Appendix B

Supply Chain Consortium Survey Findings

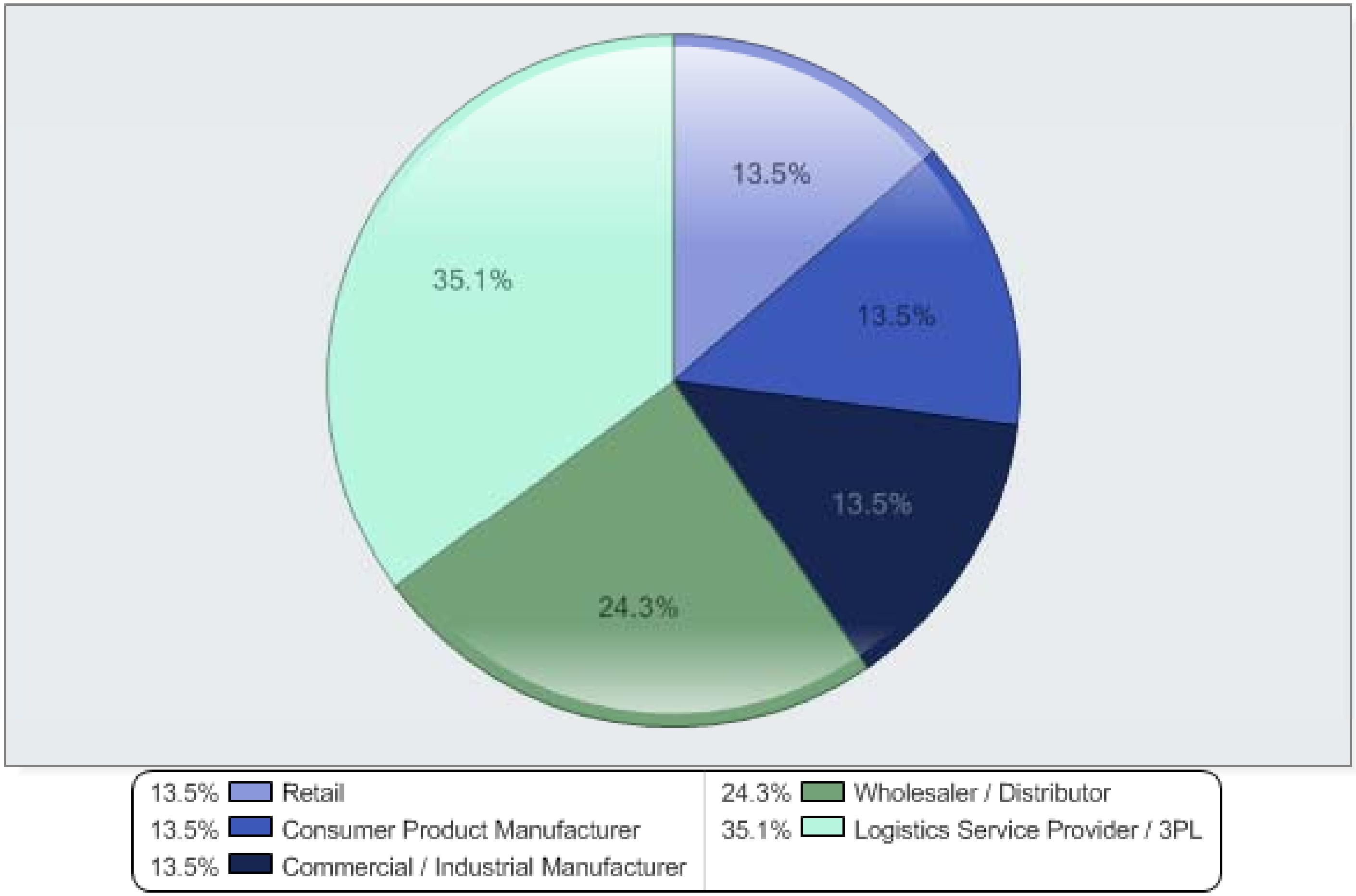
August 2011

Background - Survey Methodology

- The on-line survey process of the Supply Chain Consortium to collect data in real time from a large group of companies was used to ask 40 questions.
- The survey was sent to Consortium companies and selected major shippers who we believed were good candidates to have operations in the greater Cincinnati area and therefore move goods throughout the region.
- A total of 38 companies provided responses to the questions providing input on their operations and perspectives on Cincinnati's transportation infrastructure.
- The companies responding to the survey represent a wide range of industries, segments and company sizes including local companies and large multi-national corporations from across the US.

