

BEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

MISSOURI

Supply Chain Task Force

presented to Missouri Supply Chain Task Force Members

presented by Hillyard Industries Global Gateway Logistics Triumph Foods Transport 360 BMS Logistics Rite Pack, Inc

April 21, 2022

SFRP Goals, Performance Measures and Strategies

Liz Prestwood Missouri Department of Transportation



DEPARTMENT OF HIGHER EDUCATION & WORKFORCE DEVELOPMENT

MoDOT Primary Pillars

Safety

• Moving Missourians safely.

Service

- Providing outstanding customer service.
- Delivering efficient and innovative transportation projects.
- Operating a reliable transportation system.

Stability

- Managing our assets.
- Stabilizing resources and engaging our workforce.
- Building a prosperous economy for all Missourians.









SFRP Goals Align with MoDOT's **3** Primary **Pillars**

- » Improve the SAFETY & SECURITY of the multimodal freight and passenger rail system.
- » Improve the CONNECTIVITY & MOBILITY of the multimodal freight and passenger rail system.
- » Support EQUITY & ENVIRONMENTAL RESILIENCY of the multimodal freight and passenger rail system
- Improve COORDINATION & COLLABORATION with freight and passenger rail stakeholders and regional planning partners.

MAINTAIN the multimodal freight and passenger rail system in good condition.

STABILIT

- Support ECONOMIC GROWTH & COMPETITIVENESS through strategic investments in the multimodal freight and passenger rail network.
- Institute policies and practices that encourage
 INNOVATION and efficient use of resources.





Categories of Performance Measures

Network Supply, Utilization, and Condition	 Characterize the extent, usage, and state of good repair of the freight network
Travel Time and Congestion	 Ability of the freight network to provide for reliable, uncongested travel
Safety	 Ability of the freight network to facilitate the movement of goods with minimal incidents
Environmental Impacts	 Magnitude of negative externalities generated from goods movement
Economic and Freight Demand	 Magnitude of the economic impacts of the freight system
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SFRP Performance Measures

Maintenance

- % of major highways in good condition
- % of structurally deficient deck area on NHS bridges

Safety & Security

- # of CMV crashes resulting in fatalities or serious injuries
- Rail crossing crashes/fatalities
- Rail inspections & defects found

Economic Growth & Competitiveness

- Job growth by key sector
- Port investment
- Port jobs



6

SFRP Performance Measures

Connectivity & Mobility

- Freight tonnage by mode
- Annual hours of truck delay (incl. on intermodal corridors)
- Truck reliability index
- River port volumes
- Unscheduled lock closure time
- Passenger rail ridership & performance

Customers & Partnership

- Railroad complaints
- Ridership satisfaction



7

Planning & Investing for Success

4 Multimodal Strategies | 49 Implementable Actions



Expand the "Ag Coast of America"



Efficient and Intelligent Multimodal Freight Corridors







Expand Freight and Passenger Rail Market Opportunities

Strategy Categories

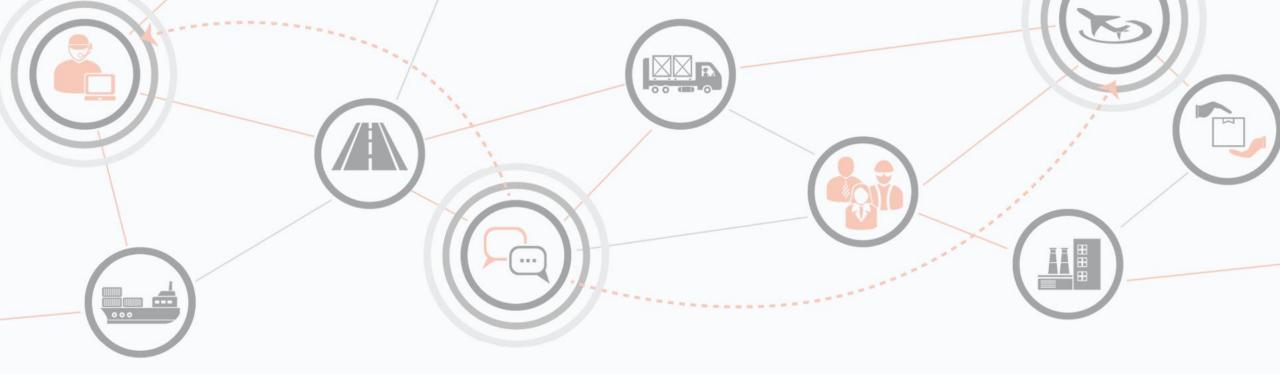
WORKFORCE DEVELOPMENT

Operations & Technology	 Specific planning, engineering and public works improvements to support improved multimodal freight and passenger rail mobility and safety
Programs	 A collection of programs and initiatives that can be undertaken to achieve policy goals.
Policy, Outreach & Coordination	 Broad policy recommendations to help change the way Missouri approaches multimodal freight and passenger rail planning, including expanding communication and interaction with critical stakeholders.
Projects	 Specific infrastructure projects that support policy goals and improve multimodal freight and passenger rail movement throughout Missouri.
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Questions?







Missouri Supply Chain Task Force Meeting

Presentation by: Gregg Roberts, Hillyard Industries

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Global Logistics Disruptions, Risks & Remedies

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WHAT DO FREIGHT FORWARDERS AND 3PLS DO?



