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ST. LOUIS REGION'S FREIGHT NETWORK CONTINUES TO WELCOME GREATER VOLUMES, PROVIDE OPTIONALITY FOR SHIPPERS

[ST. LOUIS, MO/May 16, 2024] Representatives of the St. Louis region's world-class multimodal freight network and the barge industry were featured panelists on May 16 at FreightWeekSTL 2024 and shared details on the latest trends in freight movement through the region by rail, river, roads and runways. The panelists also highlighted the continuing investments supporting the tremendous optionality that exists in the bi-state St. Louis area for shippers charting the course for their logistics.

Brent Wood, President of Terminal Railroad Association (TRRA) of St. Louis, provided an overview of the volume of freight navigating through the region via rail and the significant investments being made to further enhance rail freight movement. Wood said, in the past decade, they have seen a large increase in traffic in all aspects of TRRA's business, not just with handoffs between the Class I railroads, but also organic growth in the area. While numbers spiked during the COVID-19 pandemic, he said those higher volumes have been maintained since that time. TRRA also has been developing properties at their own facilities, which continue to handle more volume, and it has seen growth in the storage side of the organization's business.

"Facilitating that growth are the two Mississippi River bridge crossings that TRRA has in the region, the MacArthur Bridge to the south and the Merchants Bridge to the north," Wood said. "Those two bridges together are the third largest crossing over the Mississippi River in the country. And by volume, the freight here in St. Louis on rail has plenty of room for growth."

That growth will be coming to what is already one of the largest rail hubs in the country, a hub that continues to be improved. Wood said the \$222 million Merchants Bridge rehabilitation that TRRA recently completed has increased real traffic velocity dramatically and allowed for more capacity overall. TRRA also is investing in improvements to its intermodal yard in Madison, Illinois, where they currently handle about 330,000 rail cars per year on the interchange. He said they are very good at interchange for unit trains and also can handle a manifest less than a unit train, with just five or 10 rail cars, so they can be that last-mile delivery for even small customers.

Brad Reinhardt, President of WEL St. Louis, shared insight on some of the trends – both big picture and first and last mile – when it comes to shippers moving large amounts of freight by truck into and out of the region. While the Amazon or "e-commerce" effect has had a negative effect on the truckload side overall for the trucking industry, he said it has had the opposite outcome for St. Louis.

"St. Louis has become a major distribution hub for the nation," said Reinhardt. "Back in the day, most manufacturers probably had two distribution facilities in the U.S., usually one on the East Coast and one on the West Coast. Now they realize they must be closer to all their customers, so they have multiple distribution facilities. Since you can reach a little over 50% of the population in one driving day from St. Louis, the area has become a favored spot for a lot of these shippers and manufacturers alike. The cost of transportation, and especially last mile, is almost everything in our transportation industry right now, so the St. Louis region is really poised to take advantage of both."

Rhonda Hamm-Niebruegge, Executive Director of St. Louis Lambert International Airport – the region’s primary cargo airport, talked about the importance of air cargo being another available option in the region and how growth in annual tonnage has seen similar increases since the pandemic. Last year, the airport moved 160 million pounds of cargo for dedicated freighters such as UPS, FedEx, Amazon, DHL and more. That total also includes belly cargo moved by larger aircraft like Southwest’s 737 MAX and live animal shipments across the country through the USDA Port of Embarkation. An uptick in livestock purchased from the U.S. by Asian and South American countries has presented additional opportunities for continued growth at St. Louis Lambert International Airport as it is one of the only airports in the nation able to ship such cargo to foreign destinations as a prime spot for dedicated freighter operations.

“We’re working with all of our partners to become a premier destination with our infrastructure that we have in our runway system,” said Hamm-Niebruegge. “We’ll continue to hope that our partnerships grow and that we remain a critical and growing piece of the overall infrastructure of multimodal.”

Martin Hettel, Vice President of Government Affairs at American Commercial Barge Line (ACBL), talked about the latest data from the U.S. Army Corps of Engineers that shows the St. Louis region’s inland port system is a leader in moving inbound and outbound agricultural products, while also handling large volumes of other diverse cargo. He said the Army Corps of Engineers Institute for Water Resources revealed there are 67 different commodities destined for or originating from this area. The most recent tonnage figures reveal the inbound tonnage is approximately 7.1 million, with fertilizer being the leading tonnage accounting for 2.5 million tons. The outbound tonnage, at about 39.3 million, is led by grain, which is about 15 million tons.

“When you look at both inbound and outbound tonnage, this is about 46.4 million tons that our barge industry transports into and out of the area,” said Hettel. He said beyond inbound and outbound tonnage, there’s also 59 million tons that have transited through this area destined to or originated from the Illinois, Missouri and Upper Mississippi River. “This equates to approximately 105 million tons that transit this area. And, remember, our inland waterway system moves approximately 600 million tons annually. Right at about 17.5 to 18% of all tonnage shipped on the inland waterways transits through this region.”