Background – Profile

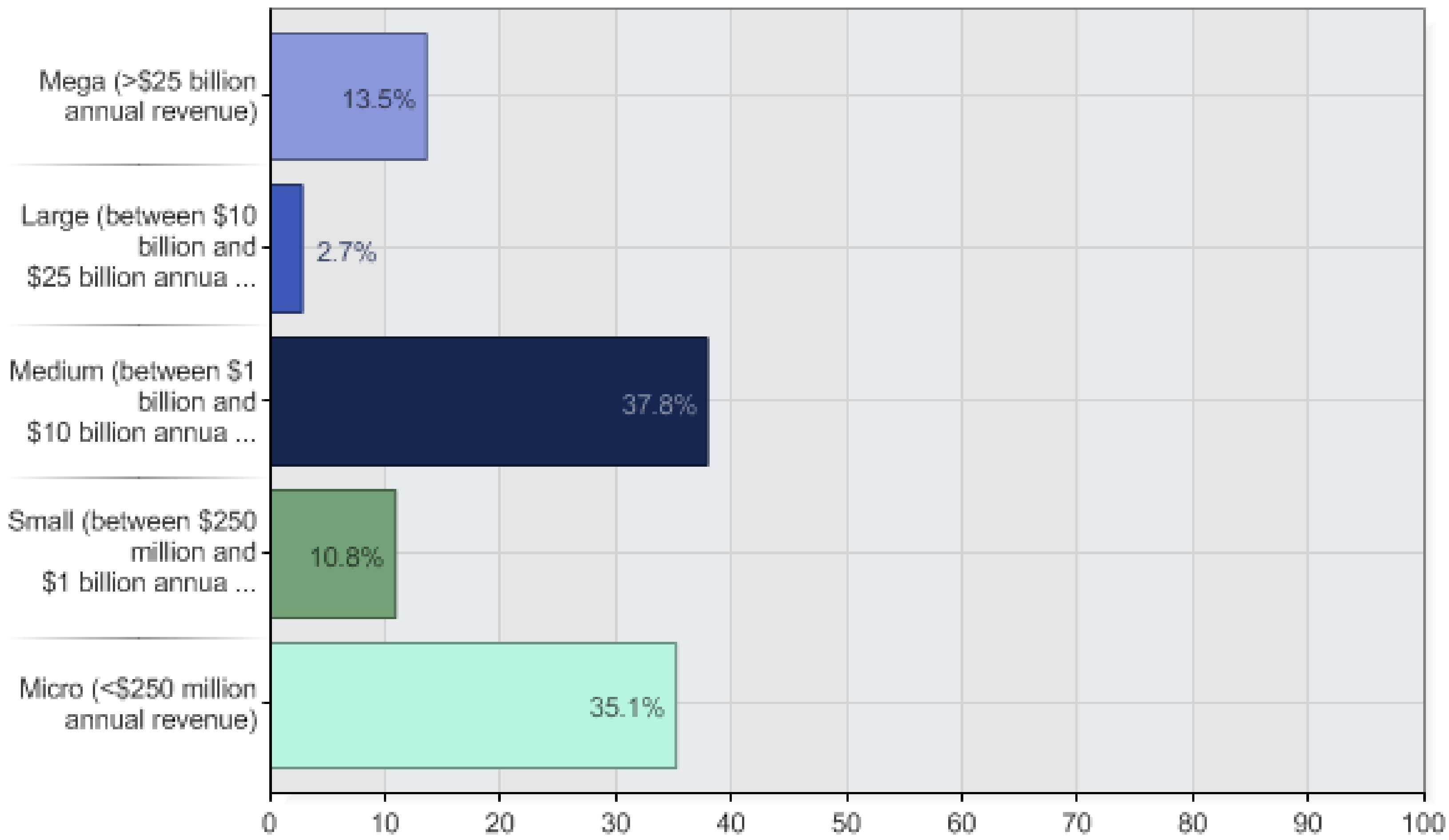
Q6



35% of participants were Logistics Service Providers, 24% from Wholesalers / Distributors, 27% Manufacturing, and 14% from Retail

