

Working Draft

Transportation Opportunity District

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Transportation Opportunity District Concept

A Transportation Opportunity District (TOD) is a geographically defined economic development space that focuses on the logistics and transportation of basic raw materials/industrial commodities, manufactured goods/industrial products, and/or wholesale and retail products. A TOD locates firms with similar needs and characteristics on a single site, so infrastructure can be simplified through advanced planning and shared to achieve economies of scale. It is a logistics and supply center that is located and operated to improve delivery time, enhance system reliability, increase productivity, and reduce operating costs. A TOD often brings together two or more modes of transportation in a synergistic way. The TOD provides one-stop access to and support for incentive programs currently available from federal, state, and local authorities. It is designed and planned through cooperative efforts by public and private sector partners to enhance economic development in the region.

Types of Transportation Opportunity Districts

A TOD generally has a strategic theme that defines its structure and determines the kind of companies that want to participate. In some cases, key natural resources such as a water port or physical assets such as an airport define the structure of a TOD and help determine its location. The types of products that could move through a TOD in Northwest Ohio are raw materials/industrial commodities such as sand to make glass or iron ore to make steel, manufactured goods/industrial products such as automobile transmissions or fiberglass mat that are transferred between manufacturers, and finished products such as automobiles or shampoos that are moved to the final customers through complex distribution systems. For the Northwest Ohio area, the following types of TOD should be considered. This is summarized in Table 1.

1. **Water Port Anchored TOD:** This should be located close to the Port of Toledo with on-site access to both rail and truck for transporting products to and from the port. The items most likely to move through this TOD would be:
 - a. Raw materials/industrial commodities
 - b. Manufactured goods/industrial products
 - c. Certain finished products for wholesale and retail distribution
2. **Airport Anchored TOD:** This could be located close to Toledo Express Airport with on-site access to truck, which would be used extensively to move product from the airport to customers. The items most likely to move through this TOD would be:
 - a. Perishable product
 - b. High value, time sensitive manufactured goods/industrial products and finished products
3. **Surface Transportation Anchored TOD:** This could be located in various places where both important highway routes and rail lines exist. This allows companies to shift items between modes to create the best transportation arrangement. Access to long combination vehicles that use triple trailers further enhance the attractiveness of this option. An initial study has been done to evaluate locations

for such a facility with access to the turnpike. The items most likely to move through this TOD would be:

- a. Raw materials/industrial commodities
- b. Manufactured goods/industrial products
- c. Finished products for wholesale and retail distribution

Table 1: Summary of TOD Type by Items Shipped

Items Shipped TOD Type	Raw materials/ industrial commodities	Manufactured goods/industrial products	Finished products for wholesale and retail distribution
Water Port Anchored TOD	Likely	Likely	Possible
Airport Anchored TOD	Unlikely	Possible	Likely
Surface Transportation Anchored TOD	Likely	Likely	Likely

Advantages of Transportation Opportunity District

A TOD can have government incentives, economies of scale in infrastructure, and operating improvements that encourage private-sector companies to invest and locate manufacturing, transportation, and distribution facilities in a region. Government incentives are programs that reduce initial investment costs and/or continuing operating costs such as infrastructure assistance or job creation incentives. Economies of scale in investing in a TOD result from many firms sharing infrastructure such as loading and unloading equipment and access road that would otherwise have to be created for each firm. Operating improvements are on-going advantages that companies achieve by choosing to locate in a TOD such as the ability to access turnpike triples or to shift freight from one mode to another efficiently.

Government Incentives

These incentives can be defined, packaged, and administered by an oversight organization that provides easy access to information, helps in making appropriate applications, solves problems, and resolves roadblocks in the process. The organization

would work with programs available at the local, state, and national level. Following are some of the incentive programs that should be considered.

