Chapter Five

IMPLEMENTATION PLAN

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5.0 Introduction

The Implementation Plan draws from all of this study’s previous findings to determine a course for the phased development of the international trade processing center (ITPC). Of the many conclusions already drawn, most significant is the previous component’s recognition that the Kansas City area can feasibly implement and support the development of an ITPC. This section will outline a set of action items for short term and long term activities necessary to develop the International Trade Processing Center. This study has found ample evidence that the ITPC should fully benefit from a powerful combination of area resources (primarily transportation-related infrastructure), accessible technology and the prevailing North American trade environment. Furthermore, the ITPC Policy Committee has endorsed the concept of a centralized trade processing center complemented by virtual components. This configuration will utilize technology to allow pre-filing and customs activities at multiple locations, thereby capitalizing on Kansas City’s vast existing infrastructure and logistics facilities.

5.1 Approach

The ITPC’s successful implementation can achieve many desirable objectives of both local and national significance. At the local level, the ITPC will enhance the ability of Midwestern companies to export and import more efficiently. The U.S. Department of Commerce has determined that exports create even more jobs (per dollar of value) than are created by domestic trade. The ITPC will benefit all of its users but will hold particular promise for Kansas City metropolitan area employers who are optimally located to provide many of the required services.

In addition to stimulating economic activity in the regional service area, the ITPC also can assist the federal governments of the three North American countries attempting to reduce congestion at their international borders. Congestion is a problem for all international traders, while perishable agricultural products are particularly vulnerable to disastrous consequences of border delays, any delay in shipping freight adds additional cost to merchandise and products. By reducing the volume of goods that must be inspected at the borders, the ITPC will directly enhance the ability of border inspectors to carefully analyze shipments while allowing the efficient flow of commodities that can be inspected at an inland port.

While reducing congestion and creating jobs are worthy long-term objectives, the developers of the ITPC’s must meet several critical short-term goals. Implementation is dependent upon the establishment of federal inspections and will require the successful recruitment of federal agencies to the site(s). The ITPC should offer inspections and certifications by U.S. Customs and the U.S. Department of Agriculture’s Animal & Plant Health Inspection Service (APHIS). In addition, the ITPC should be coordinated with the U.S. Department of Transportation and possibly, the U.S. Immigration and Naturalization Service (INS).
In addition, the ITPC must attract transportation providers from multiple modes. Developers must recruit anchor rail and truck carriers to serve the central location. The presence of federal inspections and transportation services will lure complementary operators, including a commercial bank, multiple freight forwarders and customs brokers. Ultimately, the culmination of these services should attract time-sensitive manufacturers and distributors to the area.

5.2 Oversight

The ITPC should have an effective “champion” to initiate the immediate funding and development requirements. Hence, the first critical goal that must be accomplished is the identification of an appropriate agency to guide the ITPC toward its development. The Institutional & Organizational Strategies component of this study included descriptions of the administration of other inland ports and identified numerous local agencies which may have the capabilities required to direct an ITPC in the Kansas City metropolitan area.

While geographical boundaries may narrow the field of prospective administrative entities, the Kansas City Area Development Council, the Chamber (of Greater Kansas City) and the Mid America Regional Council have agendas – and in some cases, responsibilities – pertaining to both sides of the state line. Given that the ITPC has the potential for applications in both Kansas and Missouri, a bi-state oversight entity may be desirable. Notwithstanding that ideal, ownership and regulatory requirements will likely require the participation of municipal or county governmental entities, as well. These agencies may be particularly helpful in their access to some of the public funding instruments described later in this section. State governments may also provide leadership for operations in their geographic territory. Typically, port authority creation and/or expansion requires the consent of state legislatures.

Superceding any local concerns, the federal government will also provide direction for the proposed ITPC. Much of the virtual technology for pre-filing shipments relies on the development of the International Trade Data System (ITDS) and its full implementation. The four U.S. Departments of Treasury (Customs), Agriculture (APHIS), Transportation and Immigration will directly regulate the inspection practices of the ITPC. To the extent that the ITPC will also be dependent upon the cooperation of federal agencies in the Canadian and Mexican governments, the U.S. federal government will be the primary means of interaction.

5.3 Infrastructure

This study’s Policy Committee has already endorsed a strategy that is anchored by a centralized trade processing center that is complemented by virtual components. Within the metropolitan area, it is likely that implementation will begin with a single centralized facility but could be expanded to offer satellite operations at multiple sites in the metropolitan area. This strategy maximizes the utilization of the many rail yards,
intermodal yards, and trucking companies already serving Kansas City and minimizes the requirements for additional infrastructure investments.

5.3.1 The Central Trade Processing Center

More than ninety percent of freight tonnage moving between the North American trading partners is transported by either railroads or trucks. The Kansas City area is the nation’s second largest rail hub and one of the top five markets for commercial trucking. Given competitive advantages in geographic location and provision of existing transportation services, the Kansas City area is ideally poised to reap the rewards of NAFTA transportation trends.

To serve as an effective anchor for the ITPC system, the central operation must be capable of efficiently processing rail and truck-borne international freight. International freight includes both imports and exports. Processing includes both the provision of federal inspections and certifications, as well as private operations such as the consolidation of freight into larger container loads - or conversely, the sorting of large import shipments into smaller regional deliveries.

The center must facilitate a seamless transfer of goods between prospective rail and truck operators, the very definition of intermodalism. Hence, infrastructure development can not be limited to isolated rail requirements and trucking requirements but must fully consider the inter-relation of the two modes.

In addition to the carrier-related freight operations, the center’s infrastructure must be conducive for the potential development of facilities by manufacturers and distributors drawn to the area by the presence of federal inspection services and transportation options. While a determination can not be made until a site has been selected, the center may require separate ingress and egress lanes to separate freight carriers from other users of the prospective business park. Key success factors will lie in the centers ability to expand and grow, very much a factor in the site selection.