Investing for the Future

Additional planned investments to facilitate more freight movement through the bi-state St. Louis area include a nearly \$60 million project to rehabilitate and add life to the MacArthur Bridge, which Wood said is expected to go out for bid soon. TRRA is also adding a third main south of its Madison Rail Yard in southwestern Illinois to help increase velocity and dramatically decrease rail crossing blockages.

Historic funding for Interstate 70 and continuing investment on Interstate 270 have also been huge wins for the St. Louis trucking industry, according to Reinhardt. “Anyone who’s driven across the state on I-70 knows how congested and dangerous it can be,” Reinhardt said. “Adding new ramps, new bridges, getting a third lane going across the state will be huge for not only cars but also especially for trucking companies, because in the trucking industry, time is money. Thankfully, with St. Louis not having that much congestion and no tolls, it makes it much more cost effective to have your trucking company here. These projects have also freed up a lot of great space for companies to have terminals and build warehousing.”

While a newly consolidated single terminal at St. Louis Lambert International Airport has been in the news and will be a huge asset for the St. Louis region, other planned airport investment projects are continuing to more directly enhance the cargo operations there. Hamm-Niebruegge said the airport is finalizing a total reconstruction of its longest runway expected to open in June or July. Another \$2.5 million in upgrades to the airport’s USDA facility are also expected to be completed in the next couple of months and will feature an added conference center, fully renovated restrooms, additional heating and cooling and more updates.

Hamm-Niebruegge said the airport is currently seeking a developer partnership to convert 300 acres of airport-owned property and bring in more logistic and warehousing to the area.

“We believe that cargo is a critical piece of being in the Midwest because of our location,” she said. “Anything we can do to ensure that our runway is at its best capacity, that our facilities are at their best, and the potential growth for some of the land opportunities that we have are all the things we’re embarking on to make sure that the future looks bright for cargo.”

Hettel discussed the interconnectivity among the transportation modes in our region and how investment in other parts of the freight network benefits not only ACBL’s operations but also that of other terminals. “The U.S. is certainly a multimodal transportation system,” he said. “Barges can’t get to the origins that rail can, and rail can’t handle all the tons that barges can. You also have trucking that delivers a lot of freight to its final destination.”

Additional investment is needed to maximize the potential of the inland waterways, according to Hettel. He said inland waterways operators annually contribute about \$120 million to the Inland Waterway Trust Fund that can be paired with funds provided by the General Treasury for upgrades to the lock and dam system that could be used to build the seven new 1200-foot lock chambers needed on the Upper Mississippi and Illinois Rivers. “When completed, the added efficiency and safety of the new lock chambers, and still having the 600-foot chamber available, creates redundancy so our barges can continue to move freight if one of the lock chambers are down for maintenance,” said Hettel. He also talked about recent drought conditions and the negative impact on barge capacity and shipping costs when barges can only load to a lower draft level. He said the industry has an opportunity to address this through the 2024 Water Resources and Development Act by asking Congress to mandate the U.S. Army Corps of Engineers maintain the navigation channel between Cairo, Illinois and Baton Rouge, Louisiana at 12 feet, per the authorization in the Flood Control Act of 1944.

All of the panelists agreed that the outlook for the market over the next five to 10 years is exceedingly positive with the region presenting myriad advantages and multimodal infrastructure options for companies looking to efficiently ship goods anywhere in the nation and beyond.

The FreightWeekSTL panel session was moderated by Mary Lamie. Lamie is Executive Vice President of Multimodal Enterprises for Bi-State Development, which operates the St. Louis Regional Freightway.

“This was an insightful discussion on how the St. Louis region’s multimodal freight network continues to play a critical role in the movement of freight through the middle of America,” said Lamie. “Investments being made in our region’s freight network clearly are creating a tremendous opportunity for shippers looking for the most efficient options for getting their cargo into the Midwest or from the Midwest to coastal ports and on to other destinations.”

FreightWeekSTL 2024 continues through May 17 and is being delivered by the St. Louis Regional Freightway and Bi-State Development. To learn more, register for the remaining panel sessions or view today’s or other past sessions for FreightWeekSTL 2024, visit <https://freightweekstl.com>.

About St. Louis Regional Freightway

A Bi-State Development enterprise, the St. Louis Regional Freightway is a regional freight district and comprehensive authority for freight operations and opportunities within eight counties in southwestern Illinois and eastern Missouri, which comprise the St. Louis metropolitan area. Public sector and private industry businesses are partnering with the St. Louis Regional Freightway to establish the bi-state region as one of the premier multimodal freight hubs and distribution centers in the United States through marketing and advocacy for infrastructure development that supports the movement of freight. To learn more, visit thefreightway.com.