Background - Profile

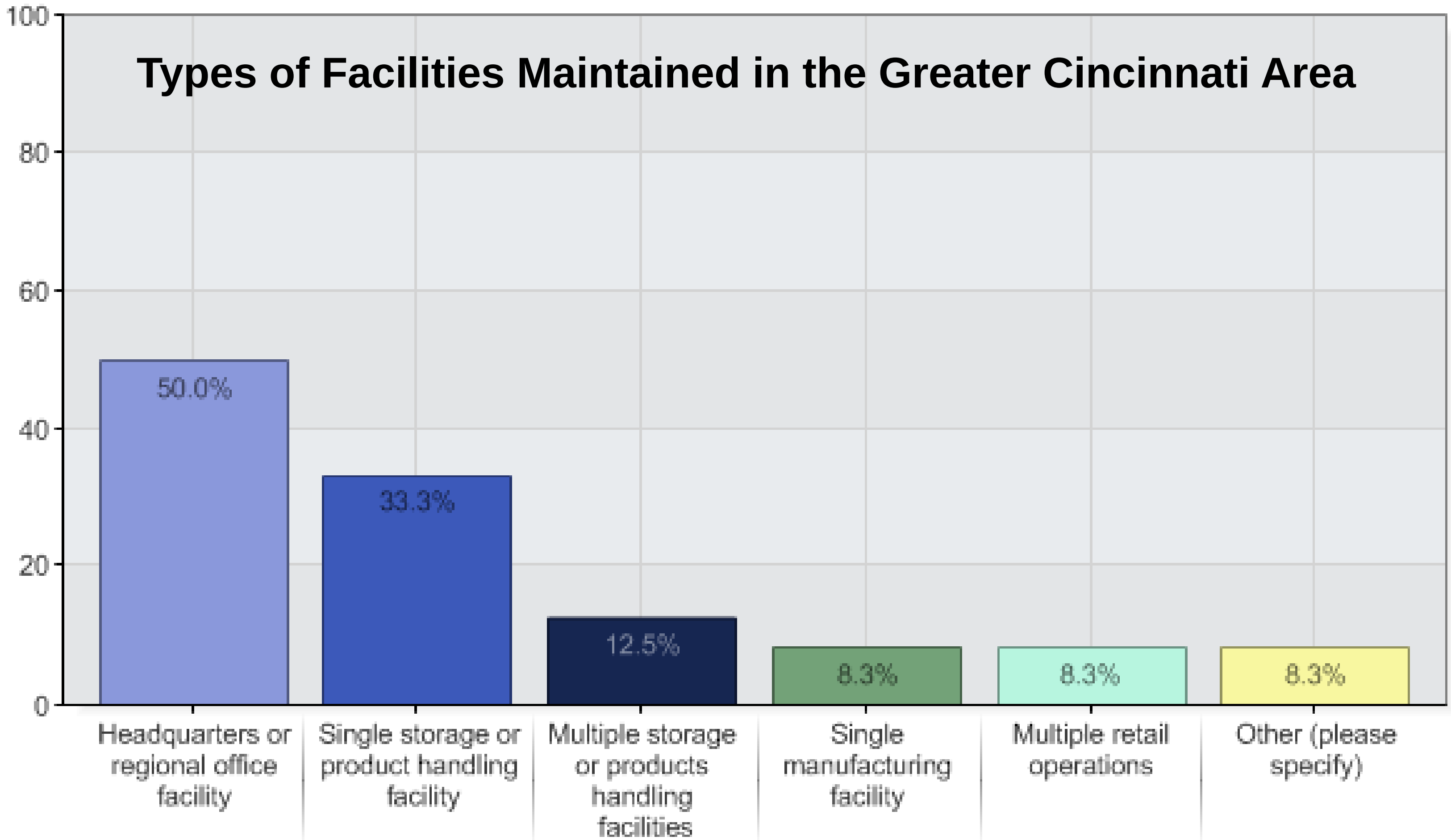
Q7



83% of participants were Medium-sized companies or smaller

Key Survey Findings