5.3.2 Satellite Operations

The ideal location for the Central Trade Processing Center would be an area with access to all modes of transportation and thousands of acres of developable land where infrastructure and utilities exist to a limited extent. While this study has identified several local sites offering varying combinations of land and intermodal access, providing service to the maximum feasible number of transportation carriers will require that the Central ITPC be linked to multiple facilities specializing in individual transportation modes. For example, the Kansas City International Airport’s lack of adequate rail access prevents it from being a viable site for the Central ITPC but the existence of federal inspections, international forwarders and brokers, as well as an existing clientele of time-sensitive shippers makes KCI an ideal site for a satellite operation. Similarly, a satellite operation at Mid-West Terminal (operating in cooperation with the Port Authority of Kansas City, MO) could specifically serve waterborne freight. As a feasibility study -
rather than a site selection study - no site has been recommended. However, this study has noted that access must be provided to all of the Class One railroads serving the Kansas City area. Consequently, either the Central ITPC or a satellite operation must be established on the Kansas City Terminal Railroad network.

5.3.3 Virtual Components

Freight carriers participating in the International Trade Data System (ITDS) program described in this study’s technology chapter will be equipped with a technological capability that will allow routine in-bond1 shipments to proceed directly to the import buyer/user. Much of the technology necessary for this process already exists and may be applied to the ITPC with little or no adaptation, including:

- **International Border Electronically Expedited Clearance.** An electronic system automatically and accurately identifies the carrier, vehicle/train, driver/engineer, and cargo.

- **Electronic Credentialing.** The carrier/driver/shipper are able to electronically file, obtain, and pay for all required licenses, registrations and permits.

- **Shipment and Vehicle Tracking.** Carriers, shippers and federal agents (for in-bond shipments) are able to track containers/trailers/rail cars.

- **In-bond Shipment Security.** Electronic seal technologies ensure that containers remain unopened until federal agents have the opportunity for inspection.

For truck carriers, the virtual component will be implemented using technology on the interstate and in the truck cab. A truck carrying an in-bond shipment will be logged into the system by the time it crosses the international border. A record is created which will follow the shipment to reader locations at various sites around the Kansas City metropolitan area. When the truck interacts with the readers, the driver will be notified on their in-cab transponder - with a green or red indicator (go or no-go, respectively) - whether they may proceed with delivery or must submit to federal inspection inquiries at the ITPC. The driver will then notify their dispatcher who will direct them either to the Central ITPC or to a satellite center. Similar records can be maintained for individual or aggregate rail containers transported in-bond to the ITPC. On arrival at the rail facility, a report would be electronically generated to identify which containers or commodities must be inspected before further transport (by rail or truck) is permissible.

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1 “In-bond” is a procedure in which may physically enter the United States with the approval of U.S. Customs but has not yet been inspected by U.S. Customs agents.
5.4 Marketing & Public Outreach

In marketing its services and facilities, the ITPC’s operators will have multiple key target groups. Most importantly, the ITPC must have the participation of freight carriers - primarily rail and truck, secondarily air and barge. The ITPC must also cultivate the support of the logistics industry’s allied service providers - freight forwarders, customs brokers and public warehouse operators. The final essential service providers are the federal inspection agencies regulating international commerce - primarily Customs and Agriculture, but also the Departments of Transportation, and Immigration & Naturalization. To maximize the economic development benefits, the ITPC’s operators must also reach beyond the service providers and facilities operators to cultivate key shippers - manufacturers and distributors - who could be enticed to locate operations at or near the center. For each target group, marketing efforts will vary from traditional mass marketing vehicles to highly intensive, individual proposals. While efforts directed at commercial targets will largely be referred to as marketing, the ITPC must also have the support of the general public - largely composed of non-users. Public support will be essential to garnering funding from governmental entities, providing labor for operators and enjoying regulatory cooperation from local governments. In contrast with marketing to commercial targets, efforts to generate public support will be referred to as public outreach and are described at the conclusion of the Marketing & Public Outreach section. While an imperfect distinction, the Projects and Schedules component of this chapter has designated public outreach as the activity preceding the opening of the ITPC and Marketing as the activity coinciding and following the initiation of ITPC operations.

<table>
<thead>
<tr>
<th>Targets for Marketing &amp; Public Outreach Efforts</th>
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<tr>
<td>1. Commercial Trucking Carriers</td>
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<td>2. Freight Railroads</td>
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<tr>
<td>3. Other Transportation Modes (Air &amp; River)</td>
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<td>4. Allied Service Providers (Forwarders, Brokers, etc.)</td>
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<td>5. Federal Agencies (Customs, Agriculture, Transportation, Immigration)</td>
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<td>6. Shippers</td>
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<td>7. Other Cities/States</td>
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<td>8. Public Outreach</td>
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</table>
According to the U.S. Department of Transportation’s Bureau of Transportation Statistics, the top 100 commercial trucking carriers, generated cumulative revenues of almost $33 billion in 1997. The American Trucking Association (ATA) estimates that the U.S. trucking industry includes more than 442,000 companies, directly employing more than 3 million commercial truck drivers. The ATA adds that 69 percent of U.S. trucking companies are small businesses operating 6 or fewer trucks. Listed below are the ten commercial trucking companies with the largest reported revenues in 1997:

