

# **The State of FREIGHT in the St. Louis Region**

**Southwestern Illinois Freight Transportation Study**  
Prepared by TranSystems with GKSF Global Research

**Friday, August 7, 2015**



# Acknowledgments

This project is made possible through an Intergovernmental Agreement between the Illinois Department of Transportation and Madison County, Illinois, with the Leadership Council acting as a local public agency.

## **Leadership Council Southwestern Illinois**

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## **Southwestern Illinois Transportation Enhancement (SITE) Committee**

Chair: Mark Harms, President, SCI Engineering

Vice Chair: John Langa, Bi-State Development Metro St. Louis

Throughout the study, members of SITE committee were integral to the analysis and development of opportunities for the region.



# Background

Goal to create a new identity for the St. Louis region, and for Southwestern Illinois, as a multimodal hub poised for growth.

Southwestern  
Illinois  
Transportation  
Enhancement  
(SITE) initiative  
is launched

**2011**

East-West  
Gateway Council  
of Governments  
initiates St. Louis  
Regional Freight  
Study

**2012**

St. Louis  
Regional  
Freight District  
is formed.

**2015**

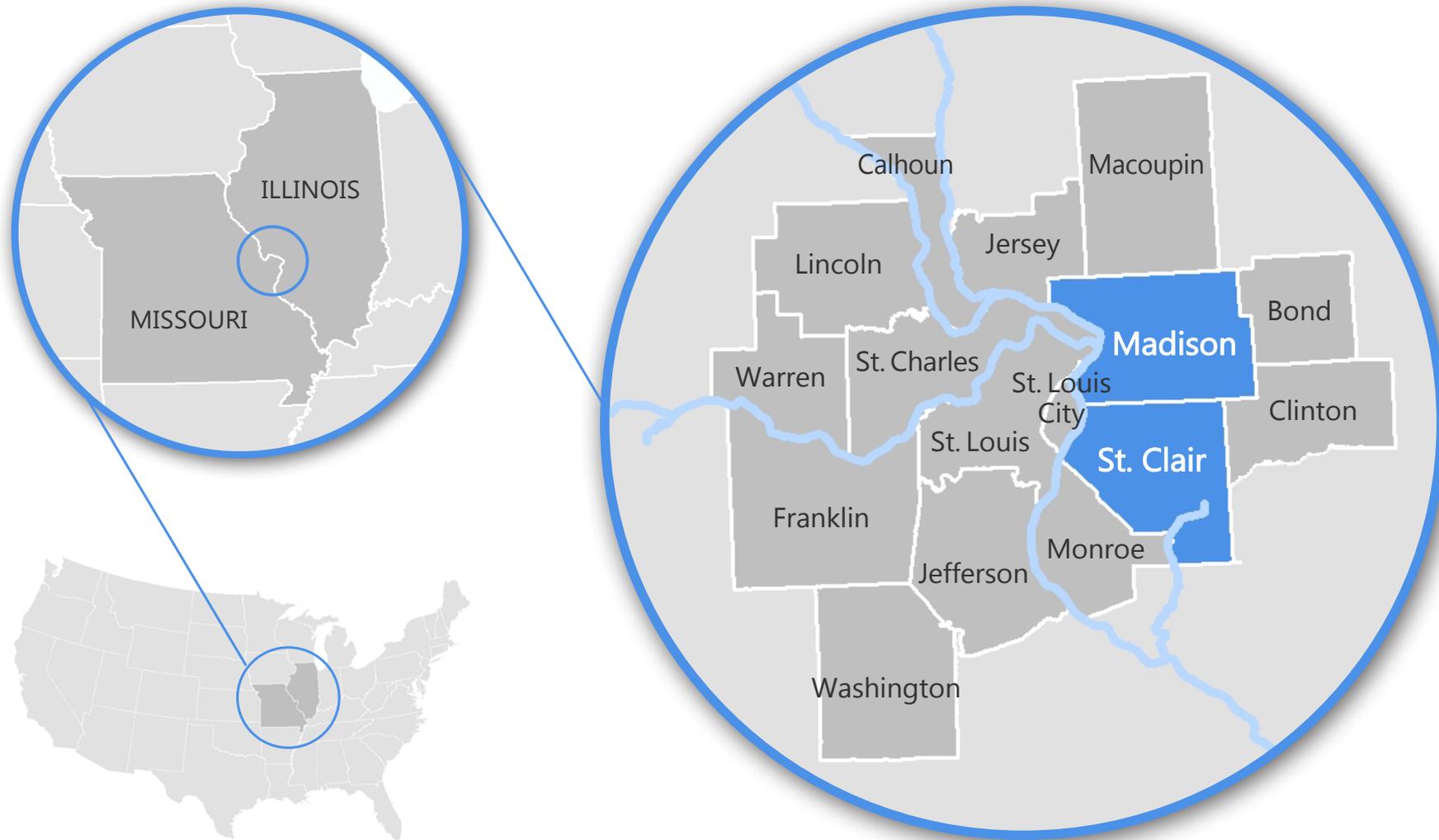
# Study Purpose

Identify quantitative means for our region to understand its position in the marketplace and evaluate key performance indicators to prioritize areas of investment.

- Freight Flow Outlook
- Freight Infrastructure Inventory
- Market Survey of Industry Representatives
- Comparative Cities Review

The study is an undertaking targeted at advancing the region as a **multimodal hub poised for growth**.

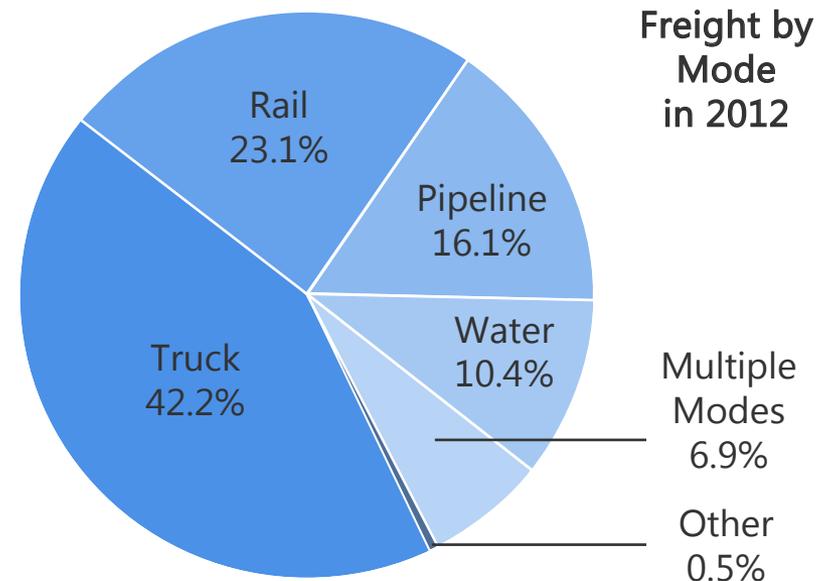
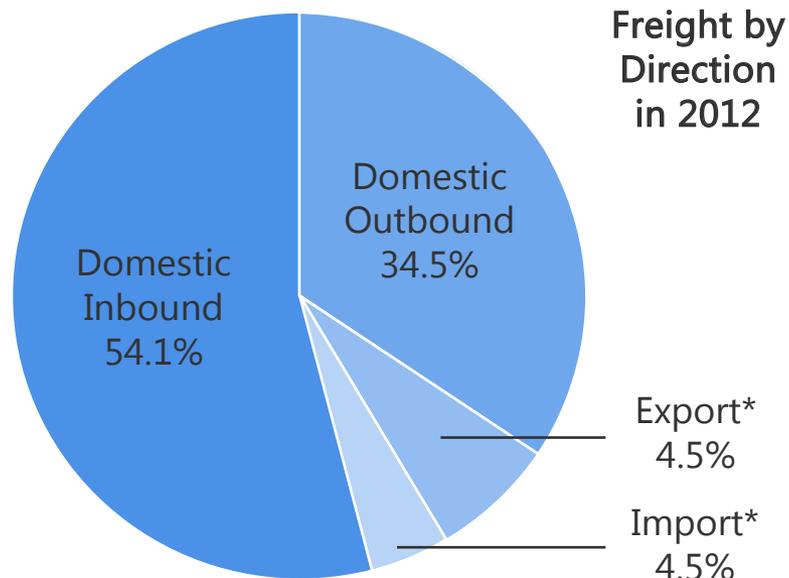
# Study Area



# Freight Activity

St. Louis regional freight activity by direction and mode in 2012 is displayed for the estimated 210 million tons of freight.