Q9



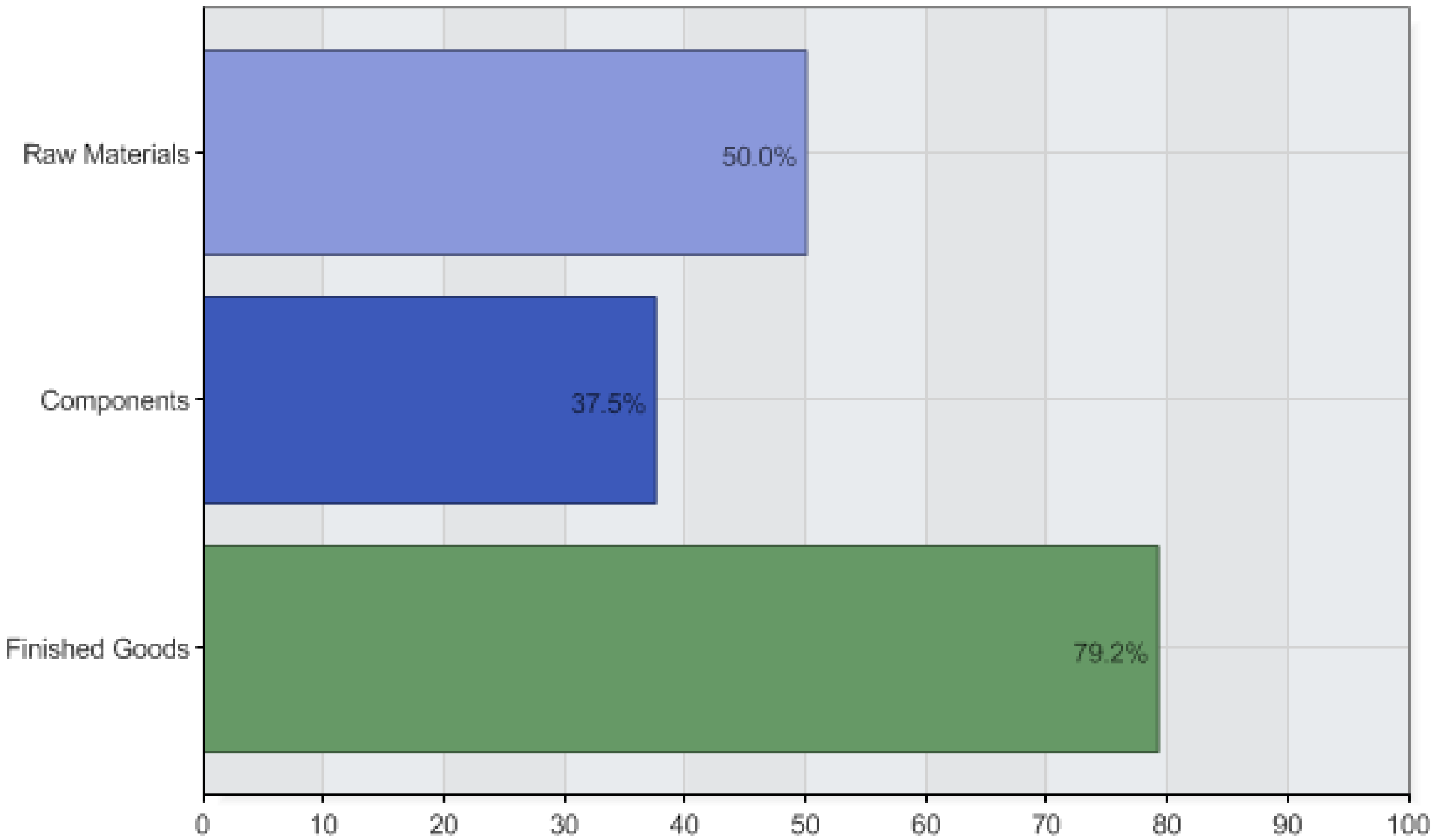
"Other" responses would both be classified as LSP facilities, specifically freight terminals

Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q10

Freight Movement by Type: Inbound

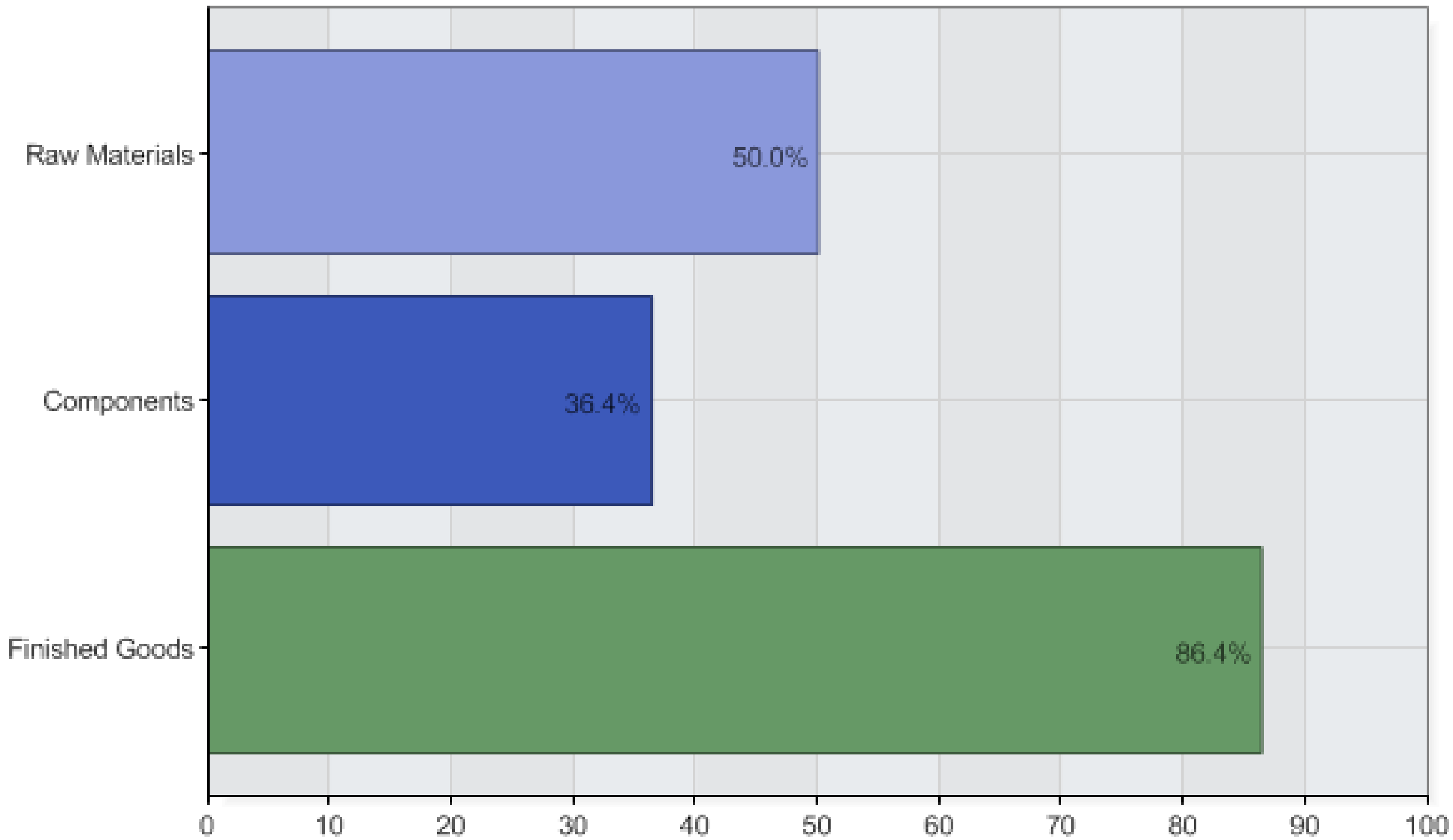


Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q11

Freight Movement by Type: Outbound



Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q12

Freight Movement by Mode: Inbound

Mode	Percentage Respondents Utilizing	Utilization Break-out				
		< 5%	5% - 10%	11% - 25%	26% - 40%	> 40%
Steamship / international intermodal container	21.1%	50.0%	-	-	12.5%	37.5%
Barge	18.4%	42.9%	-	-	-	57.1%
Air	15.8%	33.3%	16.7%	16.7%	-	33.3%
Unit train	13.2%	100.0%	-	-	-	-
Manifest carload train	15.8%	33.3%	33.3%	-	-	33.3%
Domestic Intermodal rail	15.8%	66.7%	33.3%	-	-	-
Full truckload	47.4%	5.6%	5.6%	5.6%	27.8%	55.6%
Other truck / specialized vehicle	18.4%	28.6%	14.3%	42.9%	0%	14.3%
LTL	36.8%	28.6%	28.6%	14.3%	14.3%	14.3%
Small Package / parcel	26.3%	70.0%	20.0%	-	-	10.0%

Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q13

Freight Movement by Mode: Outbound

Mode	Respondents Utilizing	Utilization Break-out				
		< 5%	5% - 10%	11% - 25%	26% - 40%	> 40%
Steamship / international intermodal container	21.1%	37.5%	-	12.5%	12.5%	37.5%
Barge	15.8%	83.3%	-	-	-	16.7%
Air	13.2%	40.0%	20.0%	-	-	40.0%
Unit train	13.2%	100.0%	-	-	-	-
Manifest carload train	15.8%	33.3%	16.7%	33.3%	-	16.7%
Domestic Intermodal rail	13.2%	80.0%	20.0%	-	-	-
Full truckload	47.4%	16.7%	-	-	16.7%	66.7%
Other truck / specialized vehicle	18.4%	28.6%	14.3%	28.6%	-	28.6%
LTL	31.6%	33.3%	33.3%	8.3%	8.3%	16.7%
Small Package / parcel	23.7%	66.7%	22.2%	-	-	11.1%

Across all modes, inbound and outbound transportation appears to be quite balanced for the Greater Cincinnati area.

Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q14-5

Forecasted Freight Volume Change (by weight): Inbound & Outbound

Forecasted change for the greater Cincinnati area versus the past 12 months: Inbound						
	>21% Increase	10-20% Increase	< 10% Increase	No Change	< 10% Decline	> 10% Decline
Next 12 months	8.7%	30.4%	17.4%	39.1%	4.3%	0%
Next 24 months	14.3%	14.3%	38.1%	23.8%	4.8%	4.8%
Next 5 years	4.8%	33.3%	28.6%	23.8%	9.5%	0%

Forecasted change for the greater Cincinnati area versus the past 12 months: Outbound						
	>21% Increase	10-20% Increase	< 10% Increase	No Change	< 10% Decline	> 10% Decline
Next 12 months	8.7%	26.1%	17.4%	43.5%	4.3%	0%
Next 24 months	13.6%	18.2%	31.8%	31.8%	4.5%	0%
Next 5 years	4.8%	38.1%	28.6%	19.0%	9.5%	0%

- Inbound and Outbound project to remain aligned
- Next 12 Months: More than one in three companies see volume increasing by 10% or more
- Next 24 Months: Over 60% see volume increasing by some amount
- Next 5 years: Less than 10% see volume declining relative to today

Key Survey Findings

Q16-7

From / To Mode Shifts

Please identify significant (>10%) mode shifts planned in the next 2 years and why these changes are being considered?					
	Air	Manifest Carload Train	Full Truckload	LTL Truckload	Small Package
From Mode	14.3%	-	42.9%	42.9%	-
To Mode	-	42.9%	42.9%	-	14.3%

