

# NTX

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**NORTH TEXAS  
REMAINS ONE OF THE  
FASTEST-GROWING  
LARGE REGIONS**

PROFILE OF THE DALLAS-FORT WORTH REGION



## MAGNETIC ATTRACTION

OF

NORTH ★ TEXAS



# The Logistics of Doing Business

## *North Texas region offers premier global distribution hub*



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**N TODAY'S DEMANDING global market, logistics capabilities are essential for a company's competitive strategy and survival.**

**Delivering products to meet market demands without time constraints is critical, and selecting where a logistics operation will be located is a decision that can directly affect a company for years to come.**

A key component of the North Texas region's economic success is its sophisticated and integrated transportation infrastructure. This includes three intermodal hubs, Class I rail services, a large interstate highway system with direct NAFTA access, and a network of commercial airports. As the nation's fifth-largest global exporter, the region has positioned itself as a premier global logistical hub offering direct access throughout the Americas and Asia with more competitive distribution costs than any major U.S. logistics center.

### **Railroads and Intermodal Hubs**

The North Texas region is served by three Class I railroads: Union Pacific Railroad (UP), BNSF Railway and Kansas City Southern (KCS). Having access to these railroads contributes to North Texas being a highly efficient, superior distribution hub.

The railroads operate out of three intermodal hubs within the area. BNSF Railway operates out of the Alliance Global Logistics Hub located in Fort Worth, and is a combined international and national intermodal facility. As one of the nation's largest inland ports, Alliance handles all direct Asian imports and exports from the West Coast. (Learn more about the Alliance Global Logistics Hub on page 12.)

The Dallas Intermodal Terminal (DIT) is managed by Union Pacific, and is located 12 miles from downtown Dallas. DIT is primarily focused on global trade with access to Southern California ports. (Learn more about DIT on page 13.)

"Union Pacific Intermodal operates one of the largest container fleets in the country and has the line haul capacity to enable manufacturers to safely and reliably move their goods to market," said Robert Kelly of UP's Intermodal Marketing Group. "With Texas being the largest manufacturing economy, Union Pacific's Intermodal and Carload products provide tremendous customer value from the movement of raw materials to finished goods."

Union Pacific also operates a facility just east of Dallas in Mesquite, which connects the region to North America and specific hubs located in the western U.S., Midwest, East Coast and Canada.

### **A Major Component to the Supply Chain**

Intermodal shipping has always been an integral part of the manufacturing supply chain, as it reduces transport costs and moves bulk between road, rail and oftentimes by air. It's a means to strategically gain capacity, improve sustainability and reduce costs across the supply chain.

Recently recognized as one of the top logistics-friendly locations in the U.S., North Texas has an exceptional and rare intermodal system, which is a key reason why many companies set up logistics and distribution operations in the region. A slew of manufacturers – from home appliance companies to construction and engineering corporations such as Fluor – have cited the region's transportation infrastructure and market accessibility among the area's major attributes and reasons for conducting



Three Class 1 railroads make North Texas a premier logistics distribution hub.

business in the area.

North Texas is considered to be in a particularly advantageous location because it is directly east of the Southern California ports where most of the Asian goods pass through. As imports arrive from Asia, the region's intermodal facilities are the first to be reached by rail after shipments leave the West Coast. North Texas has more efficient and less congested transfer points compared to other intermodal routes in the U.S., such as Chicago, and has proven to be a more cost-effective location to do business.

According to Dr. Terrance Pohlen, director for The Center for Logistics Education and Research at The University of North Texas, the logistical assets of the region allow businesses to quickly and easily plug-and-play into the global supply chain, enabling them to reduce time-to-market and costs, while increasing their ROI. Operating from an efficient logistics hub is both a competitive weapon and an advantage for most businesses, because when a company can respond quickly to market demands, they are more likely to stay ahead of the competition.

"When you look at what drives value for a firm, it's the cost of items and how it affects sales," he said. "Taking advantage of the intermodal hubs of the region lets companies easily move freight from point A to point B, reduce transportation costs, and get products into the market more quickly."

The revenue implications are enormous when a business has the ability to take advantage of intermodal, he added.

"When I can respond to the market 10 days faster, that means if demands are changing or product is selling fast, I can respond that much quicker. Using intermodal rail rather than going through the Panama Canal, Houston and then



Dallas," he said, "shaves off anywhere from one week to 10 days. Ten days for consumer goods is huge because it's then tied up as inventory and companies will then have to absorb the cost; and they also don't have the ability to respond to the market as quickly."