- Domestic inbound is the largest flow of freight volume
- Truck remains the dominant transportation mode



# Multimodal Hub



## Six Class I Railroads

Favorable intermodal rail service to Eastern markets



## Major Multi-Directional Interstates

Shipments transported by truck anywhere in the U.S. in three days



## Long-Standing Dominant Position

Barge traffic travels lock-free to and from the Gulf of Mexico



## Five Airports in the Region

Cargo service capacity available with cold storage capabilities



## Proven Logistics Leader with Available Real Estate

Over 15 million SF of modern warehouse development in 20 years

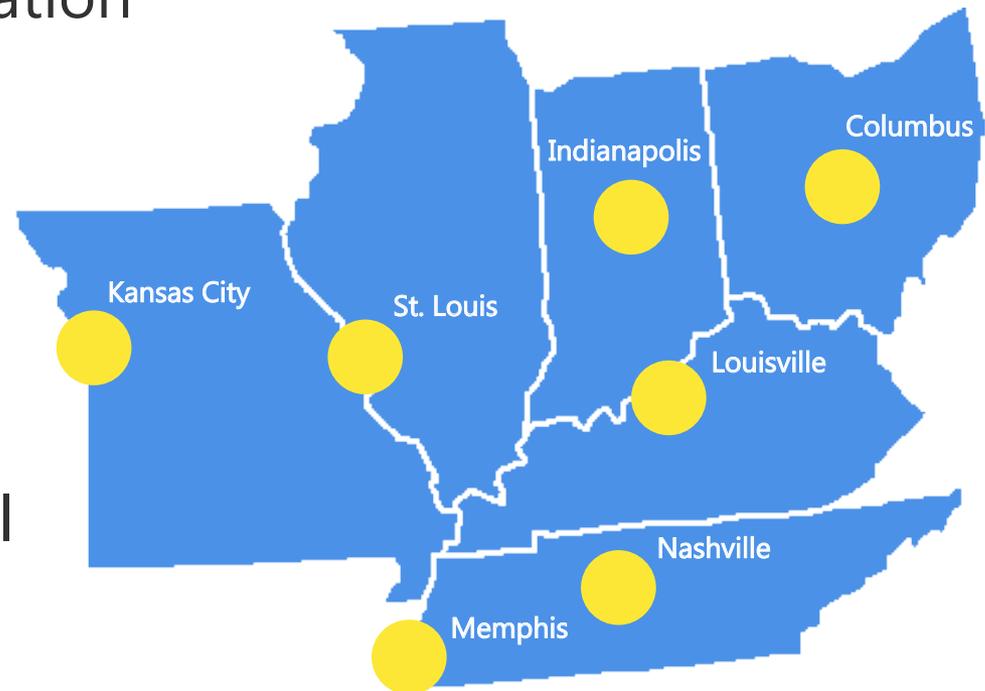
# Key Findings

## Compared to its peer cities:

**#1** St. Louis is the largest freight hub with significant presence of all modes of transportation

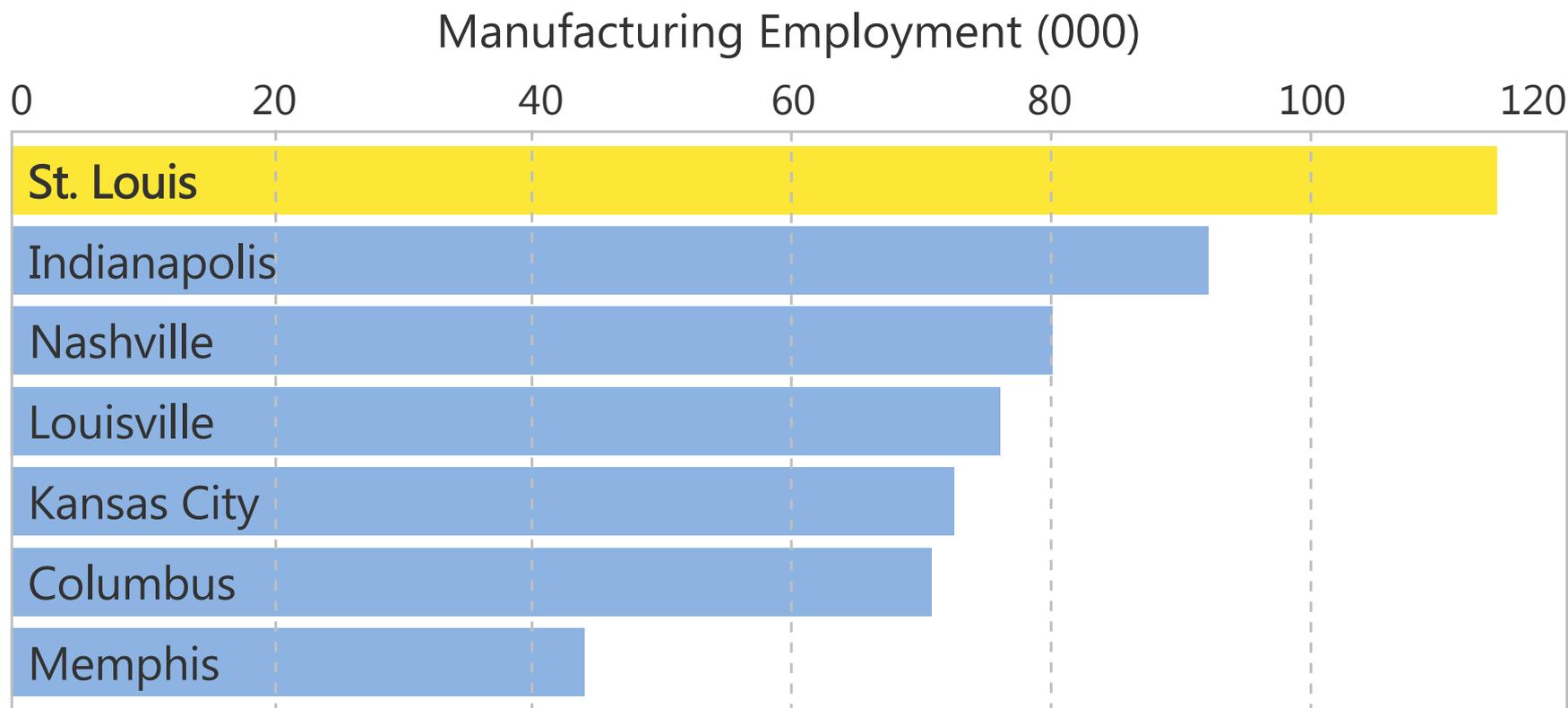
**#1** St. Louis is tied as the best location for manufacturing

**#2** St. Louis is a top location for regional warehousing and distribution



# Key Findings

The St. Louis region has the largest number of workers employed in manufacturing of its peer cities.