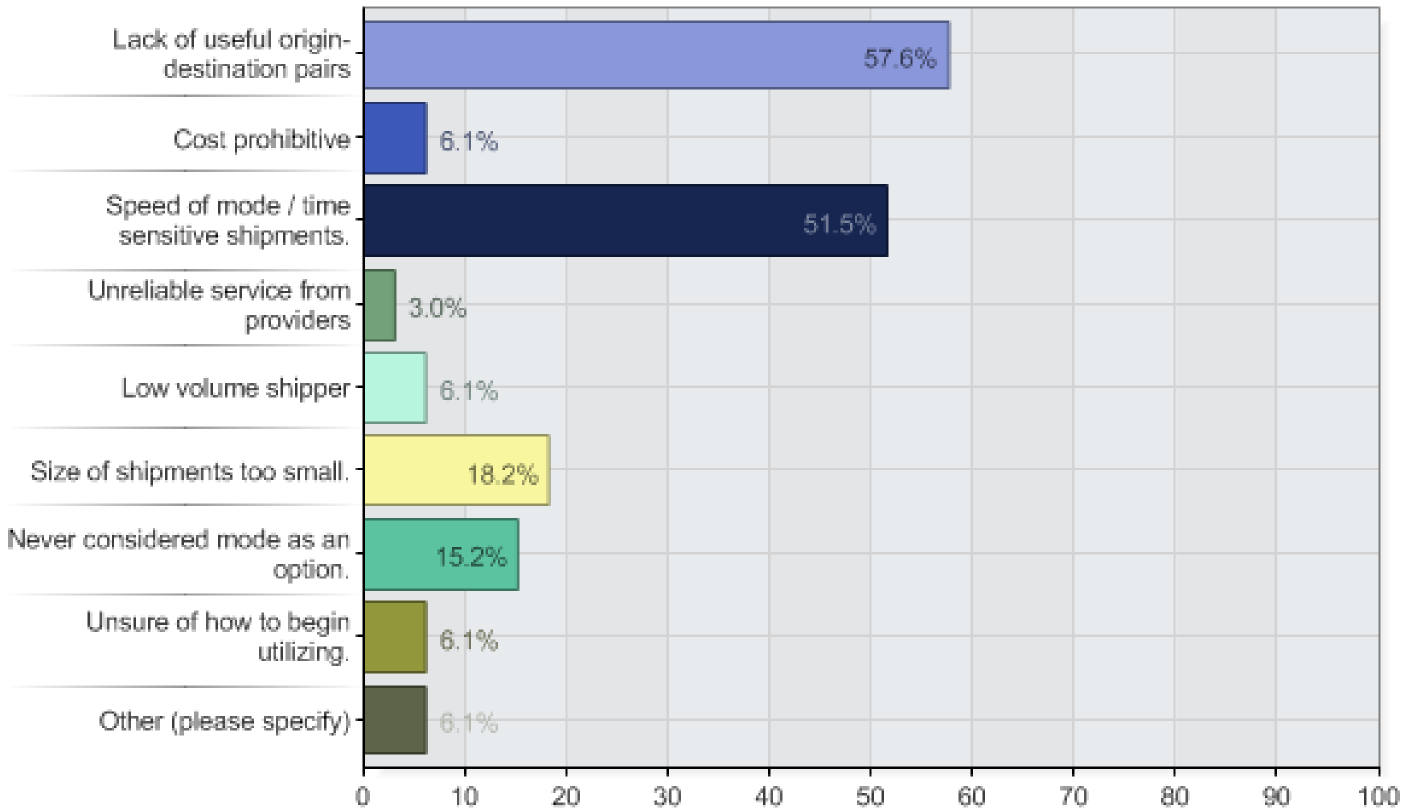
- **Overall 18.4% of respondents indicate that significant mode shifts are in their plans for the future; a relatively high number**
- **Three companies indicate a shift from full truckload to rail**
- **Three companies indicate a shift from LTL to full truckload**
- **One company is shifting from air to parcel**
- **Cost was mentioned as the driving force by 100% of respondents although one indicated “green” as well**

Key Survey Findings

Q19-21

Ohio River Utilization

- **Only 15.8% of respondents currently utilize the Ohio River for transporting goods**
- **For those who did not, lack of useful O-D pairs and speed of mode were most common reason provided**