- Joint Economic Development Zones (JEDZ)
- Foreign Trade Zones (FTZ)
- Inventory Tax Reductions
- Infrastructure Development Assistance
 - Transportation to and within the TOD
 - Utilities to and within the TOD
- Low Interest Loans
- Tax Incentives
- Job Creation Credits
- Others

Investment Economies of Scale

As similar organizations co-locate in a TOD, the infrastructure requirements that support their activities can be shared. This creates economies of scale to the extent that assets can be shared by all participants and overall infrastructure investment can be reduced. This occurs because the TOD is designed and planned effectively. This could include investments in:

- Access roads
- Loading and unloading equipment
- Intermodal connections
- Utilities
- Other

Operating Improvements

Operating improvements are often specific to the TOD that is being considered. Following are some examples.

- Reduced connection time and costs between modes
- Improved delivery time
- Enhanced system reliability
- Increased productivity
- Reduced operating costs

Criteria Use by Transportation and Distribution Companies in Facility Location

The following points were taken from “Distribution Center Site Selection,” by James R. Held, in *Economic Development Journal*, Summer 2003.

- Transportation costs – very price competitive
- Travel time to retail outlets and customers – need to deliver what is needed when it is needed to ensure product availability, keep inventory costs low, and use shelf space to display more products
- Access to transportation infrastructure, in particular, the interstate highway system

- Ability of host state and local governments to make needed access improvements and other improvements to the transportation infrastructure
- Business climate
- Workforce attitude and cooperation

The article, “100 Most Logistics-Friendly Cities in America,” by Bill King and Michael Keating, in *CLO/Chief Logistics Officer Magazine*, October 2003 used the following criteria to rank areas of the country. The Toledo was number 5 in the U.S. in Logistics Quotient.

- Transportation and Distribution Metro Rank (industry climate – overall strength and vitality of the transportation and distribution sector)
- Work Force Labor Metro Rank (labor cost and availability as well as percent of the overall workforce engaged in transportation and distribution activities)
- Road Infrastructure Metro Rank (road infrastructure in proportion to population and capital spending on highways)
- Road Density, Congestion, and Safety Metro Rank (vehicle density per capita, freeway density, traffic density per lane, and truck accidents)
- Road Condition State Rank (condition of major roads and interstates including bridges)
- Interstate Highways Metro Rank (number of interstate highways servicing the metro areas as well as loops and beltways)
- Taxes & Fees State Rank (annual fuel taxes and fees for a five-axle tractor)
- Railroad State Rank (number of freight and Class 1 lines that serve the area – miles of track, tons of cargo carried, and safety record)
- Waterborne Commerce Metro Rank (waterborne cargo volumes)
- Air Cargo Metro Rank (major carrier service, enplaned passengers and freight volumes, and cargo service)

The Northwest Ohio Advantage

Northwest Ohio has the strategic geography to support transportation, logistics, and supply chain activities and to successfully implement TODs. This helps to explain why Toledo is one of the most logistics-friendly cities in the U.S. achieving a ranking of fifth in the U.S., which places it ahead of 327 other Metropolitan Statistical Areas (MSA) including Chicago, New Orleans, St. Louis, Columbus, and Dallas. Toledo is located at an important crossroads for trade and commerce in the U.S. Within a 300-mile radius of the city of Toledo, firms can reach more industrial space than from any other location in North America. The region possesses the natural resources and infrastructure to support multiple- and inter-modal transportation efforts. The region has a major water port on the Great Lakes with access to the Atlantic Ocean as well as a major freight airport with substantial freight handling capabilities. Both the water port and the airport have abundant available land to enable the development of a TOD, and they are free of congestion and the associated costs and delays. The intersection of I80/90 and I-75, two of the busiest truck routes in the U.S., are at the heart of the region. At the edges of the region are I-71 and I-70, two other major transportation arteries for freight movements. Northwest Ohio is bisected by both Class 1 railroads that operate east of the Mississippi,

CSX and Norfolk Southern. In addition, there are other short line railroads that provide important service in the region and beyond. The convergence of these four modes of transportation in Northwest Ohio provides a microcosm for examining and dealing with logistics and transportations issues that exist in other parts of the country. It also provides an opportunity to build and operate major intermodal facilities that effectively use existing transportation assets, increase productivity, and reduce costs.