# Key Findings

Investments in transportation infrastructure in the St. Louis region foster growth in freight-based industries.

- Hundreds of millions in roadway and bridge investment was completed in Madison and St. Clair counties
- Additional roadway and bridge investment is programmed over the next five years along with other investment in rail and port infrastructure



**IMPROVE**

**Merchants Bridge Rehabilitation • I-270 Widening  
America's Central Port Expansion • IL Route 3 Improvements**

# Key Findings

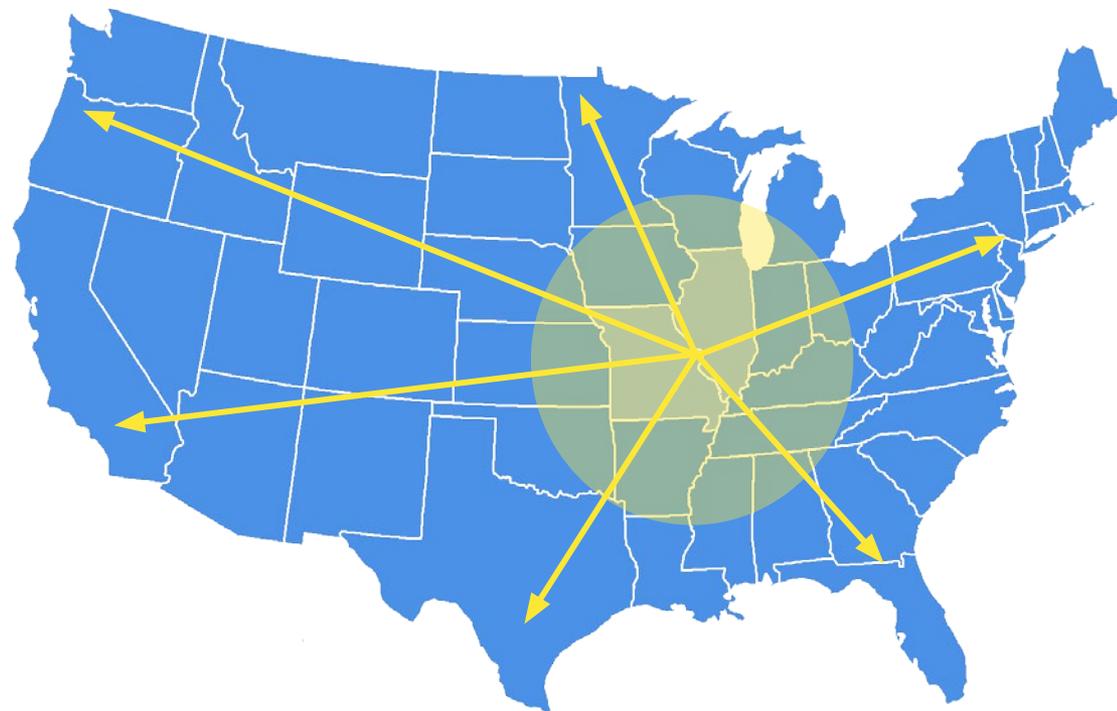
Compared to its peer cities, total truck cost from the St. Louis region produced the lowest cost option for shippers. Successful distribution models are demonstrated by the existing presence of national logistics leaders including: Dial, Genco, Hershey's, Holland, Kraft, Menasha, OHL, Owens & Minor, Procter & Gamble, QPSI, Save-A-Lot, Schneider National, Spectrum Brands, Target, Unilever, USF Logistics, Walgreens, and World Wide Technologies.