They arrange various transportation services such as ocean shipping on cargo ships, road transport, and expedited shipping via air freight. A freight forwarder also assists with domestic and foreign customs clearance and documentation compliance.

They are the intermediary between the cargo owner and the carrier.





MAIN FOCUSES TODAY

HOW COVID-19 AFFECTED GLOBAL SHIPPING

NATING DISK

MITIGATING RISK

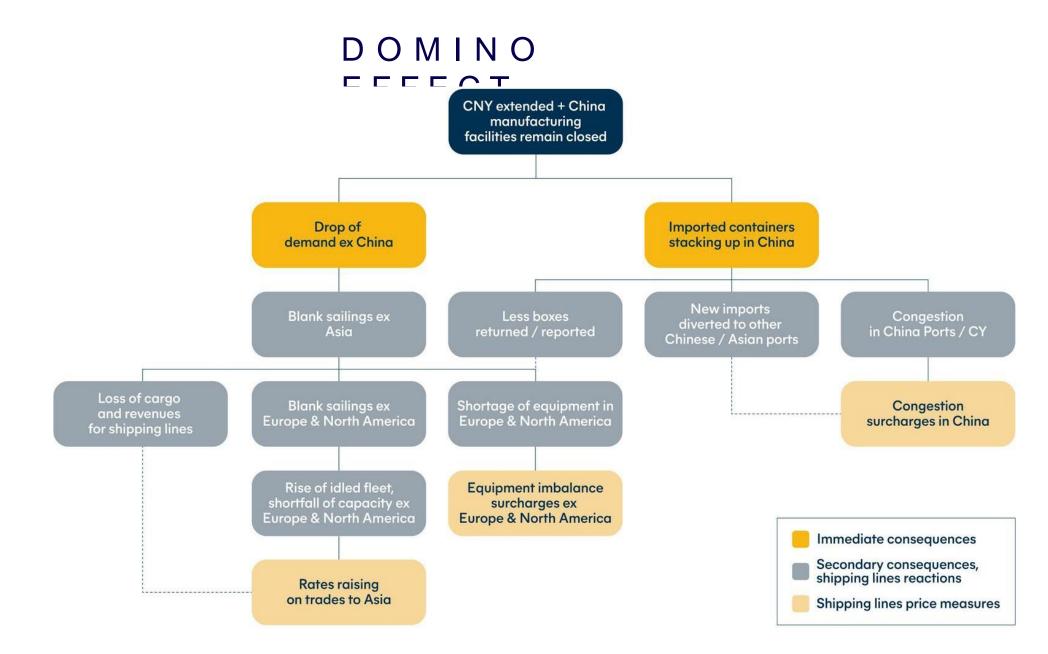
TACTICS TO REDUCE RISK INTO THE FUTURE

COVID-19 LOGISTICS DISRUPTIONS

TIMELINE



2022 Global and domestic terminals suffer from lack of labor, infrastructure, and other elements furthering delays and increasing congestion while affecting cost of shipping



Source: Hillebrand

2021 Supply Chain Challenges



В

DUE TO COVID-RELATED SHUT DOWNS, PORTS OF LA, LONG BEACH AND NY/NJ EXPERIENCED INCREASED CONGESTION ISSUES BECAUSE A LARGE PORTION OF IMPORTS WERE SQUEEZED INTO SECOND HALF OF 2020.

AS VANCOUVER PORTS REMAIN AT CAPACITY, CARGO IS DIVERTED TO SEATTLE. SEATTLE PORT WAIT TIMES HAVE MORE THAN DOUBLED.

IN EARLY 2021, PORTS OF LA AND LONG BEACH (WHICH HANDLES ROUGHLY 50% OF ASIAN IMPORTS) HAS UP TO 45 SHIPS DAILY SITTING IDLE AT ANCHOR OUTSIDE PORT AWAITING BERTH.

RAILWAY

AGAINST

COVID-19

rages and

shortages of

COVID-19 virus

medical supplies

remain problematic.

•••

BOTTLENECK Railway Systems across U.S. are backed up and delayed for approximately 3-4 weeks. DEMAND Imports in Dec. 2020 were up 39.9% - 3rd highest month, behind Oct. and Nov. 2020.

INCREASED

....

INCREASED DOCK TIME

Labor shortages due to illness and COVID restrictions, Long Beach, CA with dwell time as much as 10-14 days.

CONTAINER

Long Beach, CA port report 5.2% decline in export trips while empty container rates have increased to 55%.

TRUCKING SHORTAGE Driver availability in Long Beach, CA port is as long as a 3-4 week wait.

••

Sources: TEPB Trade Market Update https://labusinessjournal.com/news/2020/dec/21/ports-see-unprecedented-amount-cargo-volume/

www.medsourcelabs.com

EQUIPMENT REDUCTION

U.S. exports are struggling with equipment shortages due to various blank sailings from China to U.S. ocean services.

Exporters are also facing vessel space issues due to blank sailings and ports omissions.

Importers must deal with delays receiving and delivering containers to ports due to lack of chassis and drivers.

Importers struggle in certain origin countries to find available container equipment.



