FREIGHT ISSUES IN WEST VIRGINIA

BRUCE LAMBERT
CAN FREIGHT COMPETE AGAINST COMPLETE STREETS?

See any trucks, railcars, barges or planes?
WHAT IS FREIGHT ANYWAY?

DOMESTIC, INTERNATIONAL, INDUSTRIAL SUPPORT
HOW DOES ONE LOOK AT FREIGHT ACTIVITY?

- Inventory Functions
- Engineering
- Operational Reliability
- Financial

- Safety and Security
- Markets
- Economical
- Jobs
TOTAL FREIGHT TRANSPORTATION IN WEST VIRGINIA - 2008

Tons (in millions)

- Within State: 233 (55%)
- From State: 111 (26%)
- Into State: 81 (19%)

Dollars (in millions)

- Within State: 14,086 (49%)
- From State: 11,388 (40%)
- Into State: 3,059 (11%)

Source: Freight Analysis Framework, FWHA
SHARE OF ESTIMATED LOADED TRUCK TRIPS (TREDIS)

- Articles-base metal (3%)
- Waste/scrap (3%)
- Other ag prods. (3%)
- Other foodstuffs (5%)
- Coal (5%)
- Nonmetal min. prods. (7%)
- Gravel (7%)
- Wood prods. (8%)
- Milled grain prods. (11%)
- Base metals (15%)
- Other (34%)
Major Tonnage Flows by Truck To, From, and Within West Virginia: 2002

Note: Major flows include highway segments with truck tonnage of more than 140,000 tons per year, between places more than 50 miles apart. 140,000 tons is equivalent to approximately twenty four trucks per day.

EXPORTING FROM WEST VIRGINIA

IT MORE THAN COAL!
WEST VIRGINIA SHIPMENTS BY ORIGIN, TRADE BY MODE, BY VALUE 2000-2010

- Other (23%)
- Vessel (69%)
- Air (8%)
WEST VIRGINIA SHIPMENTS OF ORIGIN, TOP FIVE DESTINATIONS, 2000-2010 (ALL MODES - $6.4 BILLION)
WHERE ARE THE EXPORTERS LOCATED (MSA’S)

[Map of West Virginia showing the location of Metropolitan Statistical Areas (MSAs)]

<table>
<thead>
<tr>
<th>Metropolitan Statistical Area</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Washington-Arlington-Alexandria, DC-VA-MD-WV</td>
<td>$9,226,116,700</td>
</tr>
<tr>
<td>Charleston</td>
<td>$1,365,284,570</td>
</tr>
<tr>
<td>Huntington-Ashland, WV-KY-OH</td>
<td>$323,008,307</td>
</tr>
<tr>
<td>Hagerstown-Martinsburg, MD-WV</td>
<td>$224,780,124</td>
</tr>
<tr>
<td>Winchester, VA-WV</td>
<td>$168,985,783</td>
</tr>
<tr>
<td>Wheeling, WV-OH</td>
<td>$61,972,228</td>
</tr>
<tr>
<td>Cumberland, MD-WV</td>
<td>$21,233,736</td>
</tr>
<tr>
<td>Morgantown</td>
<td>$16,785,444</td>
</tr>
</tbody>
</table>

*Note: Data Source: International Trade Administration, U.S. Department of Commerce*
WEST VIRGINIA SHIPMENTS OF ORIGIN, TOP GATEWAYS, 2010 (ALL MODES - $6.4 BILLION)

- Norfolk/Mobile/Charleston (39%)
- Detroit, Michigan (12%)
- Norfolk, Va. (9%)
- Buffalo-Niagara Falls, N.Y. (5%)
- Los Angeles, Calif. (4%)
- New York, N.Y. (3%)
- Long Beach, Calif. (3%)
- Baltimore, Md. (2%)
- J.F.K. Int. Airport, N.Y. (2%)
- Oakland, Calif. (2%)
- Other (18%)
WEST VIRGINIA EXPORTS AS SHARE OF TOTAL STATE GDP 1997 - 2008

Source: Bureau of Economic Analysis, U.S. Dept. of Commerce & WISERTrade State Exports
WHAT IS THE FUTURE OF FREIGHT IN THE US

GLOBAL PRESSURES AND CORRIDORS
COMPARISON OF PEAK PERIOD CONGESTION – 2002 - 2035
Major Freight Corridors

Note: Highway & Rail is additional highway mileage with daily truck payload equivalents based on annual average daily truck traffic plus average daily intermodal service on parallel railroads. Average daily intermodal service is the annual tonnage moved by container-on-flatcar and trailer-on-flatcar service divided by 365 days per year and 16 tons per average truck payload.

AASHTO - TRANSPORTATION INVESTS IN OUR FUTURE
OTHER “FREIGHT” ISSUES?