# Key Findings

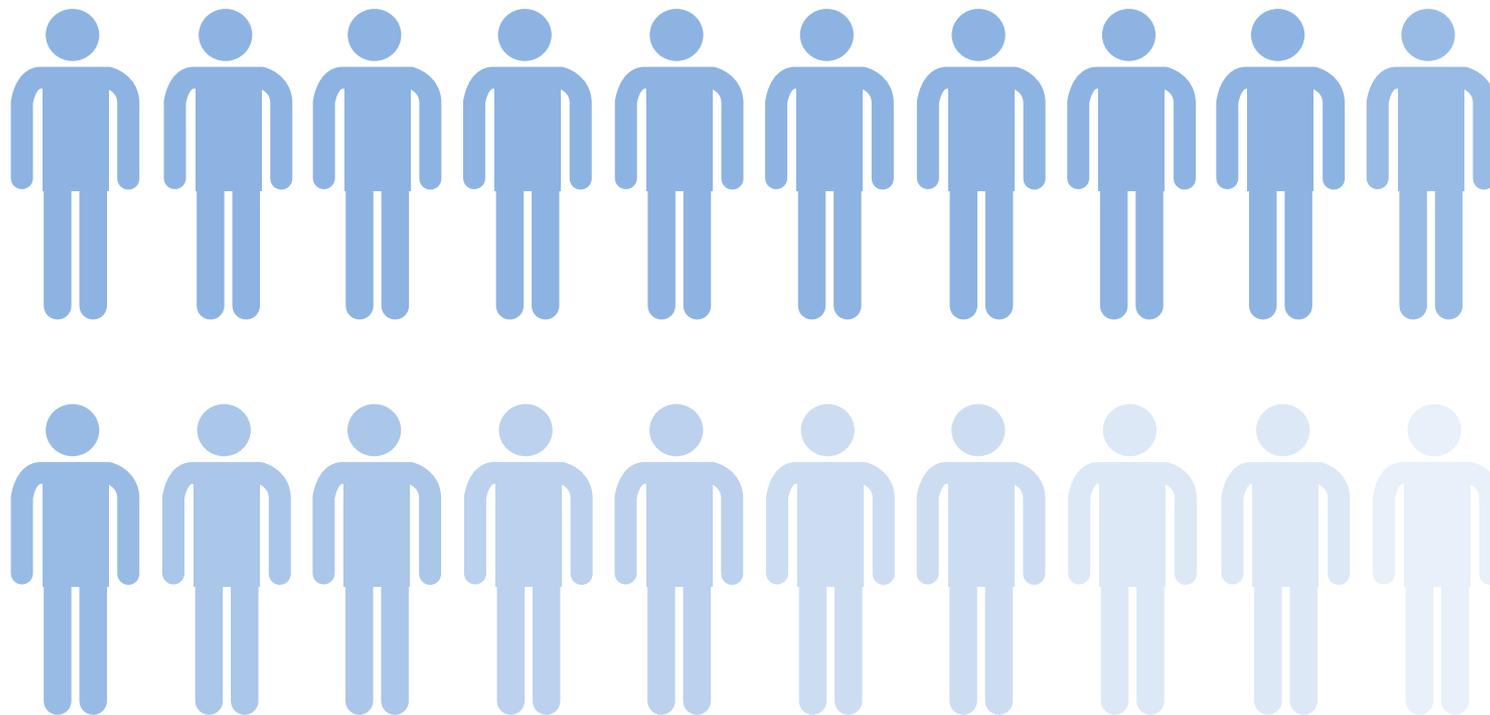
The distribution service area is within a 300 to 400 mile radius of St. Louis. The existence of UPS and FedEx hubs make St. Louis an ideal location for eCommerce.