COSTS

RISING OCEAN RATES

PREMIUM FEES ADDED TO BASE OCEAN RATES NO IMPORT OCEAN FREIGHT CONTRACTS FOR SME

INFLATION OF BASE OCEAN FREIGHT RATES

ADDITIONAL COSTS

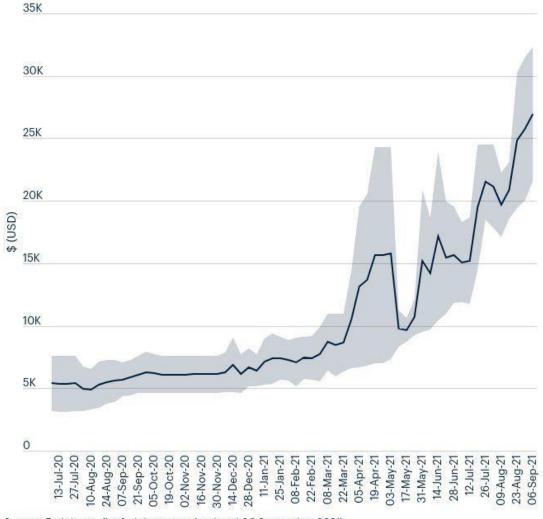
LOSS OF SALES

TRANSLOAD AND TRUCKING VS RAIL

DETENTION AND DEMURRAGE

Asia to North America shipping

FBX China/East Asia - North America East Coast weekly freight pricing range for 40' containers (FEUs)



Source: Freightos - fbx.freightos.com (updated 06 September 2021)

MITIGATING THE RISK



"CONTINUOUS EFFORT – NOT STRENGTH OR INTELLIGENCE – IS THE KEY TO UNLOCKING OUR POTENTIAL."

FEDERAL INVOLVMENT

Although the the federal government cannot unilaterally solve supply chain disruptions (many elements of supply chain are privately owned) it can still play an important part by providing:

- Funding for infrastructure of ports
- Improving regulatory process
- Investment in the inland waterway system
- Working with state and local bodies for temporary relief of congestion (example: temporary storage yards for containers)
- Ocean Reform Act



OCEAN REFORM ACT

- Establish reciprocal trade to promote U.S. exports as part of the Federal Maritime Commission's (FMC) mission.
- Require ocean carriers to adhere to minimum service standards that meet the public interest, reflecting best practices in the global shipping industry
- Require ocean carriers or marine terminal operators to certify that any late fees —known in maritime parlance as "detention and demurrage" charges—comply with federal regulations or face penalties.
- Shift burden of proof regarding the reasonableness of "detention or demurrage" charges from the invoiced party to the ocean carrier.
- Prohibit ocean carriers from declining opportunities for U.S. exports unreasonably, as determined by the FMC in new required federal rulemaking.
- Require ocean common carriers to report to the FMC each calendar quarter on total import/export tonnage and twenty-foot equivalent units (loaded/empty) per vessel that makes port in the United States.



RAIL SERVICE

Rail transport for both import and export containers is vital to the Midwest.

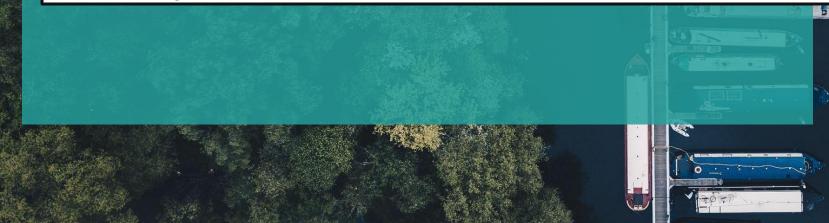
Proposed solutions

- Strengthen intermodal hubs to allow for rail to container/rail to truck transloading
- Investment into equipment such as chassis, secured storage yards and technology

INLAND WATERWAY

Diversification of modes of transportation protect businesses. Increased cargo movement on inland waterways is vital. Proposed solutions:

- Investment in Container on Vessel programs (COV)
- Communication of benefits to Missouri business ecosystem
- Missouri Port Development Assistance Project assistance to develop and repair infrastructure, improve rail and road access to waterway
- Educate legislators of the need and significance of COV to the region





REVITALIZATION PLAN FOR US MARITIME TRADE, COMMERCE AND STRATEGIC COMPETITION

PROBLEM

Currently the USA is first in rankings for global naval capabilities but ranks 21st in commercial or merchant marine operations.

We are at the mercy of foreign-owned ships to facilitate our global trade.

There are serious defense and commerce risks as a nation and a need to protect U.S. maritime practices in order to provide solutions to lessen supply chain disorder and create ownership of vessels to promote healthy global maritime trade.

SOLUTION

Center for Ocean Policy and Economics (COPE) and Northeast Maritime Institute have proposed a Revitalization Plan to the government to deliver direct solutions to the problems.

KEY ELEMENTS OF THE PLAN

- Formation of the U.S. Virgin Islands' open international ship registry—the first, and only, international U.S. open ship registry.
- Development of a short sea transshipment hub in the Caribbean to alleviate supply chain congestion by moving a portion of east coast distribution from land to sea and increasing the number of ports importing ever-increasing quantities of goods from overseas.
- Build public/private/international partnerships to address strategic maritime issues, increase transparency and enforce legal and ethical standards.
- Establish and implement a green shipping strategy, including decarbonization of the U.S.-flagged fleet.
- Establishing a Maritime Venture Capital Fund to finance commercially advanced technologies that solve maritime and ocean industry problems with a focus on environmental vulnerabilities.
- Modernization of the maritime workforce by deploying state of the art education and training tools in the US and abroad.

