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## Plan aims to put Indiana at heart of supply chain

By DAVID W. HOLT  
and KEVIN KELLY

Despite excess capacity at Indiana's airports, most local companies rely on busy Chicago airports to handle air freight, where backups may cause shipments to sit idle and create costly delays. These bottlenecks cost Indiana companies precious hours of productivity and additional shipping expense. Tom Downey, CEO of South Bend-based Towne Air Freight, a ground service provider for heavy air cargo, says bringing additional shipments directly into Indiana airports could shave a day or more off delivery schedules and improve efficiency by 20 percent. Downey says it's not uncommon to wait as long as 10 hours for shipments to work their way through backups at Chicago O'Hare airport, and heavy interstate traffic into and out of the city creates even further delays in service, costing South Bend firms time and money.

Looking for a better way Conexus Indiana, a statewide initiative to grow the state's logistics and advanced manufacturing industries, is working on a plan to use excess capacity at Indiana's airports by attracting a greater share of air freight business to the state, saving local logistics companies like Towne Air Freight thousands of dollars.

John Kasarda, a distinguished professor and air commerce expert with the University of North Carolina, predicts air freight traffic will triple by 2028, meaning Indiana is in prime position to leverage existing infrastructure and resources to secure a major share of this business. In June, Conexus and the Aviation Association of Indiana will host a roundtable of airport executives from throughout the state to discuss how to best utilize the state's air capacity and provide local suppliers an alternative to Chicago.

The air freight plan is one component of a comprehensive plan developed to build upon the state's logistics prowess and position Indiana at the heart of the global supply chain. Indiana's reputation as the "Crossroads of America" is based on a number of things, including unmatched interstate access, a low cost of doing business and a central location that puts the state within a day's drive of 75 percent of the U.S. and Canadian population. Active ports on the Great Lakes and Ohio River help place Indiana 15th nationally in terms of foreign and domestic waterborne shipping, and the state's expansive railway network makes it ninth in terms of rail miles.

### Coming to the table

Phase I: A Plan for Indiana's Logistics Future, released earlier this year, is the culmination of two years of hard work by the Conexus Indiana Logistics Council Executive Committee (LCEC), a group of 36 logistics executives and thought leaders from throughout the state representing all sectors of the logistics user community, including trucking, air, rail, waterborne shipping, warehousing and distribution, infrastructure and service firms. If implemented by the public and private sectors, the plan will lead to continued growth and investment in the logistics community, as well as high-paying jobs.

This collaboration marks the first time these disparate sectors have agreed on a common agenda, and establishes a forum through which logistics leaders can discuss issues affecting the industry. Every strategy included in the plan has the potential to add jobs and boost the state's economy.

In addition to increasing local air freight capacity, the strategic plan addresses another major infrastructure issue — aging locks on key waterways serving Indiana industry. The Soo Locks on the St. Mary's River connecting Lake Superior and Lake Huron and the Olmsted Locks on the Ohio River have been identified as failing and in need of immediate repair. Both locks are critical in moving iron, steel, coal, grain and other raw materials produced in Indiana or essential to industry.

Should either of these critical locks fail, it would have a significant impact on Indiana's economy that would create a ripple effect throughout the rest of the country. Indiana is home to 22 percent of all U.S. raw steel production, and the Soo Locks are a critical link in shipping iron ore from the upper Great Lakes to Indiana's steel mills. The Olmsted Locks allowed the passage of nearly 90 million tons of cargo in 2008, including a quarter of all coal shipping on U.S. inland waterways.

**Creating the strategy**Another area of critical focus is expanding intermodal capacity in Indiana, meaning the ability to move shipments from barge to train, train to truck, or some other combination. As it stands, a majority of these transfers happens in Chicago, making Indiana a pass-through state and creating costly bottlenecks for Chicago's intermodal facilities.

For example, a business in the Fort Wayne area shipping soybeans to Japan must use an intermodal yard in Chicago, adding labor, fuel and time costs of roughly \$1,200 per shipment. This particular business could save \$1,000 of these costs if it had access to a similar facility here in Indiana.

Conexus Indiana is evaluating several sites throughout the state for two or three intermodal facilities that would save Indiana businesses thousands in shipping costs and create new distribution channels between east and west coasts. Indiana areas currently under consideration are LaPorte, Avon, Evansville and Fort Wayne.

Though Indiana ranks first in the nation for interstate access, Conexus Indiana's plan points to improvements that would add capacity, reduce bottlenecks and connect regions with limited accessibility. In the South Bend area, expanding U.S. 31 between Plymouth and South Bend has been identified as a project with statewide implications for reducing congestion and improving safety and mobility.

The strategic plan also recommends adding dedicated trucking lanes to some Indiana interstates, as well as constructing interstate-like access to several key regions and cities that lack direct interstate access, including much of southwestern Indiana. Both improvements would facilitate greater trucking volumes and spur economic development throughout the state.

In the coming months, we plan to continue studying Indiana's logistics issues in anticipation of releasing a second phase of the strategic plan next year. The next phase will recommend ways to finance items in Phase 1, improve the funding mechanisms for current infrastructure modes, facilitate a discussion on a public policy package for the Indiana General Assembly and Congress, and outline long-term goals and tactics.

The U.S. Department of Transportation anticipates freight tonnage to double by 2035, creating a significant opportunity for Indiana's logistics industry. Now is the time to put systems in place that will ensure Indiana remains a key player in this growing industry and emerges as a central hub of global logistics activity.

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