<table>
<thead>
<tr>
<th>Company</th>
<th>Revenues in Billions of dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Roadway Express</td>
<td>2.57</td>
</tr>
<tr>
<td>2. Yellow Freight</td>
<td>2.50</td>
</tr>
<tr>
<td>3. Consolidated Freightways</td>
<td>2.19</td>
</tr>
<tr>
<td>4. Con-Way</td>
<td>1.36</td>
</tr>
<tr>
<td>5. J.B. Hunt</td>
<td>1.35</td>
</tr>
<tr>
<td>6. Ryder</td>
<td>1.30</td>
</tr>
<tr>
<td>7. Ryder</td>
<td>1.14</td>
</tr>
<tr>
<td>8. Overnight</td>
<td>0.95</td>
</tr>
<tr>
<td>9. American Freightways</td>
<td>0.87</td>
</tr>
<tr>
<td>10. Werner Enterprises</td>
<td>0.77</td>
</tr>
</tbody>
</table>

Source: U.S.D.O.T Bureau of Transportation Statistics 1997 Economic Census

Numerous trucking industry associations exist, including the American Trucking Association, the Truckload Carriers Association and the Distribution & LTL (less-than-truckload) Carriers Association. While the ATA champions commercial trucking causes on a national scale and lobbies the federal government, similar entities operate at the state level, including the Missouri Motor Carriers Association, the Kansas Motor Carriers Association, the Oklahoma Trucking Association, Iowa Motor Truck Association, Nebraska Motor Carriers Association and the Texas Motor Transportation Association.

Among the three NAFTA member nations, the major national trucking associations - ATA, the Canadian Trucking Alliance, and CANACAR (Mexico) - jointly formed the North American Transportation Alliance in 1994. The mission of the alliance is to make the integrated North American transportation market contemplated by NAFTA a reality. According to the Alliance’s web page, “Our two specific objectives are to find solutions to common North American transportation problems in order to take full advantage of NAFTA, and to educate members about vital trade and transportation developments occurring in the NAFTA nations.”

2 UPS was not included because their total revenues do not distinguish between trucking and air operations. UPS had total 1997 revenues of $15.7 billion.
Marketing Strategy for Commercial Trucking Companies

In targeting anchor tenants, the marketing emphasis should concentrate on the top 100 trucking companies as the larger carriers are more likely to participate in international commerce and, thus, would benefit from the unique international trade efficiencies offered by the KC-ITPC.

Because many of these companies already serve the Kansas City market, the ITPC would benefit from market familiarity, posing an expansion opportunity rather than a new market challenge. As described in the feasibility report, an increase in local distribution operations may also gradually lead to related sales and call center opportunities.

A marketing program can be adapted/customized for each of the 100 largest trucking companies potentially interested in expanding local distribution and related activities. Depending on the carrier’s existing Kansas City operations, these packages should not only include descriptions of the ITPC’s facilities and international trade processing capabilities, but also the Kansas City market’s broader capabilities for telemarketing, truck maintenance and job training. Many of the organizations listed in Institutional & Organizational Chapter are experienced in preparing expansion proposals and should be utilized in such efforts.

While it is anticipated that an emphasis on the top 100 carriers would allow for intensive effort on key prospects, the uniqueness of the KC ITPC’s trade processing capabilities will present many opportunities for mass marketing to the trucking industry. The trucking associations - both national and state - present numerous opportunities for journal articles and conference speeches. In addition, transportation trade industry publications (The Journal of Commerce, Traffic World, Inbound Logistics) are likely to find the ITPC concept interesting. Given that mainstream business publications like the Wall Street Journal, Business Week and Fortune have devoted attention to border congestion, a carefully-presented story proposal could produce exponential coverage.

In developing a media plan, the ITPC operators should not miss the opportunity to leverage their resources with local entities that are already similarly cultivating national interest. The Kansas and Missouri state economic development entities, the Chamber, the Kansas City Economic Development Corporation and the Kansas City Area Development Council have existing national programs. Potentially, the ITPC could participate in joint development of advertisements, brochures and videos with cooperative local entities. These joint efforts should extend to joint participation in trade shows which could mutually benefit the ITPC and - for example - the Heartland Freight Coalition. Also described in the institutional section of this study, NAFTA-related organizations and efforts, including the North America’s Superhighway Coalition (NASCO) and the Summit of Mayors, should be instrumental multipliers for reaching communities throughout the Corridor.

Rather than locating a new facility at the KC-ITPC, it is entirely possible that operators driving loads that originated in Mexico or Canada may elect to clear Customs in Kansas City then proceed to a destination beyond the Kansas City metropolitan area. To ensure
that these operators will possess the technical capacity to do so, information on the in-
bond clearance procedures must be disseminated to commercial carriers beyond the immediate area. This effort would likely benefit from exposure in industry trade publications and conferences, but will also require the distribution of informational circulars routed from corporate headquarters.

5.4.2 **Freight Railroads**

The Association of American Railroads (AAR) reports that the freight segment of the U.S. rail industry directly employs more than 200,000 workers - about 75% of total railroad employment. Rail accounts for the largest portion (40%) of ton-miles3 in the U.S. freight industry but trails trucking in dollar value of revenue generated. The composition of freight by transportation mode has been covered in the freight flow study and the feasibility component. For marketing purposes, it is worth noting that rail carries 70% of the motor vehicles shipped from manufacturing sites and 40% of the nation’s grain and farm products. The fastest growing segment of rail business is “intermodal”4 which has grown 200% since 1980 to 1997’s total of 8.7 million trailers and containers. This segment now accounts for 17% of rail revenues - second only to grain.

While the U.S. rail industry is comprised of 553 common-carrier, freight-hauling railroads, 93 percent of the industry’s annual revenues are generated by the eight Class I5 railroads: Burlington Northern Santa Fe (BNSF), Canadian National (CN), Canadian Pacific (CP), CSX, Illinois Central (IC), Kansas City Southern (KCS), Norfolk Southern (NS) and Union Pacific (UP). Presently, Missouri is served by 6 Class I railroads (BNSF, CSX, KCS, NS, CN, UP), 3 regional railroads and 4 local railroads. Kansas is served by 5 Class I railroads (BNSF, KCS, NS, CN, UP), 5 regional railroads and 4 local railroads.