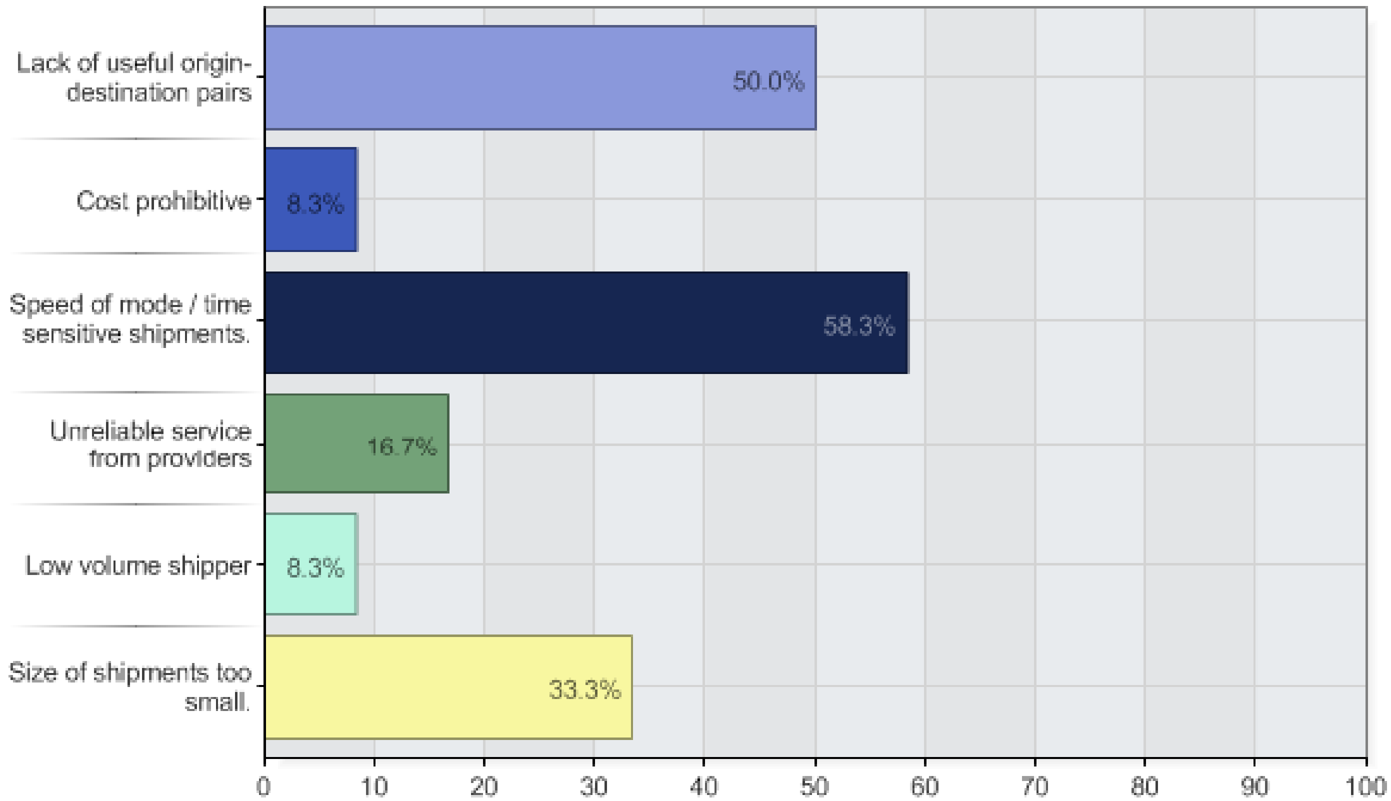
Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q22-3

Railroad Utilization

- **Nearly two-thirds of respondents (65.8%) currently utilize rail services for transporting goods into and out of the greater Cincinnati area**
- **For those who did not, lack of useful O-D pairs and speed of mode were most common reason provided**



Note: Responses sum to greater than 100% due to requiring respondents to check all that apply

Key Survey Findings

Q24-5

New Rail Service Awareness

New rail service awareness	Yes
Expansion of Norfolk-Southern's Heartland corridor intermodal service into Cincinnati	44.7%
Planned freight service improvements in the Cleveland-Columbus-Cincinnati corridor (Ohio 3C Project)	34.2%
Expedited intermodal service through CSX's North Baltimore (Toledo), OH terminal	39.5%
Direct rail connections through Memphis	34.2%
Direct rail connections through Chicago and St. Louis	50.0%

- **Considering respondents' high utilization of rail in the area, awareness of new service offerings was relatively low.**
- **No respondent saw any of the new services as a reason to decrease mode utilization**
- **Of respondents who saw the new service as a reason to increase rail utilization:**

New Service	Increase	Significant Increase
NS Heartland Corridor expansion	24.0%	4.0%
Ohio 3C Project	12.0%	4.0%
Expedited intermodal via CSX	20.0%	4.0%
Direct rail connections through Memphis	20.0%	4.0%
Direct rail connections through Chicago	18.5%	3.7%

Key Survey Findings

Q28-30

Cincinnati Considered in Network Changes

	New operations in Great Lakes, Ohio River, or Mississippi River area	Cincinnatil Considered
Yes	28.9%	66.7%

Primary attributes factoring into considerations

- **CVG Airport**
- **Container availability**
- **Freight costs**
- **Cost of raw materials**
- **Proximity to river (ability to move bulk products)**
- **Consolidation of facilities outside Cincinnati**
- **Ability to service NE United States**