**Shipments  
originating  
from St. Louis  
can reach  
anywhere in  
the U.S. within  
a three-day  
truck drive**



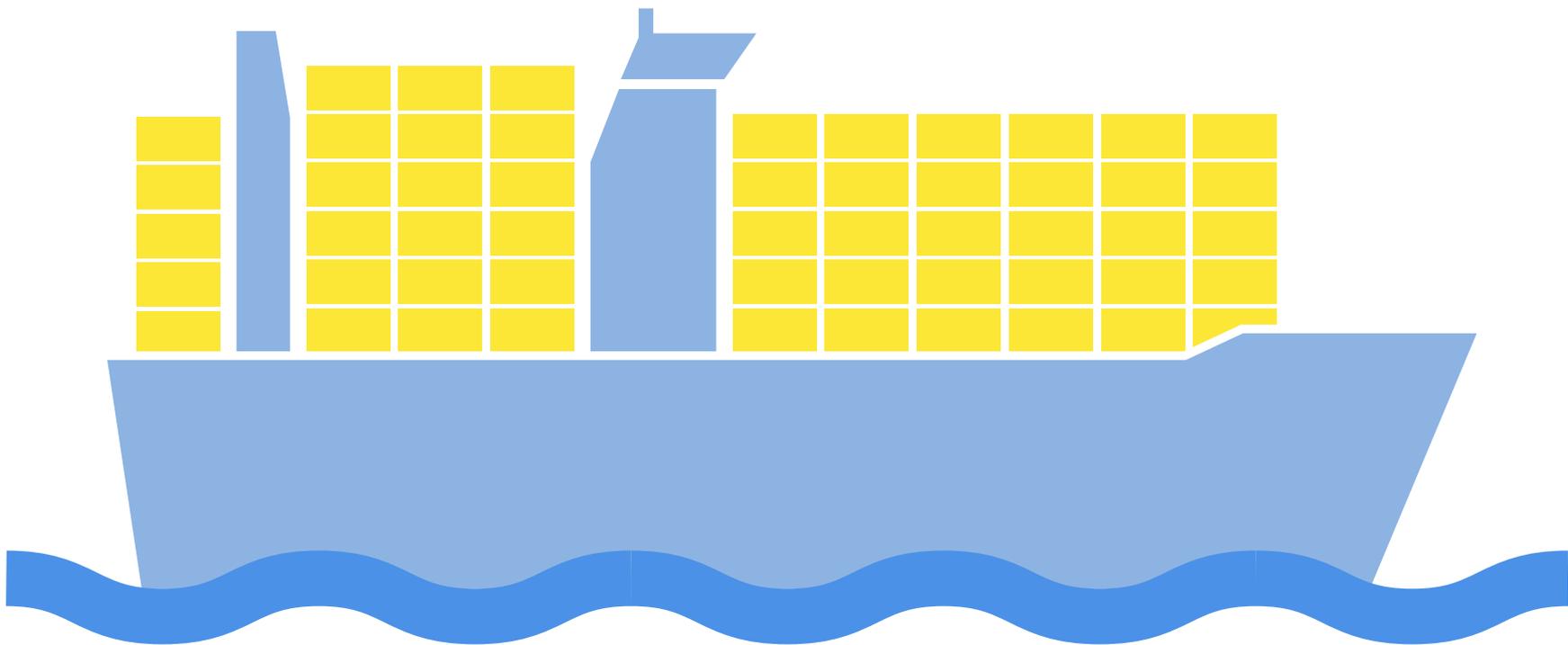
# Key Findings

Trucker shortages are causing shippers to divert truck freight to intermodal rail. Intermodal service from St. Louis to Eastern markets is an advantage over competing hubs to the west.



# Key Findings

Ocean carriers are reluctant to send intact international rail containers to and from inland markets. This will be a disadvantage for import and export growth.