**Marketing to Railroads and Intermodal Companies**

The Association of American Railroads (AAR) is the principal organization representing the North American railroads, including all eight of the Class I railroads and numerous regional and local railroads. While multiplier organizations like the AAR are helpful in reaching all of the railroads, the limited number of Class I railroads allows for intensive, individual marketing. Given the considerable investment that the Class I railroads already have in the Kansas City area, substantial access to key decision-makers can be expected. Rather than persuading these carriers to relocate their existing operations, much of the marketing effort will be directed toward convincing the carriers to expand the usage of their Kansas City gateways to include international container clearances and consolidations.

Typically, intermodal commerce involves the combination of rail and another mode of transportation (truck or steamship). Consequently, many of the marketing efforts directed at the truck and rail industries will also touch the intermodal sector. The

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3 Freight industry’s standard unit of measure denoting one ton of freight carried one mile
4 Typically, some combination of rail, truck and/or steamship.
5 Class I Railroads include companies with annual revenues in excess of $255 million.
Intermodal Association of North America (IANA) is comprised of almost 700 corporate members, including motor carriers (35% of total membership), railroads (5%), water carriers (4%), intermodal marketing companies (9%), suppliers (35%) and associates (12%). The suppliers group includes numerous port authorities, engineering and architecture firms, while the associates group comprises many industrial shippers and academia. In addition to holding an annual membership conference and numerous educational workshops, IANA publishes a monthly newsletter and an annual membership handbook. IANA hosts an annual industry conference and co-sponsors the annual International Intermodal Expo. As an industry multiplier, IANA provides networking and potential speaking opportunities at conferences and inclusion in their newsletter to provide access to a membership that includes a majority of the industry’s key players.

5.4.3 Other Transportation Modes (Air and River)

While the vast majority of NAFTA-related freight moves by truck and rail, both air and river transportation are essential components in the Kansas City area’s comprehensive distribution strategy. While the area’s truck and rail development has largely been driven by the private sector, development of the most critical air and river infrastructure has largely been driven by entities controlled by the City of Kansas City, Missouri. As described in the institutional section of this study, the Kansas City (MO) Aviation Department controls and operates the Kansas City International Airport, Downtown Airport and Richards-Gebaur. The Port Authority of Kansas City, MO - an affiliate of the Economic Development Corporation of Kansas City, MO - is the responsible agency for the Port of Kansas City, MO.

The Aviation Department has a Marketing Division that produces cargo collateral pieces (brochures and advertisements) and participates in cargo industry associations and trade shows. Aviation Department employs a full-time cargo development specialist who actively identifies opportunities to recruit additional air cargo carriers and forwarders. While much of the Aviation Department’s cargo marketing activity is completed independently, the Department also collaborates with area economic development agencies on specific proposals. In addition to a full-time cargo specialist on staff and a cargo consultant under contract, the Aviation Department also collaborates with two third-party developers who own and operate cargo facilities at KCI.

Given that KCI is projected as a satellite ITPC operation and that the Aviation Department already has an active air cargo marketing program, the ITPC operators only have a minor role in marketing the area’s air cargo resources. The ITPC operators are likely to include the area’s airport system in their comprehensive transportation marketing program and will collaborate with the Aviation Department on prospects of mutual interest.

The ITPC operators will have a similarly minor role in marketing the Port of Kansas City, MO. While the EDC-affiliated Port Authority provides regulatory oversight for the Port, the Authority has a long-term contract with a private entity, MidWest Terminal Inc., to manage the facility. The Port Authority and MidWest Terminal collaborate on marketing
and long-term development efforts. Given the seasonality of the area’s river trade and the City’s agreement with MidWest Terminal, the ITPC’s marketing relationship will likely be comparable to the air cargo program - cooperating with the existing entities whenever practical.

5.4.4 Allied Service Providers (Forwarders, Brokers, Warehouse Operators)

Transportation intermediaries and freight carriers have a classic derived demand relationship. Ultimately, freight forwarders and customs brokers will follow the activity. When the ITPC operators have recruited freight carriers and federal inspection agencies to the facility, the freight forwarders and customs brokers will follow. Forwarders and brokers can be reached through many of the same publications and conferences that the ITPC operators will exploit to reach cargo carriers.

Their symbiotic relationship with freight carriers notwithstanding, freight forwarders and customs brokers must be individually prioritized in marketing the ITPC. The International Freight Forwarder and Customs Broker Association of North America is an effective, independent alliance which frequently conflicts with the major carrier associations. Much more than freight carriers, brokers are integrally involved in influencing shippers to bring freight in-bond, rather than clearing at the border. Therefore, this project will require targeted efforts to convince both the local brokers, as well as their counterparts in headquarters and other field offices, to utilize the new facility. Similarly, forwarders are instrumental in supporting new gateways as consolidation points for outbound freight.

As described in the feasibility report, some forwarders and brokers specialize in certain transportation modes and specific commodities. For instance, the KC-ITPC could concentrate on transportation intermediaries specializing in rail and truck transportation. Operators specializing in perishables, pharmaceuticals or automobile distribution might be similarly attracted to this facility. While the Kansas City area already has many forwarders and brokers, this facility might also prove enticing to operators which currently lack local operations - for example the major intermodal forwarders Danzas and Panalpina of Switzerland. Both companies are substantially involved in intermodal transportation and currently serve major European pharmaceutical manufacturers. Likewise, marketing efforts should include the “integrated” carriers - like UPS - that offer multiple modes of transportation but rely on rail and trucks.

