business park will encompass 800 acres.

BURIED TREASURES

Many companies looking for space will find just what they need in parks such as those. But Missouri also offers a less conventional option: some 20 million square feet of underground industrial and storage space built in former limestone mines. Underground spaces are available in Columbia, Branson, Springfield, Joplin, and Kansas City, among other cities. In Springfield, for example, Kraft Foods leases a 400,000-square-foot underground refrigerated warehouse from 3PL Exel.

Underground storage tends to cost less than space above ground. With temperatures averaging just below 60 degrees year-round, the caves offer a good way to



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store perishables without spending a fortune on heating and air conditioning, says UTXL's Hogan. His company often picks up shipments from underground spaces in the Kansas City area. "There's nothing like having 100 feet of rock above you and rock all around you," Hogan says. "There's one way in and one way out."

Whatever kind of site a company chooses, it will benefit from the state's business-friendly environment, including affordable taxes and utilities, and a variety of state and local business incentives. According to CNBC, Missouri had the fourth-lowest business costs in the coun-

“Companies want to be located close to intermodal operations because often transportation costs outweigh real estate costs.”

— Fred Reynolds, vice president, development, CenterPoint Properties

try in 2009. Also in that year, the Small Business and Entrepreneurship Council found that Missouri enjoyed the country's sixth-lowest business energy costs.

Missouri's Quality Jobs program encourages business growth with a tax incentive based on the new jobs a company creates. The employer may retain all, or a portion, of the state income taxes withheld from employees' paychecks, or it may take tax credits. The details depend on the kind of business involved and its location. "The program is incentivizing companies to come in and create jobs that are, by the state's definition, high quality," says Chung at The Missouri Partnership. "Many states, obviously, offer that sort of

I-44 CORRIDOR: En Route to Rapid Growth

Providing a link between the Midwest and the Southwest, I-44 connects two major cities, St. Louis and Oklahoma City. The entire corridor, including the regions around Fort Leonard Wood and Joplin, has seen a great deal of growth in recent years.

As home to a U.S. Army base that trains 90,000 soldiers a year, Fort Leonard Wood has a strong heritage of logistics activity. "It handles the logistics of bringing in material to house and feed the soldiers, as well as the logistics of moving people in and out," says Ben Jones, chairman of the Fort Leonard Wood Regional Commerce and Growth Association and president and CEO of America's Heartland Economic Partnership in Lebanon, Mo.

The three-county region that Jones represents offers a unique mix of urban and rural advantages. "We're big enough to attract companies with sophisticated transportation and distribution networks, such as Emerson Electric, Yamaha, G3, Regal Beloit, and Detroit Tool Metal Products," Jones says. At the same time, as a rural area, the Fort Leonard Wood Region offers a less expensive alternative to Missouri's big cities.

Southwest of Fort Leonard Wood on I-44, SRC Logistics, based in Springfield, provides a broad range of logistics services, including public and contract warehousing, non-asset-based transportation management, fulfillment, distribution, and reverse logistics. One customer SRC serves in Springfield is John Deere, which formed a \$100-million joint venture with the 3PL to receive and remanufacture used engines.

Springfield's central location makes it a perfect place to send engines from dealers across the United States, refurbish them, and send them back. "We couldn't do this on the East Coast," says Tim Stack, SRC's global sourcing manager. "It wouldn't make sense for companies in California to send engines across the country for remanufacture, then send them all the way back." That, plus the low cost of labor, persuaded John Deere to keep the operation in Springfield when it bought the joint venture back from SRC.

Further along I-44, near the Kansas border, German manufacturer Schaeffler Group recently chose its FAG Bearings plant in Joplin as the site for a new operation that manufactures heavy bearings for wind turbines and other products. Schaeffler started looking for a location for this business two years ago. "It grew into a search among Schaeffler's locations in North and South America, Asia, and Europe," says Rob O'Brian, president of

the Joplin Area Chamber of Commerce. In 2009, Schaeffler started investing \$40 million to revamp the Joplin facility for the new product line.

Other businesses attracted by Joplin's proximity to Kansas, Oklahoma, and Arkansas, and its access to four-lane highways and railroads, might find space in the 670-acre



Crossroads Business and Distribution Park. With financing from the state, a partnership between the City of Joplin, Jasper County, and a special road district is conducting \$6 million worth of road construction at the park. "The construction will widen the one-mile stretch of state highway that runs from the park to the interchange with 71 and I-44," O'Brian says. Besides improving access to the existing park, the new construction will open access to another 120 acres for future development.

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incentive for new and expanding employers, but this is considered one of the more business-friendly, with clear-cut eligibility criteria," Chung says.

Another program, Enhanced Enterprise Zones, provides tax credits against corporate income tax to companies that create as few as two jobs with \$100,000 in investments. These credits are refundable and saleable, providing a source of funds for equipment, land, or building.

Employers that create jobs in Missouri generally are delighted with the work of the people who fill them. "Employees in Missouri possess a genuine work ethic. They believe in an honest day's pay for an honest day's work," says Milton Cornwell, chief operating officer at Materialogic, a 3PL based in St. Louis.

With its hard-working employees,



OPPORTUNITIES UNDERGROUND: With temperatures averaging just below 60 degrees year-round, Missouri's former limestone mines provide natural climate control for subterranean storage.

business-friendly atmosphere, outstanding facilities, and numerous options for connecting efficiently to markets throughout the United States and the world, Missouri continually adds new chapters to the story of commercial expansion that Lewis and Clark began in 1804. As



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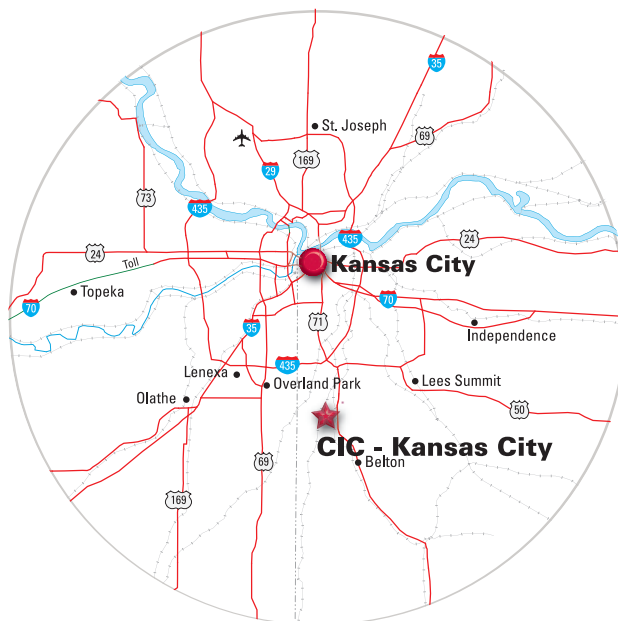
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