WHAT MISSOURI CAN DO



Missouri has already been proactive in leading the charge to overcome and mitigate supply chain risks. Our state can continue its work by furthering development and support of inland waterway ports in Missouri, attracting importers and exporters to utilize the Missouri region, and supporting maritime initiatives that will strengthen the U.S. as global leader.

Arenin Gasam

THANKYOU

E: <u>caitlin@shipglobalgateway.com</u> M: 314-898-7741

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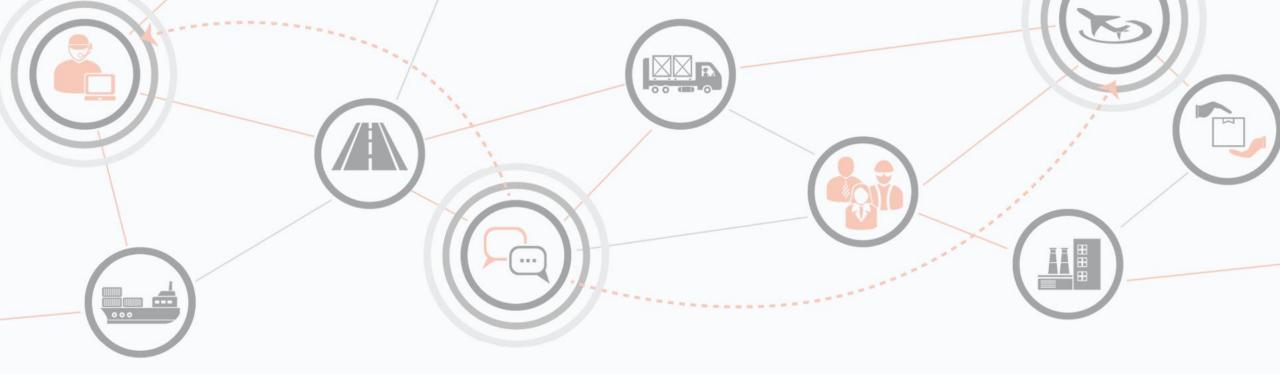
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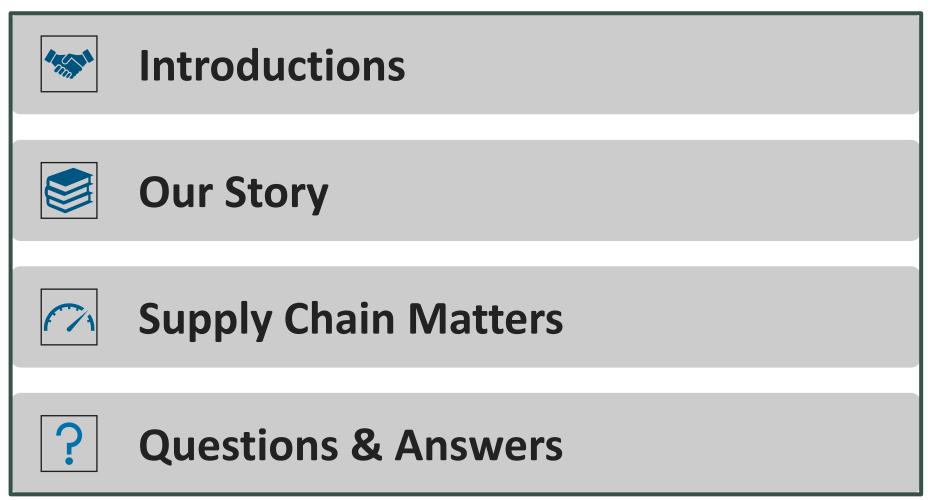
Missouri Supply Chain Task Force Meeting