While relatively dependent on transportation, the public warehousing industry defies easy placement among the other allied service providers. In 1997, public warehouses generated more than $10 billion in revenues with the refrigerated segment accounting for twenty percent. Like the carriers, these warehouses ultimately respond to their customers (consumers and industrial shippers) in locating their facilities. However, not only does this industry support its own associations, conferences and trade publications, individual niches (refrigeration, frozen) seem to inhabit their own territory. The Kansas City area
already has an abundant variety of warehouse operators who could potentially develop facilities and operations at the ITPC in response to new activity.

5.4.5 **Federal Agencies (Customs, Agriculture, Transportation, INS)**

While each federal agency has its own responsibilities and authority, the marketing process to all of the federal agencies will be homogenous. With very little exception, the federal inspection agencies will disseminate information on the ITPC from the top-down - Washington, DC to the field offices. Given the relative uniqueness of the proposed operation, the ITPC operators should aggressively encourage the dissemination of procedural and policy information from the federal agencies. At a minimum, the local operators should propose conducting demonstrations in Washington, DC as well as hosting site visits from field agents. In addition, the ITPC’s marketing brochures could be mailed to key federal inspection ports - specifically, those on the borders and along the interior corridor. However, the only procedural information that will elicit an operational change from the federal agents will be the official circulars that agency headquarters will route through electronic and mail distribution.

5.4.6 **Shippers**

Prospective shippers have been identified in the freight flow study and in the feasibility study’s industrial development section. While a few very large industrial shippers have the ability to influence the establishment of freight operations, the relationship is mostly the inverse. Many manufacturers and distributors will be drawn by the cumulative advantage of logistics (transportation and warehousing) services and federal inspections. These shippers are not limited to the local area but will also include businesses throughout the corridor. If the ITPC provides value - time and money saved - then private companies (manufacturers, distributors, forwarders and brokers) will utilize the facility and services. These companies are easily identifiable and accessible through industry associations, mailing lists and service providers (freight carriers, forwarders).

More than perhaps any other target groups, these manufacturers and distributors invite the participation of area economic development specialists who can assist in compiling critical labor, infrastructure (including utilities) and economic incentive information for proposals to prospective ITPC tenants, as well as possible off-site development. The economic development agencies will also be effective multipliers in including ITPC collateral materials in their national/international publications and trade shows.

The most powerful multiplier organization representing industrial shippers is the National Industrial Transportation League (more commonly known as NIT League) which lobbies on behalf of shippers and frequently represents shippers - as a class - in conflicts with the carrier industry. The NIT League hosts many forums during the year, including a huge annual conference, and is frequently utilized by the national media as the “voice of the shipping community”. Many large niche organizations also exist, including associations related to commodity shippers and refrigerated shippers. These organizations may be
approached in unison with the many existing area businesses which already provide warehousing, distribution and processing of perishable products.

**1999 Carrier & Shipper Trade Event Calendar**

<table>
<thead>
<tr>
<th>Date, 1999</th>
<th>Association/Event</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 23-27</td>
<td>Distribution &amp; LTL Carriers Association/Annual Meeting</td>
<td>South Florida</td>
</tr>
<tr>
<td>February 11-13</td>
<td>22nd Annual Transportation Intermediaries Association Convention &amp; Trade Show</td>
<td>San Diego, CA</td>
</tr>
<tr>
<td>March 14-18</td>
<td>Truckload Carriers Association/Annual Meeting</td>
<td>Las Vegas, NV</td>
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<tr>
<td>April 20-22</td>
<td>International Intermodal Exposition</td>
<td>Atlanta, GA</td>
</tr>
<tr>
<td>April 22-23</td>
<td>Nebraska Motor Carriers Assn. Annual Meeting</td>
<td>Kearney, NE</td>
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<tr>
<td>August 8</td>
<td>Illinois Transportation Association Annual Convention</td>
<td>Chicago, IL</td>
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<tr>
<td>August 22-25</td>
<td>Intermodal Association of North America (IANA)</td>
<td>San Francisco</td>
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<tr>
<td>September 30-2</td>
<td>Transportation Research Forum Annual Meeting</td>
<td>Washington, DC</td>
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<tr>
<td>October 7-9</td>
<td>Missouri Motor Carriers Association Annual Meeting</td>
<td>Branson, MO</td>
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<tr>
<td>October 17-20</td>
<td>Council of Logistics Management Annual Meeting</td>
<td>Toronto, ON</td>
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<tr>
<td>October 30-31</td>
<td>Truckload Carriers Association/Board of Directors &amp; Committee Meetings</td>
<td>Orlando, FL</td>
</tr>
<tr>
<td>November 14-17</td>
<td>National Industrial Transportation League (NITLEAGUE) 92nd Annual Meeting and Convention</td>
<td>San Antonio, TX</td>
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5.4.7 Other Cities/States

Given the benefits accruing to businesses throughout the corridor, the KC-ITPC should cultivate the greatest practical level of support from other local governments in the region. The key to this support is likely to derive from mutual associations, including the North America’s Superhighway Coalition, the Summit of Mayors and numerous governmental associations. Partnerships between chambers of commerce, international trade clubs, and even universities may also be cultivated to generate support. Some of these groups have difficulty attracting quality luncheon speakers and might willingly afford the ITPC’s operators with a platform. Finally, city business journals and newspapers may find the unique trade processing services sufficiently interesting to provide exposure to their readers. Beyond these efforts, any aggressive promotional marketing in other cities or states might invite backlash that causes more damage than the most optimistic projection of benefit.