# Key Findings

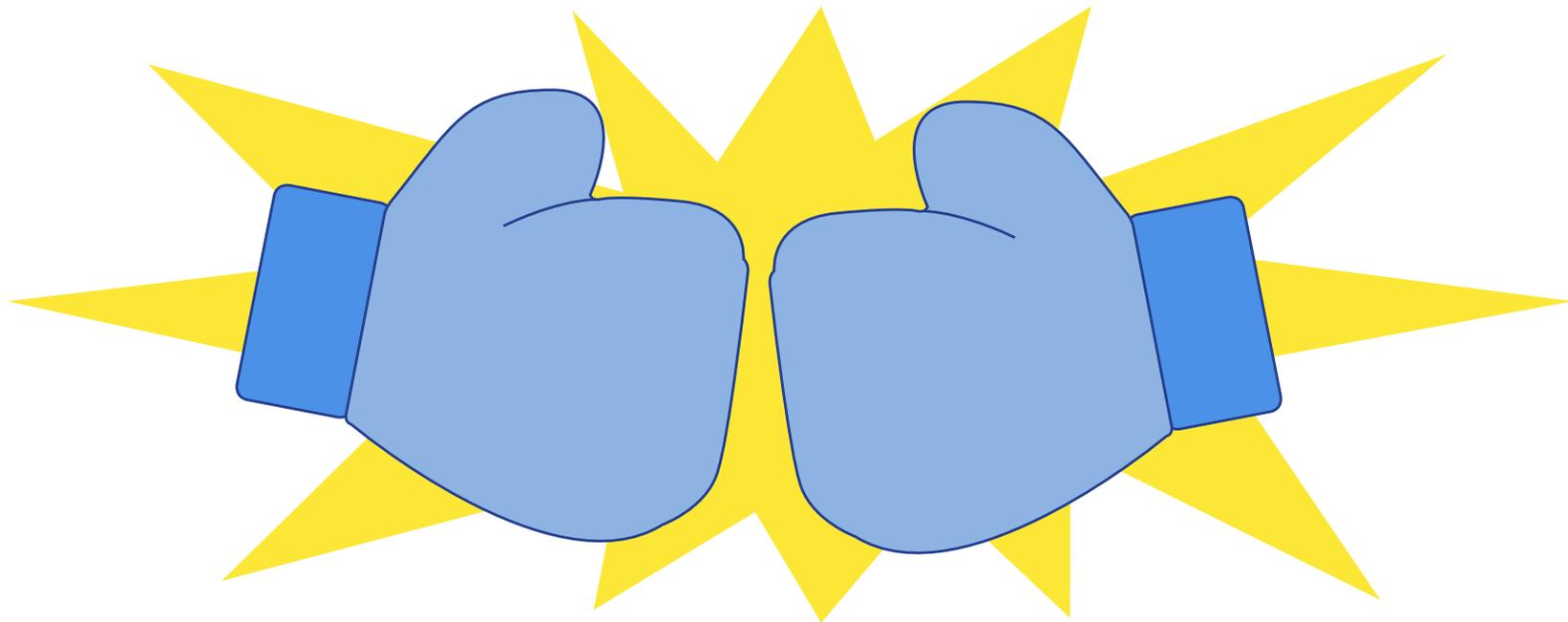
Illinois' hard-to-do-business-with reputation is a disadvantage, despite the possible misinformed viewpoint. However, if the site fits logistically, labor and tax issues are less of a concern.



**Business  
Reputation  
in Illinois**

# Key Findings

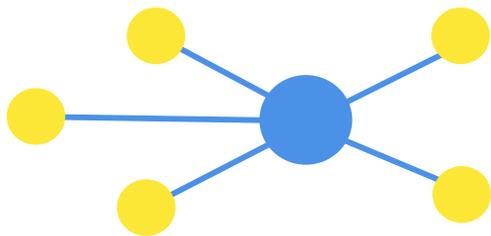
St. Louis has logistical advantages but is often overlooked because of aggressive promotional efforts by competing hubs. Consolidation of operations at large regional hubs, such as Chicago and Kansas City, may be a challenge.



# Opportunities

## Promote the Region as a Premier Midwest Freight Hub

Identifying and communicating the competitive advantages of the region is key to promoting growth in the transportation and logistics center. Aggressive business development campaigns of competing regions tend to overshadow any local, regional, or state initiatives. Active promotion efforts are expected to enhance growth in the freight and logistics sectors.