#### **A Centralized Location and Mild Climate**

The North Texas region is cost competitive, and from an ROI perspective, it also serves a beneficial purpose due to its central location. Companies are finding that by having logistics operations in this area, they don't need a distribution center on both coasts. Instead, their Dallas-Fort Worth operations facility can be conveniently utilized for the entire country, which is a huge, cost-effective benefit for businesses, according to Pohlen.

"Location is always critical to the success of intermodal facilities," said Kelly, whose company has made a capital investment in Texas of more than \$1.5 billion. "Union Pacific has made capital investments in our rail infrastructure to ensure we have the capacity to meet our customers' requirements. Both [Dallas hubs] are also located in areas where we have easy

access and can take advantage of our interstate highway system, and we are currently expanding our Mesquite facility to meet the growing demands for our domestic intermodal services."

Expansion seems to be the key for BNSF as well. Van Cunningham, AVP of Economic Development for BNSF Railroad, says the DFW area is primed for growth, and his company is preparing. "BNSF has been acquiring land for industrial development over the past several years, and we have 350 acres for future use. As a key partner in the growth of this region, this is an investment we're making in the future of this area."

And location is a great advantage of being here, he went on to add. "If you're going to pick a couple of places in the U.S. to be located, this area should be one of them. You have the ability to get west and east, and north and south pretty easily because of our central location."

However, when taking into account the area's centralized location, companies must also consider the fact that North Texas equates to no immediate seaport access. But although the area may not be anywhere near the ocean, for businesses considering the



east or west coasts, or even nearby Houston for their distribution operations, the DFW region's intermodal rail capabilities do provide direct access to water.

"We don't need to be on the ocean when we have intermodal rail," Pohlen said. "Having rail coming in from Los Angeles to Dallas, in many regards, makes us more competitive than Houston, which is a seaport. We make up for lack of water access with intermodal rail and are actually a week to 10 days faster. It's faster to get here than the east coast or ports in the Caribbean."

In addition to location, an area's climate and overall weather conditions also play an integral role when discussing logistics. Comparing Houston and Dallas once again, Houston has hurricanes, for instance, and according to Pohlen, "Many companies can't

even stand a one- or two-day disruption due to weather, so Dallas is even more attractive."

The average winter temperature of the North Texas region is 44 degrees with less than one inch average of snowfall each year, while summers average at 85.4 degrees. And because the region is situated within the Central Time Zone, its location makes it efficient to coordinate business across the U.S. in a single day.

**Trucking, Air and Foreign-Trade Zones**

The transportation of products via trucking is also made easier and more cost-effective due to the region's access to the interstate highway systems of I-35, I-20, I-45 and the future Loop 9, as well as the NAFTA highway. By truck, distributors can efficiently move products out of the North

Texas region and reach 93 percent of the U.S. population within 48 hours or less.

As a global inland port, North Texas houses two airports capable of large-scale cargo operations – DFW International Airport and Fort Worth Alliance Airport.

DFW Airport has 12 air cargo carriers serving 14 destinations across Europe, Asia, Latin America and Australia. In 2010, it was recognized as the best cargo airport in North America by Air Cargo World. Full-range logistics support resources, including freight forwarders, customs brokers, third-party logistics companies and trucking firms are located on or near DFW Airport property.