April 21, 2022



Agenda





Team Introductions



Team Introductions



Josh Kleinlein Chief Financial Officer



Kevin Neal Senior Vice President of HR



Our Story



Located in Historic St. Joseph Stockyards



Triumph



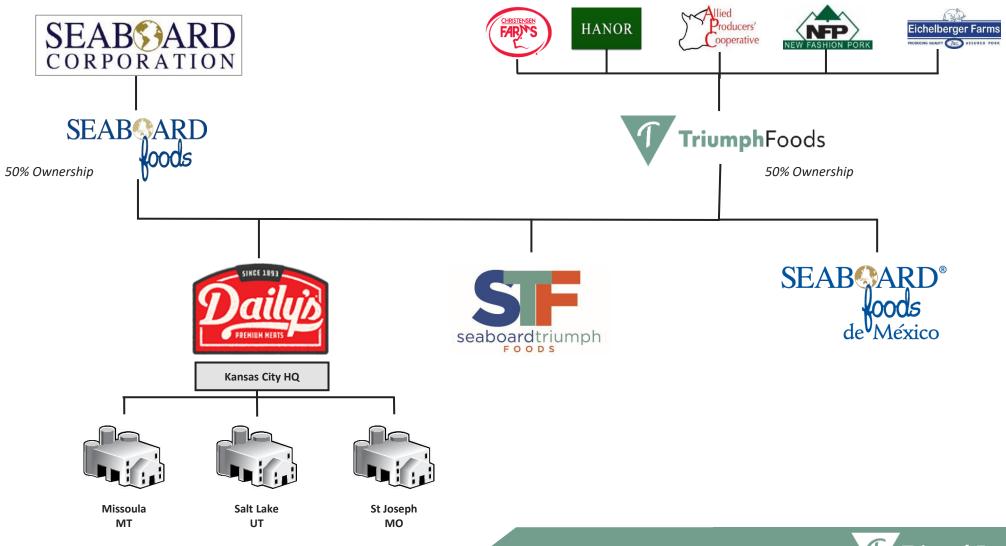


- Organized in 2003
- Founded and owned exclusively by five of the largest US Independent Pork Producers
- Began pork processing operations from our 800,000 square foot facility in 2006
- Processes nearly 6 million hogs annually 5% of total US hog processing
- Product sold under Seaboard Prairie Fresh label
- Employs nearly 2,400 team members \$150m payroll
- ~\$100,000 in local cash donations and 100,000 lbs of local product donations annually
- ~\$115 million of Missouri based (non-hog) vendor payments annually





Ownership Structure



TriumphFoods

Continual Investment in St. Joe



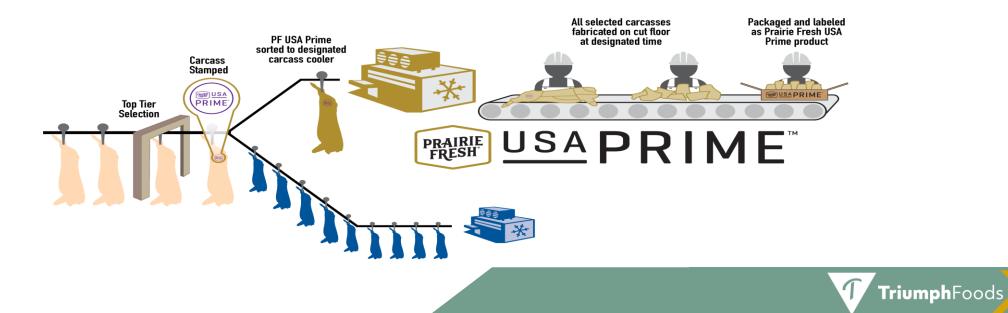


USA Prime

What is USA Prime Pork?

- Best of our best
- ~ 10% of carcasses qualify
- Export and Domestic
- Highly marbled product
- Branded under Prairie Fresh USA Prime





Supply Chain Matters

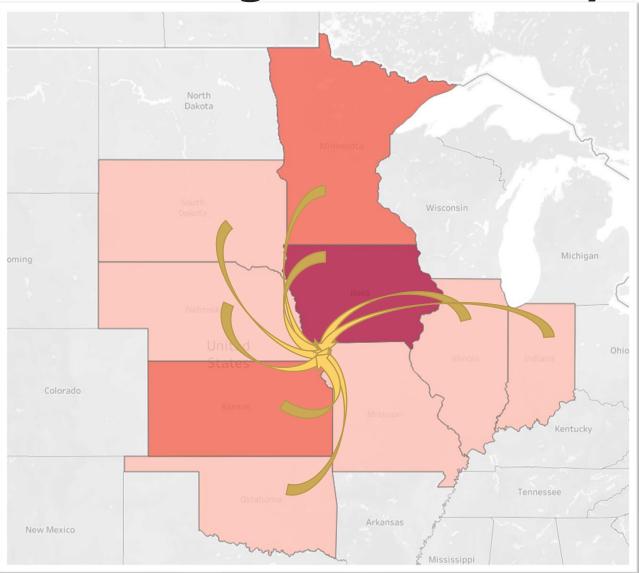


Daily Importer



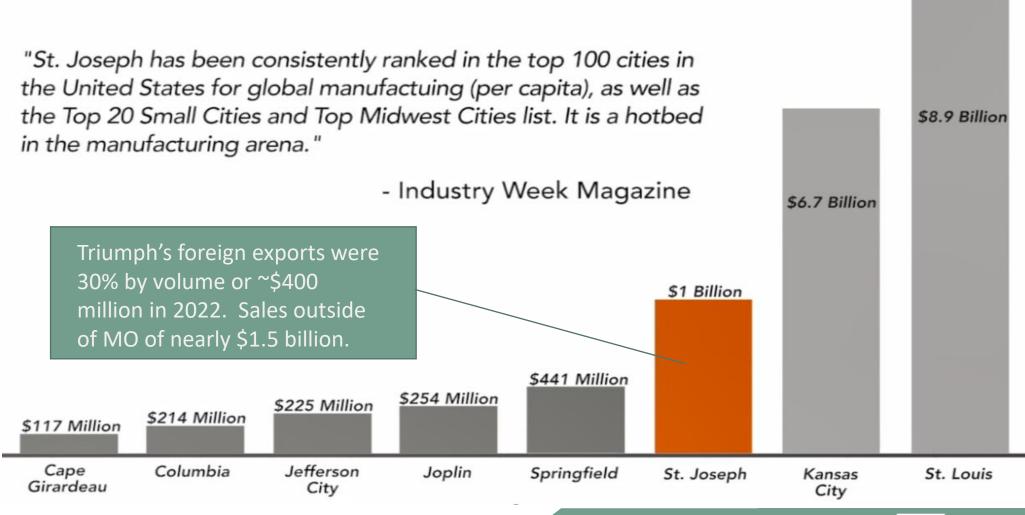


YTD 2022 Hog Purchases by State





Daily Exporter



TriumphFoods

Supply Chain Challenges





- Lead times 3 times that of historical
- Average critical part lead time of 12-24 wks
- Lead times of up to 24 months
- Includes critical spares, wastewater components, etc.