Promote as a key distribution hub in the epicenter of Midwest markets



Diminish concerns about the business environment in Illinois



Actively engage partners in the region to promote labor advantages

# Opportunities

## Increase Investment in the Transportation Network

The success of business relies on a safe, effective, and accessible transportation network. Economic competitiveness and the reliability of shipments is threatened when investment in the transportation network declines. Continued efforts to support regional transportation priorities should be maintained and updated as conditions change.



Maintain a project priority list and support funding applications



Preserve land to capture future freight use opportunities

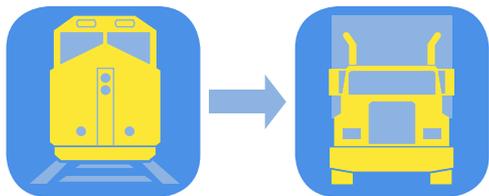


Maintain awareness of national and international trade corridors

# Opportunities

## Build on the Success in Bulk and Break-Bulk Transload Services

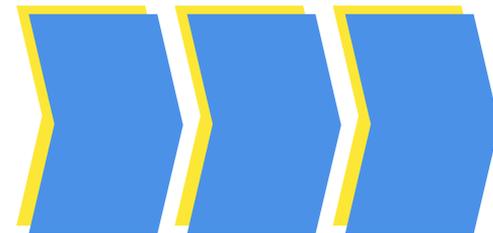
The region has a strong history shipping bulk commodities such as grains, aggregates, and coal. A particular advantage is the presence of six Class I railroads and its location below the Mississippi River lock system. The region's central location in close proximity to agricultural areas and major Midwest population and manufacturing centers lends to the long-standing success.



Investigate transload opportunities with emerging cargo types



Research the viability of dedicated or expanded rail/barge transload facility



Enhance the supply-chain to support growing routes

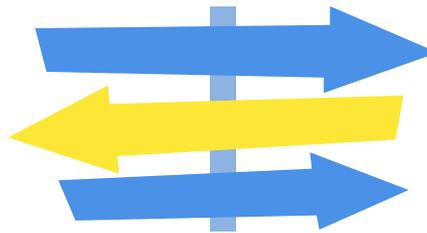
# Opportunities

## Target Growth in Regional Distribution and Manufacturing

Continued growth of manufacturing activity is expected in the St. Louis area, which is an important generator of higher-value, outbound freight. A strong growth in consumption of warehouseable commodities is also expected over lower value bulk commodities. Target growth efforts in distribution centers and manufacturing.



Identify items shipped in congested or unreliable markets



Maintain awareness of shortages and support contingency planning

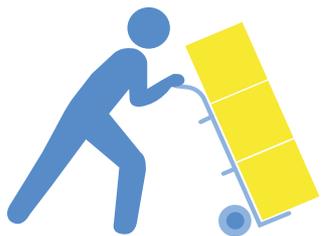


Target marketing efforts to shippers looking for regional DC models

# Opportunities

## Promote the Region's Benefits for eCommerce

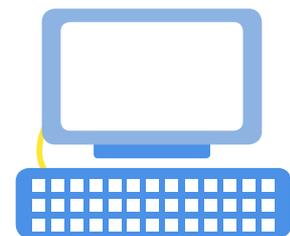
The growing popularity of online shopping has led to the emergence of eCommerce as an integral component of domestic supply chains. The existence of eCommerce businesses such as Target.com and Express-Scripts.com are positive indications of the St. Louis region's ability to meet the criteria of an eCommerce search site.



Support small-package delivery services



Investigate service delivery issues to consider for investment priorities



Promote the region's benefits for eCommerce distribution

# Opportunities

## Capture Growth from Emerging Trends

The state of transportation in the United States has been in flux for nearly two decades, causing shippers and carriers to find new and innovative ways to manage their supply chains and increase reliability. The region needs to be aware of these changes in the industry and adapt marketing efforts to capture growth from these emerging trends.



Introduce tools to  
create shipment  
efficiencies for the  
region



Leverage access  
to northeastern  
ports to connect to  
Eastern markets



Grow presence  
in the Port of  
Houston and Latin  
American trade

# Summary of Opportunities

1

Promote Southwestern Illinois as a premier Midwest freight hub

4

Target growth in regional distribution and manufacturing

2

Increase investment in the transportation network

5

Promote the benefits of Southwestern Illinois for eCommerce

3

Build on the success in bulk and break-bulk transload services

6

Capture growth from emerging trends

# The State of Freight

## Compared to its peer cities:

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**#1** St. Louis is tied as the best location for manufacturing

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