5.5 Public Outreach

To reach its maximum potential, the ITPC must have the support of the general public. In addition to constituting the demand for freight processed at the ITPC, the public exerts tremendous influence on elected officials whose support will be essential to securing some of the federal funding identified in the next section of this study. The business community already recognizes the ultimate benefit of enhanced transportation and trade processing has been largely favorable toward expanding international trade. To much of the public, however, the benefits of international trade are subtle and freight processing may evoke unfounded concerns of traffic congestion. Consequently, a pro-active plan must be implemented to demonstrate to the public that regulatory and administrative oversight will be appropriate and that the ITPC has the potential to expand the local economy.

The surveys conducted by the ETC Institute clearly indicate that area businesses are involved with international trade and desire to expand this trade. Of the companies which responded that they had been affected by NAFTA, an overwhelming majority reported that they had benefited from the free trade agreement. The more than 800 businesses which responded to the surveys comprise an excellent basis for building public support for the ITPC. In addition to the actual respondents, this database can be leveraged to contact companies in the same industry which could similarly benefit. As the survey results reflect local realities, these findings should be emphasized to the local media. In addition to revealing the general support for international trade - particularly NAFTA - these surveys can also demonstrate a common cause in rectifying the obstacles which companies commonly cite as deterrents to conducting international trade. Ideally, organizations like MARC and the Chamber might also write guest editorials on the subject for area publications like the Kansas City Business Journal and the Kansas City Star.

The network of chambers of commerce operating throughout the metropolitan area, as well as chambers in nearby communities (Topeka, Wichita, Columbia, Lawrence) which
could be affected by the ITPC should also receive marketing materials and information. This wider distribution of perceived stakeholders would also bode well for augmenting the legislative support that the project operators may need. On a local level, similar benefits may result from disseminating information, including formal presentations, to many of the existing trade development organizations identified in a previous component of this study. These organizations include the International Trade Club of Kansas City, the International Alliance and the International Relations Council.

5.6 Funding Options

For the national corridor planning and development and coordinated border infrastructure programs under sections 1118 and 1119 of the Transportation Equity Act for the 21st Century has $140,000,000 for each of fiscal years 1999 through 2003 (for a total of $700 million for the 5-year appropriation).

Actual 1999 funding availability reached $123 million. The National Corridor Planning and Development (NCPD) Program (1118) and the Coordinated Border Infrastructure (CBI) Program (1119) are funded by a single funding source. Under the NCPD program, funds are available to States and MPOs for coordinated planning, design, and construction of corridors of national significance, economic growth, and international trade or interregional trade.

The federal share for these funds will support 80 percent of project costs. Kansas City project sponsors would have to match 20 percent or more, depending on if the project sponsors could “overmatch” to improve the project chances for selection. The period of availability for obligation is the fiscal year for which the funds are authorized and the 3 years following. States receiving an allocation of funds under these programs will, at the same time, receive an increase in obligation authority equal to the obligation (through the state DOT obligation process).

In addition, the Secretary of DOT may transfer up to a total of $10 million of combined program funds, over the life of the TEA-21, to the Administrator of General Services for the construction of transportation infrastructure necessary for law enforcement in border states. According to DOT, such transfers will be made outside the provisions of the Grant cycle notification process. Instead, funding allocation for GSA uses is based on funding requested and supporting information provided by the Administrator of General Services.

Typical GSA uses include inspection stations for Customs or INS or vehicle storage areas (i.e., parking lots). The U.S. DOT will support the use of a small portion of funding to be used for planning, design, or ROW acquisition.

KC-IPTC is a likely candidate to qualify for GSA projects (qualifying for a portion of the $10 million in funding), however, the uses must be directly tied to Customs services needs, or other transportation safety needs benefiting other federal agencies and, most importantly, improve processing conditions at the borders.
5.7 Action Plan

This section describes the action plan for short-term and long-term tasks for development of the international trade processing center. This section will identify the appropriate agents to implement/initiate the action plan and secure/solicit funding.

5.7.1 Action #1 - Formation of the ITPC System Sponsor

Short Term

Beginning immediately and within a six month period, The Chamber, MARC and the Kansas City Area Development Council (ADC) shall jointly explore and determine the entity that will sponsor the ITPC, referred to from here on as the ITPC System Sponsor. This ITPC System Sponsor could be the interim entity or the long term agency overseeing the ITPC. They will be responsible for the development and implementation of the short term action items set forth in this document. The ITPC System Sponsor shall be familiar with the local and regional freight environment and international trade atmosphere as well as have a willingness to move this initiative forward. The vision of facility will be created by the Sponsor with assistance from the Greater Kansas City Chamber of Commerce and follow the highly successful Chamber programs:

- The Freight Task Report
- The Intermodal Freight Strategies Study
- Formation and Support of the Heartland Freight Coalition
- Global Port of Call

The role and responsibilities of the ITPC System Sponsor shall be to act in a bi-state public capacity to provide sustained, focused, and skilled leadership for implementation of the ITPC concept through:

- Advocacy at the federal, state and local level for investments and policies leading toward implementation of the ITPC system in greater Kansas City;

- Development of the center and related facilities;

- Coordination of operations of ITPC systems;

- Promotion of business use of the ITPC through economic development initiatives, marketing, training and other means; and

- Promotion of the development of property in and around the center and related facilities -- either through its own programs or by coordination with other economic development organizations.
The ITPC System Sponsor may act as an authority or commission, as an intergovernmental agreement, as an independent not-for-profit organization, as an arrangement of existing agencies, or as some combination of the above. In any case, at a minimum, this entity must be able to:

- accept contracting obligations;
- accept and manage public funds; and
- Pursuing additional federal, state and local public funds and private resources for further analysis and investment in the ITPC.

MARC and the Chamber will take initial lead responsibility for determining the ITPC System Sponsor and implementing the study conclusions by:

- Developing and leading implementation of a bi-state coordinating mechanism.