- Cost increases of 100% on pallets, as much as 40% on packaging, nearly 20% on property insurance, etc.

- Continually increasing freight costs (up 21% YTD 22) with limited carrier availability



Public Service Commission

All while incentives and discounts are offered to new businesses

Wastewater (Continually increasing permitting and regulations) Gas (Spire seeking base rate increase of \$152

million)

Electric (Evergy seeking \$60 million overall rate increase) Steam (Evergy seeking quarterly cost adjustment from \$0.6380 to \$1.0867, or a 70.3% increase in cost)

TriumphFoods

Labor Challenges

Triumph is **500 employees short** of pre-pandemic levels, **despite an** <u>increase</u> in starting wage from \$16.25/hour to \$20.00/hour



- Consider block grants, resettlement tax credits, etc.

- Need increases with price of gas

, , - Common sense immigration programs are welcomed and encouraged!



Potential Issues being Monitored





Plans for the St. Joseph, MO double decker I-229 bridge. Note ~70% of our hog deliveries utilizes this bridge.

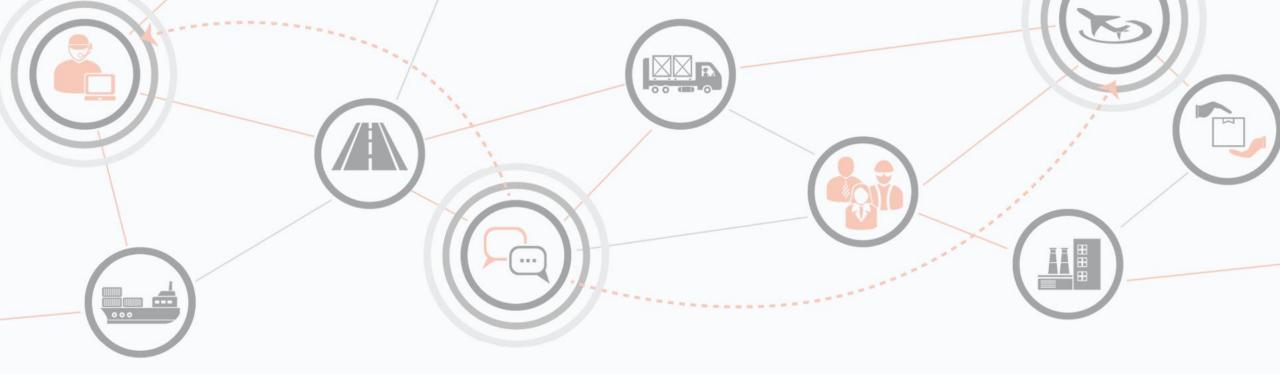


Missouri's planned response to an outbreak in African Swine Fever (ASF). Note a large majority of our hogs come from other states.



