



Statewide Transportation, Distribution, and Logistics (TDL) Strategy Project Charter and Statement of Work

Points of Contact:

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Objective: To develop a strategy for transforming Michigan into a “Gateway for the Midwest”—a center for global freight, logistics and supply chain that will drive significant job creation and investment over the next decade.

Job creation and investment will be achieved in three ways: first, by connecting existing Michigan businesses to export markets in order to increase sales; second, by identifying and developing value-add business opportunities for goods and services that currently pass-through our state for other points of destination; and, finally, by marketing our assets and increasing our profile as a center for global freight, logistics and supply chain.

Background: Stakeholder groups have been developing plans for positioning Michigan as a global supply chain and logistics hub. These plans build on the success and competitive advantages of Michigan’s TDL assets, including our major border crossings in Detroit, Port Huron and Sault Ste. Marie, which together make Michigan the largest international trade gateway in the country. In 2011, Michigan was the 8th largest exporter among U.S. States with \$50.8 billion total shipments of merchandise and we need to build on that success. Michigan is strategically located with four of six North American Class I railroads with a presence in Michigan, including two that have their North American entry point in Southeast Michigan. The Detroit region also has a market reach of 88.2 million people within a 10-hour truck delivery (currently, truck delivery is the dominant transportation mode with 72% of cargo volume).

A statewide initiative supported by the resources of the state will enable the development of a comprehensive plan that will leverage existing efforts and raise Michigan’s global TDL profile. This initiative will leverage our existing university expertise and skilled workforce and build on the capacity we have available to drive growth opportunities. Current subject matter experts estimate that a fully leveraged TDL system in Michigan will create 60,000 to 75,000 new direct jobs and reduce supply chain cost by approximately 5% to 20% for Michigan manufacturing, agriculture and distribution. With current U.S. ports and freight hubs, including Chicago, becoming increasingly congested, and only 6% of inbound freight stopping in Michigan, the state has an outstanding opportunity to deliver value for its residents and businesses through a comprehensive TDL strategy.

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Business Need (Why should the State of Michigan devote resources to this project?): Michigan is well positioned to capture a significantly higher share of global trade. However, Michigan's competitive advantages in TDL, its location and robust asset portfolio, are under-leveraged. In order to realize the full economic benefit of its TDL infrastructure, Michigan needs a comprehensive, collaborative and coordinated strategy for connecting TDL components, filling gaps, and raising the profile of Michigan globally.

Better leveraging these unique assets will create benefits that will be significant, including job growth and greater value for our companies in Michigan. By reducing uncertainty and congestion, the private sector will be able to drive efficiency and costs savings into their TDL systems in Michigan.

Partners:

The statewide effort is being led and coordinated by the MEDC in partnership with MDOT and MDARD.

External partners include:

- Business Leaders for Michigan
- Detroit Regional Chamber
- Michigan State University
- Prima Civitas
- Next Michigan Development Corporations (Detroit Region, Lansing Region, Traverse City Region, the I-69 Corridor Region)
- Great Lakes International Trade and Transportation Hub
 - Mowat Institute, Engineering Society of Detroit, Dalhousie University
- Great Lakes Global Freight Gateway
- Center for Automotive Research
- Detroit/Wayne County Port Authority
- Grand Rapids Region
- Detroit Intermodal Freight Terminal
- Private Rail Companies
- Private Industry, Third-Party Providers, Freight Forwarders
- and many others

In addition, in order to establish itself as a global TDL leader, Michigan will need to develop a common vision and partnerships with Ohio and Canada, including Ontario, and other port destinations like Montreal, Halifax, Nova Scotia and Prince Rupert and Vancouver, British Columbia.

Approach:

The project will utilize a partnership model to develop a global TDL strategy. In particular, the partnership model provides resources and a framework development *to allow front-line subject matter experts and professional organizations to craft the appropriate outcome*. The partnership will be directed by the MEDC and its state TDL partners (MDOT and MDARD). As noted above, the project will



assume that a regional scope is necessary for success and will seek to incorporate partners in NW Ohio, Ontario and other strategic locations in Canada, including Montreal, Halifax, Prince Rupert and Vancouver, which have growing ports.