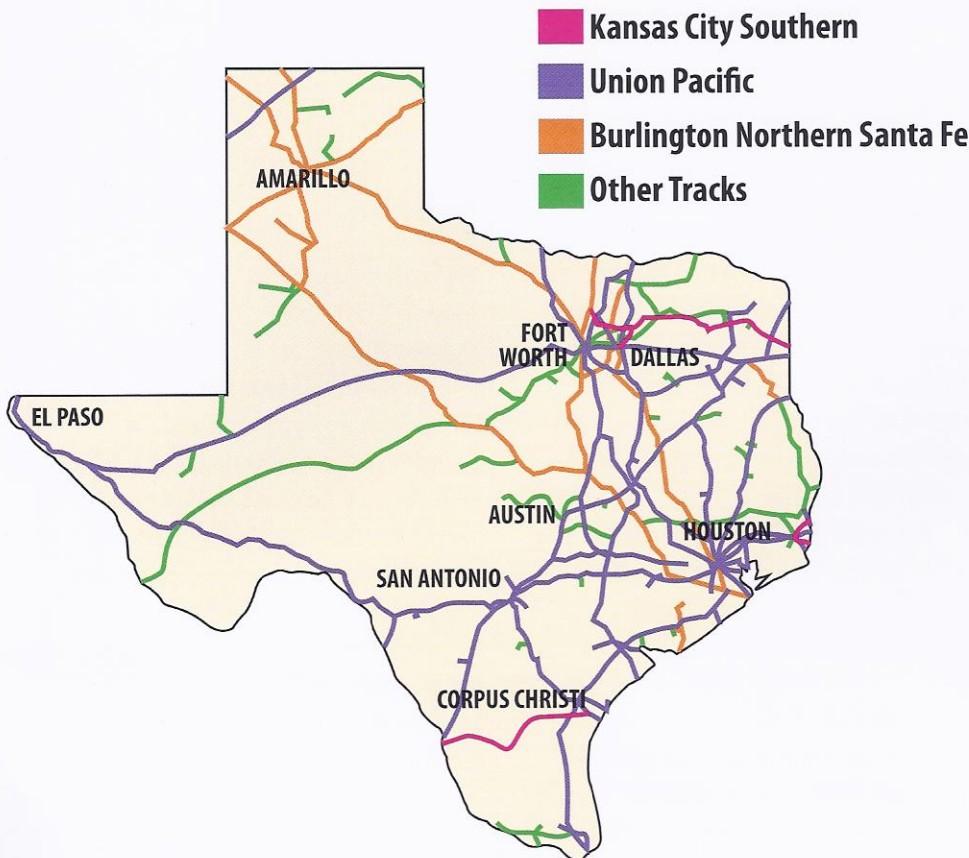
Located within the Alliance Global Logistics Hub, Alliance Airport supports air cargo, corporate and military aviation, and was developed as a joint venture between the City of Fort Worth, the FAA and Hillwood Development Company, a real estate development company owned by Ross Perot, Jr. Alliance Airport is billed as the world's first 100 percent industrial airport, and is also home to FedEx Southwest Regional Sort Hub.

Logistics operations taking place in the North Texas region can take full advantage of the area's numerous Foreign-Trade Zones. More than a dozen FTZs are located throughout the area, including both Alliance and DFW International airports. The FTZs are federally designated sites where foreign and domestic goods are considered to be international commerce. While in these zones, foreign and domestic materials can be stored, mixed with other materials, used in assembly or manufacturing processes, or exhibited for sale without having to pay duty and excise taxes.

**A Highly Trained Workforce**

Companies focused on logistics have a critical need for highly skilled workers and opportunities for continuing education. North Texas is home to dozens of higher-

# Texas Freight Rail Network





education institutions and technical schools. The University of North Texas (UNT) Center for Logistics Education, Texas Christian University (TCU) Supply Chain and Value Center within its Neeley School of Business, and the University of Texas at Arlington (UTA) Master of Science in Logistics program each provide graduates with the understanding needed to design and manage logistics, supply chain systems, and infrastructure from an operational, strategic and competitive perspective.

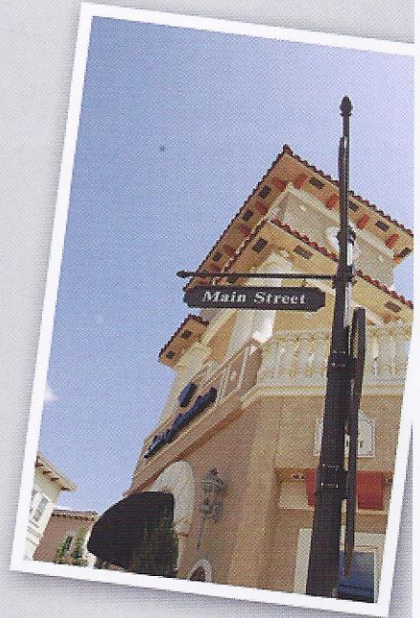
These programs, according to Pohlen, provide well-educated, highly skilled talent with competitive labor rates. "It factors into the new companies locating here into their decision process because they can see where they can get a trained workforce and a well-educated workforce for management. When you put education in part with the logistics component, we are well situated."

Cunningham agrees. "There is a large quantity of universities and community colleges that recognize the importance of logistics and transportation," he said. "There are very good logistics programs at TCU, UNT and Tarrant County Community College, for instance. Because we control our network out of this location [Alliance Global Logistics Hub], a lot of what we do requires very specialized training, which is provided by these schools."

Combine the intermodal hubs, trucking and air cargo transportation capabilities, and multiple Foreign-Trade Zones, and the North Texas region becomes one of the largest points of distribution and logistics in the U.S., and the premier supply chain and logistics center for the entire Western Hemisphere. Couple all of that with the area's centralized location, mild climate and highly skilled workforce, and businesses can enjoy working within – and out of – one of the most significant distribution centers in the country. ☘

# The C in Colleyville stands for Corporate.

Colleyville welcomes the headquarters of Automobile Service Association – a trade association founded in 1951 – and Clarke Products, Inc., a designer of jetted bath and shower products and the first in the U.S. to manufacture acrylic shower bases.



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