

June 11, 2007

LOGISTICS: WAREHOUSING & DISTRIBUTION - Kansas City Logistics Park part of “inland port” effort

By Gene Linn

Kansas City's drive to become a major inland port for logistics and distribution centers kicked into a higher gear with Burlington Northern Sante Fe's decision to build Logistics Park - Kansas City.

BNSF's current intermodal facility in Kansas City handles about 400,000 containers a year. "There are some distribution facilities near the intermodal area, but the entire area is developed so there is no room for new warehouses and distribution centers," said Steve Forsberg, BNSF General Director Public Affairs. The railroad gained elbow room by purchasing land near Gardner, Kansas, about 25 miles southeast of Kansas City. Slightly less than 400 acres will be used for a new BNSF intermodal center. Last fall the railway picked The Allen Group to develop a 600-acre park for distribution and warehouse facilities around the intermodal area.

"The beauty is, that way the distribution centers are next to the intermodal area, which significantly reduces the initial trip," said Forsberg. "It's just a few blocks as opposed to a number of miles."

The Logistics Park is part of a trend that has been going on for a decade and a half toward increasing intermodal container traffic on railways, according to Forsberg. "The fastest growing transportation sector in the nation is in intermodal rail," he said. Rail

transportation offers relatively good fuel economy and low costs, while trucks provide

flexibility for picking up containers and delivering them. "Intermodal traffic harnesses the strengths of both types of transportation," Forsberg said. BNSF is the largest rail intermodal carrier in the world, he said. Logistics Park - Kansas City is the company's third logistics park.

BNSF and The Allen Group are now meeting with local officials to discuss possible incentives for the Park and public/private partnership. One subject being raised with the Kansas Department of Transportation is construction of a new freeway interchange near the Park. The developers are dangling some juicy carrots to get incentives. They include 13,000 new jobs, \$330 million in property taxes for Gardner and \$7.7 billion in new wages for the state of Kansas.

Talks are expected to last about a year, with construction starting in the Fall of 2008. "In the third quarter of 2009, BNSF will be online with the intermodal facility, and about the same time we will have our first distribution centers," said William Crandall, president of Allen Development of Kansas. In the meantime, The Allen Group is talking with numerous potential occupants of the Logistics Park, including giant retailers like Wal-Mart and Target.