Key Survey Findings

Q31

Perception of Cincinnati-area Transportation Network

How would you rate these components of Cincinnati's multi-modal transportation system?				
	Strength	Average	Weakness	Not sure
Transportation costs / issues	-	66.7%	12.1%	21.2%
Highway capacity	21.2%	51.5%	12.1%	15.2%
Rail connections with national rail system	26.5%	44.1%	-	29.4%
Population	6.1%	63.6%	9.1%	21.2%
Labor costs / issues	14.7%	58.8%	2.9%	23.5%
Legislative business climate	9.1%	24.2%	24.2%	42.4%
Transportation service reliability	12.1%	75.8%	-	12.1%
Seaport access	9.1%	27.3%	30.3%	33.3%
Access to customers / markets	39.4%	39.4%	9.1%	12.1%

- **Lots of respondents unsure about Cincinnati's business environment**
- **Access to customers considered a relative strength followed by rail connections and highway capacity**
- **Seaport access is perceived to be the biggest weakness, followed by legislative business climate**

Key Survey Findings

Q32

Positive comments about the Cincinnati-area transportation network

- **Transportation costs: access to river and rail**
- **Highway capacity: good interstates**
- **Seaport access: easily reached by truck or rail**
- **Seaport access: Ohio river is year round**
- **Customer access: close to East Coast**
- **Customer access: close to population center of U.S.**

Key Survey Findings

Q32

Negative comments about the Cincinnati-area transportation network

- **Transportation costs: fuel taxes**
- **Transportation issues: little to no attention by the Port Authority**
- **Rail connections: Cincinnati has rail resources it is not using (B&O)**
- **Rail connections: Chicago and Columbus are better**

Key Survey Findings

Q33-4

Cincinnati transportation network vs. regional alternatives

Network Component	Better	Average	Worse
Air Service	15.0%	75.0%	10.0%
Waterways	33.3%	61.9%	4.8%
Rail Service	10.0%	90.0%	-
Road & bridge capacity / condition	14.8%	66.7%	18.5%

A follow-up question asked participants to rate Cincinnati added the terms "best" and "worst" to other regional alternatives. While most responses were average the following ratings were noted:

- **Air service ranked as worst by 3.1%**
- **Waterways ranked as best by 9.4%**
- **Road & bridge capacity / condition ranked as worst by 9.4%**

Key Survey Findings

Q35-6

Participant network adjustments made due to perceived Cincinnati deficiencies

	Respondents who made adjustments	Costliness of change			
		None	Little	Moderate	Major
Carrier changes	21.1%	78.9%	10.5%	10.5%	-
Supplier changes	5.3%	92.1%	7.9%	-	-
Routing changes	15.8%	81.6%	10.5%	7.9%	-
Process changes	7.9%	89.5%	10.5%	-	-
Metrics changes	2.6%	94.7%	5.3%	-	-

- **While perceptions of Cincinnati are very important, actions are a very good litmus test for network viability. Few companies have been compelled to make adjustments and the impact of those adjustments have been largely negligible.**

Key Survey Findings

Q37

Individual Participant Policy Suggestions

- Increased GVW
- Using NS Corridor for passenger train service
- Heavy weight area thru the greater Cincinnati area
- Dedicated Hwy Truck Lanes
- Increased aircraft capacity
- High Speed Rail
- New Port Authority River Development focus
- Create a "real" Port of Cincinnati
- heavy weight corridor in the greater metro area
- More air carriers needed at airport
- Brent Spence Bridge Expansion

Key Survey Findings

Q40

Individual Participant Comments

- The City of Cincinnati owns its own Rail Corridor to Chattanooga. Since its air hub is declining, it is now the correct time for it to push 1. Daily Rail Passenger Train Service to Washington - New York City with a daily Cardinal. 2. Connect the City of Atlanta with a daily passenger train. 3. Develop more aggressive partnerships with Gulf Coast Ports. (The expanded Panama Canal is going to result in a major realignment of freight traffic direction).
- Would prefer the implementation of dedicated truck lanes.
- Bridges need attention much sooner than later We also need to attract a variety of airline carriers to the area .
- Cincinnati is a great location as a center of larger supplying cities.
- We currently do not operate any manufacturing or distribution operations in Cincinnati. Our Ohio operations are located in Columbus and Cleveland.

Key Survey Findings

Q40

Individual Participant Comments (cont'd)

- There needs to be continued funding allocated to improve and maintain transportation infrastructure. We need to stay on the offensive and not defensive regarding these matter, if we hope to stay up or pass other regions of the country.
- It appears the City of Cincinnati and Hamilton County cannot agree on what is best for the region due to local politics. Other river ports are developing for the greater good of their general economic regions, we seem to focus on property development only. The Columbia Port located in East Liverpool, OH has received significant grant funds to develop their river port in eastern Ohio leaving us in the dust. We are not focusing on what the actual shippers of products need to develop the river barge shipments that can provide low cost alternatives that are environmentally friendly. If a river port is developed it should probably be located on east or west side of Cincinnati to divert road traffic off of 75 and 71 and utilize the 275 loop. Need to create a focus group with the top 10 shippers of containers and other products in the the region. At the end of the day our customers need low cost reliable services on a daily basis and the comfort level they understand the entire logistics.