Questions





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1616 Stockyards Expressway

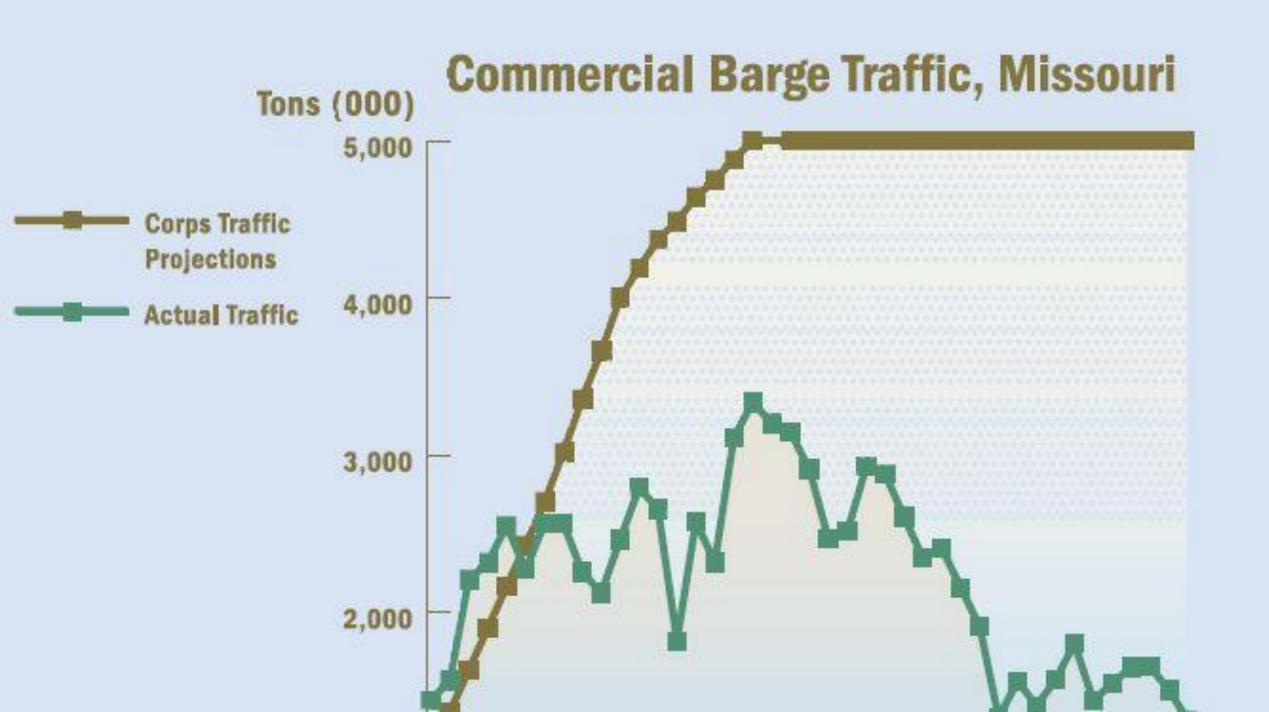
St. Joseph, Missouri, 64501

Supply Chain Task force April 21, 2022

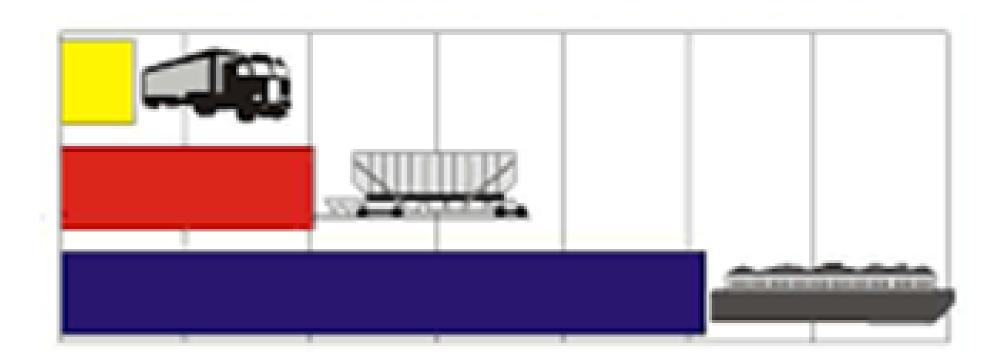
Bill Becker -- CEO



Sources: Data SIO, NOAA, U.S. Navy, NGA, GEBCO Landsat/Copernicus

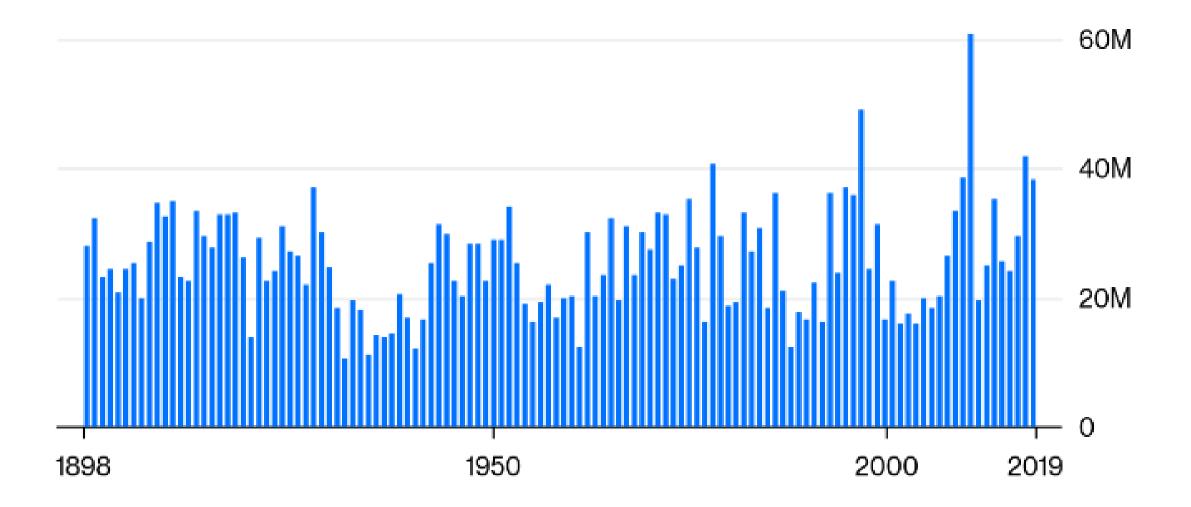






Miles one gallon of fuel will transport one short ton

Annual Upper Missouri River Basin runoff,* in acre-feet

























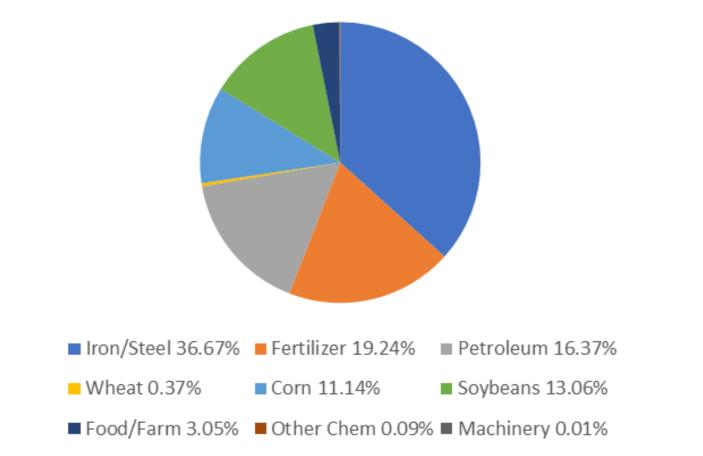






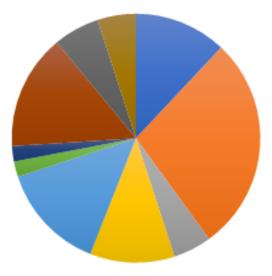


2008 - 2018 Actual Missouri River



Source: US Army Corps of Engineers

5-Year Projected KC/SJ

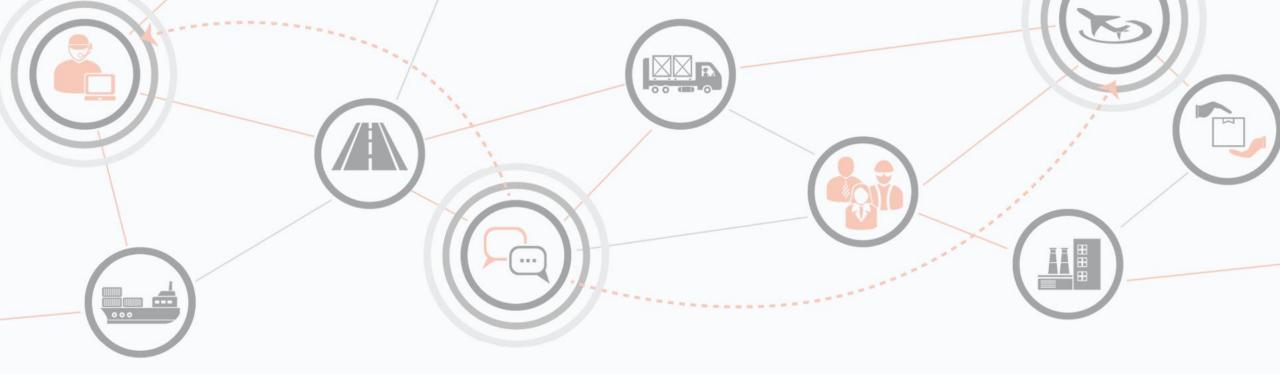


Iron/Steel 12%
 Fertilizer 28%
 Petroleum 5%
 Whole Grains 11%
 Grain By-Products 14%
 Food/Farm 2%
 Other Chem 2%
 Project Cargo 15%
 Coal Slag 6%
 Aggregate 5%

Total Loaded Barges Inbound and Outbound

	2023	2024	2025	2026	2027
Ports below KC/SJ	250	350	450	550	700
KC/SJ	200	300	450	600	750
Ports above KC/SJ	200	300	400	500	550
Total Barges	650	950	1300	1650	2000
Fleeting Service KC/SJ Hub	400	600	850	1100	1300

Questions ?



Missouri Supply Chain Task Force Meeting







APRIL 21, 2022