The project will ultimately incorporate all four modes of transportation (road, rail, maritime and aviation), and will begin by focusing on building out Michigan's capacity for freight and associated logistics and supply chain. The project will include pilot projects in multiple Michigan regions.

The partnership structure will include a steering committee that will direct the initiative and comprise state agencies and many of the partners listed above. In addition, additional subcommittees will be formed to address each of the issue areas listed below. These subcommittees will include groups and individuals who can help create and implement an action plan which will be developed for each component. The subcommittees will have the ability to engage resources as necessary in order to develop a comprehensive strategy that will make this strategy a success.

The following initial products would be created, with more developed as the project moves forward:

1. Development of Vision
2. Development of Brand and Marketing Image
3. Development of Materials to Enable Economic Developers
4. Development of Value Propositions
5. Development of Strategy for Transportation Modes and Asset Integration
6. Development of Economic Development Metrics related to TDL

Areas of Focus:

1. Business Development and Industry Collaboration
 - a. Identify business value proposition for industry
 - b. Collaborate with private sector and industry associations to promote competitive advantage
 - c. Promote export opportunities and ensure integration with agriculture industry
 - d. Integrate the competitive advantage into business development sales strategy
 - e. Build on existing capacity within region
 - f. Leverage existing business expertise, knowledge and capacity
 - g. Identify areas of constraint in the current system as targeted areas of opportunity
 - h. Identify value add opportunities for freight that uses Michigan as a pass-through
2. Marketing and Branding
 - a. Develop brand Identity
 - b. Develop marketing plan and materials
 - c. Unify brand and marketing over region in coordination with partners
 - d. Promote bi-national, multi-state, regional vision
 - e. Create and provide education and training sessions in order to promote opportunities

3. Infrastructure Assets, Development and Integration
 - a. Roads
 - b. Railroads (Four Class I Railroads)
 - c. Airports
 - d. Maritime Ports
 - e. International Crossing (Detroit, Port Huron, Sault Ste. Marie)
 - f. Intermodal Hubs, Transload Facilities and Distribution Centers and their integration
 - g. Next Michigan Development Corporations
 - h. Information Technology
4. Policy Development
 - a. Develop regional plan to prioritize needs
 - b. Eliminate barriers for development of industry
 - c. Identify and secure federal resources for TDL activities
5. Access to Capital
 - a. Focus and prioritize funding for critical infrastructure needs
 - b. Leverage public-private partnerships where appropriate
6. Talent
 - a. Assess and develop talent for industry needs
 - b. Collaborate with universities, community colleges and training centers to create and support training programs to support industry
 - c. Leverage our existing professional experience in industry
 - d. Leverage existing knowledge within universities to expand programming for industry
7. Organizational Structure
 - a. Determine long-term structure for global TDL freight gateway
 - b. Identify appropriate long-term roles for the state and local government and economic development organizations

Key Milestones Timeline:

1. Overall Completion:	December 31, 2012
2. Develop of Mission and Vision Statement:	April 1, 2012
3. Identify Project Steering Committee:	April 1, 2012
4. Identify and Task Project Subcommittees	May 1, 2012
5. Create TDL Brand:	June 1, 2012
6. Governor Launch of Initiative:	TBD
7. Initial Subcommittee Reports:	August 1, 2012
8. Develop Marketing Campaign:	September 1, 2012
9. Develop Action Plan:	October 1, 2012
10. Identify of Long-Term Structure:	November 30, 2012
11. Issue TDL Strategy	December 31, 2012



Metrics:

The TDL strategy will identify clear metrics for outcome success. Though ultimately the appropriate metrics will be developed by the project team over the development of the strategy, project leadership anticipates some version of the following metrics will measure TDL outcomes:

1. New jobs created by industry
2. Amount of private investment leveraged per dollar of public investment
3. Increase in economic activity in TDL industry
4. Increase in volume and value of inbound and outbound containers
5. New business development in TDL industry

Project Sponsors:

- Michael Finney, President and CEO, MEDC
- Kirk Steudle, Director, MDOT
- Keith Creagh, Director, MDARD