**Costs**

Formation of a System Sponsor will include staff time to review the ability to meet the objectives. This could include some legal costs to review organization charters for determination of grant receipt eligibility. Costs will also include hiring a new staff person to focus on developing the ITPC. It is assumed, that administrative staff support will be provided by the Chamber, MARC or the ADC initially.

Additional costs will include some travel time and expenses, presentation materials, printing and mailings.

**Long Range Objectives**

Expand the mission of the ITPC to include global international trade to include sea transport. This would involve developing strategic alliances with ports on the East, West and Gulf coasts as detailed in the feasibility study. Global international trade would include the Asian and European markets.

Develop the “International Trade Processing Center” concept in other NAFTA countries to include Canada and Mexico. Additional “sister” locations in Windsor, Canada and Monterrey, Mexico could expand the concept on tri-national expansion more quickly.
5.7.2 Action # 2 - Outreach

Short Term

Beginning immediately and proceeding for approximately eight months an outreach program shall be developed and implemented. The target audience for these efforts are:

- Elected Officials
- The General Public
- General Businesses
- Trade Associations
- Freight
- International Trade & General Business

This outreach effort will continue to have involvement of those individuals currently on the Policy Committee in an advisory capacity. The effort will garner community support of the ITPC concept. In addition, the Outreach will facilitate receiving local, state, and federal funding for various defined tasks as part of the overall implementation plan of the ITPC. It is recommended that the outreach effort include an extensive program involving a web page as a means of communication and develop programs that showcase early winners and success stories of the ITPC.

For the purposes of this report all efforts up to the design of the facility will be termed “outreach” without distinction of audience, user of the facility or a supporter of the facility. It is important that very early in the process of Outreach and the formation of the ITPC Facility Sponsor the ITPC be declared as “open and ready for business”. This status can be achieved with the virtual process on a web page and discussion with businesses as to the process of international trade and the opportunities offered with the trade processing center. At approximately nine months into the development of the ITPC all outreach efforts will be termed “marketing” as described in action item #7.

Costs

Outreach materials costs will include printed materials, ad copy and graphics, web page development and maintenance and newsletter development. Additionally, costs will include staff time to coordinate development of the outreach materials.

It is also assumed that outreach costs will include travel time and expenses to secure additional funding/financing sources for future ITPC activities.
5.7.3 **Action # 3 - ITPC Facility Plan and Framework**

**Short Term**

The Chamber, MARC and the ADC together with the ITPC System Sponsor shall carry this study forward by pursuing additional federal, state and local public funds and private resources for further analysis and investment in the ITPC. One of the initial undertakings of this process would include the selection of a site for the ITPC centralized component. This site selection will involve advice and input from the ITPC Study Policy Committee members. Upon the selection of a site, a traffic impact study is recommended and should include some review of land use and traffic patterns in the vicinity. The KC-ITPC Study would be a baseline starting point for the site selection to evaluate potential locations in the Kansas City area.

Site selection shall be based on the following criteria: The site shall have:

- At least 40 acres for site development and would include dock space and administrative builds
- Good interstate access
- Existing rail access
- Existing infrastructure available
- Contiguous land to facilitate ancillary businesses which would require an additional 200 - 300 acres within a ten year period
- Expansion space for the center (docks, admin & office buildings)
- Ability to get Foreign Trade Zone status
- Minimal on-site environment issues

Impacts of any site selection shall include localized truck traffic, localized land use impacts, and zoning compatibility. Final recommendations will conclude this action item.

**Costs**

Facility Plan and Framework costs will include staff time to coordinate the selection of the facility. Additionally, some initial site layout concepts should be developed at this time to further define the amount of space required initially and over time.

With the site selection, it will be necessary to identify several primary impacts to the surrounding areas. These impacts are traffic and land use. Costs for each are outlined below:
A traffic study which would identify the impact of the site only on the street network which surrounds the facility would cost between $4,000 and $7,000. This assumes that the street network around the facility is well defined from a traffic perspective. If the entire street network needs to be defined from scratch to identify the traffic impacts, then the cost would increase to between $20,000 and $30,000.

To identify land use patterns around the perspective sites, staff could utilize existing municipal comprehensive plans. For assistance with analyzing the ability to re-zone a site, the assistance of a land-use planner would be required. Costs are anticipated to be between $2,000 and $4,000.

**Long Term**

Continued efforts on the analysis and impact of the international trade processing center should be conducted for the region. As additional sites are identified to be included in the ITPC concept, further analysis should be made for similar traffic impact and land use implications.

5.7.4  **Action # 4 - Technology Implementation**

**Short Term**

The major components for the technology implementation are a central computer, deployed reader systems (readers and reader antennas), and structures (where required) to support the reader systems. The virtual system will be deployed at the six interstate sites surrounding Kansas City is presented in the feasibility report. It is assumed that the installation of readers will occur on mainline pavement therefore no cost or design is considered for dedicated truck lanes. Costs are for deployment only, and do not include costs for system design, development and testing, all of which would precede the deployment of this system.

To accomplish this action item the ITPC System Sponsor shall coordinate with KDOT and MoDOT to place readers and antennas on the interstate system. This virtual system would operate by using state owned and managed fiber for communications.
The virtual component also requires the coordination of US Customs and Treasury. ITDS is a national program that will be incorporated into border crossings as well as inland ports such as the Kansas City - ITPC. Costs for the development, system integration and system architecture of ITDS are assumed to be covered by the US Treasury Department. The ITPC System Sponsor shall coordinate with the ITDS office to bring the ITDS operating systems to the Kansas City Customs agency.

Cost

ITDS Dedicated Short-range Communications Equipment Costs: $626,000
This would include 6 reader sites, construction of cantilever structures, 100 transponders, central computer and labor to construct.