**Domestic**
- Federal Role in transportation
- Truck chassis, operations, drayage
- Hours of Service
- “Greening” of supply chains
- Container availability
- Truck Productivity
- Energy Policy
- Locks and Dams

**External**
- Price of fuel – Energy
- China – “Insourcing”
- Future of U.S. Dollar
- Near Sourcing to Latin America
- Panama Canal Expansion
- Free Trade negotiations
STRATEGIES RECOMMENDED BY LATS

Infrastructure:
• Utilization of Existing Infrastructure
• Add Physical Infrastructure
• Corridor Approach for Investing

Operations:
• Increase Operating Throughput
• Develop Agile Freight Operations
• Improve Clearance at Gateways
• Attention to Connectors

Institutional:
• Increase Public Awareness
• Improve Institutional Relationships
• Improve Freight Profile
• Partnerships

Technology:
• Encourage Technology
• Integration of Information
• ITS Applications
<table>
<thead>
<tr>
<th>Industry</th>
<th>Relative Industry Concentration (LQ)</th>
<th>Total Regional Jobs per $mil. Output</th>
<th>Total Jobs Supported by Net Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>154,101</td>
</tr>
<tr>
<td>Mining &amp; Support Activities</td>
<td>9.41</td>
<td>6.88</td>
<td>42,826</td>
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<tr>
<td>Chemical Manufacturing</td>
<td>2.82</td>
<td>4.64</td>
<td>19,718</td>
</tr>
<tr>
<td>Government &amp; non NAICs</td>
<td>1.21</td>
<td>19.27</td>
<td>15,627</td>
</tr>
<tr>
<td>Health Care &amp; Social Services</td>
<td>1.30</td>
<td>17.80</td>
<td>15,239</td>
</tr>
<tr>
<td>Primary Metal Manufacturing</td>
<td>3.66</td>
<td>6.75</td>
<td>14,554</td>
</tr>
<tr>
<td>Wood Products</td>
<td>3.45</td>
<td>13.31</td>
<td>9,987</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>1.12</td>
<td>21.60</td>
<td>9,389</td>
</tr>
<tr>
<td>Animal Production</td>
<td>1.23</td>
<td>28.59</td>
<td>7,551</td>
</tr>
<tr>
<td>Accommodations, Eating &amp; Drinking</td>
<td>1.10</td>
<td>24.36</td>
<td>6,303</td>
</tr>
<tr>
<td>Transportation</td>
<td>1.38</td>
<td>10.92</td>
<td>5,965</td>
</tr>
<tr>
<td>Construction</td>
<td>1.09</td>
<td>14.74</td>
<td>5,714</td>
</tr>
</tbody>
</table>

Private Sector Employment
597,600 jobs

- 19% Goods Producing
  116,500 jobs
- 81% Service Providing
  481,100 jobs
SO WHAT...WHAT DOES THIS MEAN TO ME?

JOBS, PARTNERSHIPS, PRIORITIZING
1. The South becomes even more competitive in the world economy
2. South shifts from manufacturing to service sector which improves manufacturing
3. Migration continues as the South becomes “land of opportunity”
4. South develops knowledge based economy
5. South leads way in education reform
6. Contiguous counties around major metropolitan areas will be the action in the south
7. South becomes practically the only location for automotive plants
TRENDS IN ECONOMIC DEVELOPMENT

- Greenfield-Brownfield development
- Clusters versus Growth Poles
- Operational considerations
- Integrated Logistic Supply Chain Centers

Transport, Talent and Taxation Top Factor List

Site Selection’s October survey of corporate real estate executives reveals which factors on average are most important to them when they are involved in location decision making.

1. Transportation infrastructure
2. Existing work force skills
3. State and local tax scheme
4. Utility infrastructure
5. Land/building prices and supply
6. Ease of permitting and regulatory procedures
7. Flexibility of incentives programs
8. Access to higher education resources
9. Availability of incentives
10. State economic development strategy
HOW AM I IMPORTANT TO THE WORLD?
WHO ARE THE PLAYERS?

Private
Shippers – International
Shippers – Domestic
Carriers – Intermodal
Carriers – Drayage, Regional
Local citizens

Public
State
Local
Federal
SOME CONSIDERATIONS

What do “WE” want

• Relinking Transportation to industrial development
• Economic development = jobs

What must “WE” balance

• Private vs. Public $$$
• “Others Have It” syndrome
• Scale and Densities
• Aging Infrastructure vs. Capacity
• Managing Expectations
WHO CONTROLS YOUR DESTINY?
THANK YOU

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Freight in the Southeast
Moving Our Region’s Business

Norfolk, Virginia
March 14-16, 2012