



Role of Good Government Policy & Efficient Capital Market in Logistics Development

Case of Joliet Integrated Logistics Park Near Chicago

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Logistics Development Requires Investment in:

Hard Infrastructure

- Rail, road, inland waterway and air networks
- Ports (sea, river, air)
- Multimodal hubs
- Logistics centers, freight terminals, warehouses
- Equipments

Soft Infrastructure

- Information network
- Knowledge and skills, especially management capability
- Standards and conventions
- Government policies, logistics strategy, laws and regulations
- Institutional framework

Characteristics of Logistics Infrastructure Investment

- Large capital outlay
- Long payback period
- High risk, moderate returns
- Highly influenced by government actions
 - Trade flows
 - Transport network development
 - Land use entitlement
 - Incentives
 - Special status (Free Trade Zone, Customs Centralized Examination Station)

Favorable Climate for Logistics Investment

- Strong protection of property rights
- Free flow of capital and information
- Stable, consistent, business friendly government policy
- Unimpeded transport and trade
- Attractive, risk adjusted returns
 - Strong, growing demand
 - Limited supply
 - Upward pricing trend
 - Incentives
 - Attractive financing
 - Favorable cost structure

CenterPoint Integrated Logistics Park



- Located 40 miles southwest of Chicago. Near two interstate highways, adjacent to BNSF & UP mainlines
- Site of former US Army Joliet Arsenal released by Dept. of Defense after collapse of Soviet Union
- Area suffered 15+% unemployment after closure of Joliet Arsenal

Reasons for Showcasing CenterPoint Integrated Logistics Park

- Support low cost, energy efficient multimodal transport
- Relieves highway congestion, especially in urban area
- Alleviates Chicago rail interchange congestion
- Imaginative government action and PPP converted heavily polluted brownfield site into logistics hub.
- Minimal government expenditure (\$35 million grant for water & sewer, \$125 million for access road infrastructure) attract over \$4 billion private investment
- Demonstrates impressive results can be achieved when stakeholders work together

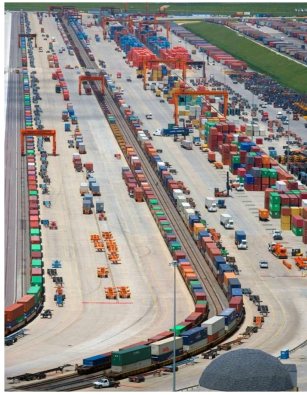
Background Information

- Trend towards rail for long distance linehaul and truck for short distance distribution
- Rail traffic increasingly concentrated on high bandwidth corridors
- Rapid intermodal traffic growth propelled by container traffic (both international & domestic)
- Existing intermodal terminals are old and inefficient
- Mega intermodal terminals serving large areas are more efficient
- Chicago - the US rail interchange center, is plagued by heavy congestion (rail & highway)
- Logistics centers moving to cheaper, less congested suburban locations adjacent to rail & highway networks

CenterPoint Integrated Logistics Park



8000 ft Tracks for Long Double Stack Trains



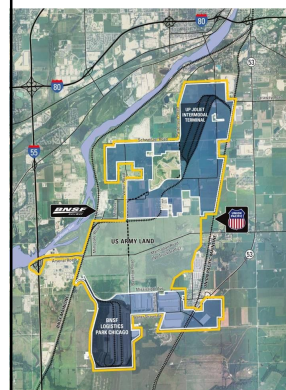
Cal Cartage Logistics Center Across from BNSF Intermodal Facility



Key Statistics

- \$1 billion+ investment by CenterPoint, plus millions more by users
- 2500 acres integrated logistics center
 - 3.4 million SF WalMart warehouse
 - Other users include DSC Logistics, Maersk, Sanyo, Georgia Pacific, Potlatch, Cypress, Bissell
- \$500 million, 770 acres BNSF intermodal/automotive facility
 - Construction started 2000, completed 2002
 - State of the Art design, six 8000 ft tracks
 - Modern intermodal hub management - automated gate, Oasis management system, GPS guided cranes
 - 1.5 million TEU handled in 2008, rank just behind Seattle & Charleston
- 1400 acres industrial park
- 100 acres equipment management area
- Increase property tax revenue by \$27 million/year and generate thousands of jobs

CenterPoint's Success Lured UP to Form Mega Logistics Hub



- \$3 billion planned CenterPoint investment, with 2-4 intermodal terminals on a single campus
- 3-6 million TEUs annual capacity
- 6,000+ acres, 35 square miles
- 30 million SF of industrial facilities
- 600+ acres for container/trailer management
- BNSF/UP/CN/NS/CSX access
- Foreign Trade Zone
- Barge terminal / transloading / agriculture export hub

**Learning Points for Successful
Logistics Development**

- Close public private partnership involving diverse stakeholder groups
- Efficient capital market with multiple methods of financing
- Excellent connection to rail, highway and waterway networks
- Reliable, growing freight source
- Proximity to large consumer market, industrial base
- Efficient operations (streamlined process, automation, high throughput equipment)
- Ride on mega trend (globalization, multimodal growth, low carbon economy)



Thank You!

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