ITDS Port Costs: $150,000
This costs includes the high speed telephone service to connect to ITDS central database, Workstations for ITDS users, system installation and testing.

5.7.5 Action # 5 - Planning, Design and Construction of the Centralized International Trade Processing Center - Physical Facility

Short Term

The ITPC System Sponsor shall commission the planning, design, and construction of the ITPC. The planning phase of the center could occur concurrently with the ITPC Facility Plan and Framework study from action item #3. Following the site selection of the centralized location(s) the design and construction would start. The design and construction would include developing detailed requirements for the center and its related facilities including site layout, design requirements, budgets and specific operating requirements through construction. The plans shall include buildings, docks, technology, storage, and expansion plans. Detail design plans, specifications and cost estimates would be included as part of this task. It is estimated that this task can be accomplished over a 14 month period.

Cost

$3 to $3.5 million
This cost does not include cost of land, equipment, nor building furnishings. It assumes utilities and basic roadway infrastructure are in place or on-site. Requirements of the buildings include 5000 sq. ft. for office space (administration and federal inspection agencies), 35,000 sq. ft. for industrial space, and dock facilities to accommodate 3 to 6 trucks.
5.7.6 **Action # 6 - Funding Sources/ Long Term Financial Strategies**

**Short Term**

The ITPC System Sponsor shall be responsible for obtaining funds to design the ITPC and get the facility up and operating. Potential funding sources exist from several sources for this far reaching effort and unique funding categories can be utilized. Multiple funding sources should be explored at the local, state and federal levels. A financial plan as well as a long-term Financial Strategy would need to be generated. This plan would define potential user fees which could be levied to fund on-going operations, maintenance, and expansion plans.

Additional sources of funding include:

- ITS-America
- Federal Earmark
- Federal Demonstration Money
- Economic Development Administration Grant (Department of Commerce)
- U.S. Treasury Department (for Customs facilities)
- U.S. DOT Tea-21 Funding
- 1118- National Corridor Planning & Development Program
- 1119- Coordinated Border Infrastructure & Safety Program
- State STP Funding
- State CMAQ Funding

**Costs**

Pursuit of funding sources will include staff time for preparing and writing grant proposals and seeking potential areas of funding. Costs would also include printed materials, research materials, travel time and expenses.

5.7.7 **Action # 7 - Marketing/Business plan**

**Short Term**

The ITPC System Sponsor shall develop a marketing plan with a purpose & overview consistent with the overall objective and strategies of the ITPC. Marketing efforts should be coordinated with the many different agencies defined in Chapter 3. The marketing plan would need to be in place and operating before final construction begins. Marketing in this phase of the project should be targeted to the users of the facility including:

- Carriers (all modes)
- Forwarders & Brokers
- Shippers
- Federal Agencies
- Local borders
Costs

Comparable marketing efforts would indicate a baseline range of between $250,000 and $500,000 per year to implement a marketing program. This cost depends greatly on the amount of in-house marketing by The Chamber, MARC and ADC along with combined efforts with other international programs in Kansas City defined in Chapter 3.

An additional cost to consider for the marketing effort of the ITPC is the cost to attend transportation industry functions and the preparation of materials for those events. Costs for trade shows would include staff travel time and expenses, booth rental and material for each event. A full listing of significant trade show opportunities is listed in Section 2 of the implementation plan.

5.8 Projects & Schedule

This section formulates the action items presented in section 6.7 that are necessary for the development of an ITPC into projects and tasks. A schedule is presented for these projects and tasks over an eighteen month period following the completion of this study. Figure 6.1 shows a timeline for those action items defined in section 6.7.
Action Item #1 is the development of the system sponsor. This has already begun to a limited extent over the course of this study. Action Item #1 projects that the agency(ies) advancing this effort will clearly define the roles and responsibilities of the system sponsor. These objectives will be accomplished over a four month period. The system sponsor will then play a major role in the development and implementation of the ITPC system.

As with the 1st action item, the second item was also begun during the study period but requires further development. The action item is to garner community support for the KC-ITPC concept. By including local government officials and business leaders in the Policy Committee and Leadership Council the ITPC study has already initiated the support effort. The media has also been introduced to the concept. This effort should continue during the initial stages of ITPC development. The outreach is shown on the timeline to run for approximately nine months. Some form of outreach will constantly be required, but for the purposes of defining action items, “outreach” transforms into “marketing” in the ninth month. Marketing is defined as action item #7 and is targeted more to the users of the facility. A large marketing effort will be necessary prior to the
opening of the center and should continue at some level throughout the life of the center. The marketing effort will start at a small level and increase in intensity prior to opening the center. The marketing effort is defined to start in the ninth month and increase in level of effort through the eighteenth month.

The third action item is the ITPC Facility Plan and Framework. It is considered an ongoing task beginning with the identification of the initial location(s). As expansion proceeds, additional work on the facility plan will be required. This action item will start once the sponsoring agency has been identified and funding is secured.

Action item #4 pertains to the virtual components of the ITPC. Initial steps include having the system sponsor work with KDOT and MoDOT to place infrastructure elements on the interstate system. After the system sponsor is identified this includes a planning stage of six months. A larger effort of developing the elements of the virtual systems would follow in the next four months.

Planning, Design and Construction of the centralized facility is estimated to start after the system sponsor is identified. Initial planning activities taking approximately three months would be followed by the design and construction of the facility. Funding elements would need to be secured before the planning, design and construction activities. On the timeline shown in Figure 6-1, the funding elements precede the planning, design & construction activities. Funding (action item #6) will be a constant requirement for the ITPC system and the timeline indicates critical efforts needed to secure development monies. As part of the sixth action item, a full financial plan will be developed that targets potential public funding sources. A long-term Financial Strategy will define potential user fees that could fund on-going operations, maintenance, and expansion.