LONNIE WELTER VICE PRESIDENT & COO CORY SHUE VICE PRESIDENT & CFO



FOUNDED IN 1986

TODAY WE HAVE 16 FACILITIES IN 4 GEOGRAPHIC LOCATIONS

- 346 EMPLOYEES
- 300 FTE TEMPORARY WORKERS



Solving your logistical puzzles for companies both large and small.







BMS manages sixteen facilities covering 2.8MM sq. ft.





Contract Packaging

- BMS provides comprehensive concept to completion contract packaging
- Full and semi automation
- Variety packs
- Registered printed film bundling
- Every week we handle large scale, nationwide projects destined for major retailers and businesses worldwide



MERCHANDISING DISPLAYS





WAREHOUSING



1.2 MM sq. ft dedicated whse

FULFILLMENT & DISTRIBUTION





FOUNDED IN 1991

TODAY WE HAVE 3 FACILITIES IN THE ST. JOSEPH AREA

- 103 EMPLOYEES
- 40 FTE TEMPORARY WORKERS

CUSTOM BLENDING AND FILLING

HOME & GARDEN PESTICIDES AND FERTILIZERS FARM ANIMAL FEEDS AND INSECTICIDES

POWDERS & GRANULESLIQUIDSFEEDS	
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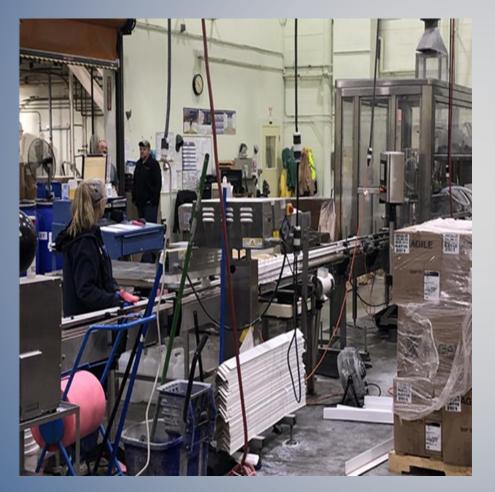




POWDERS AND GRANULES

- LAWN AND GARDEN FERTILIZERS
- HOUSEHOLD PESTICIDES
- FARM ANIMAL INSECTICIDES
 AND LARVACIDES





LIQUIDS

- TOPICAL INSECTICIDES FOR FARM ANIMALS
- ANIMAL REPELLANT (DEER, MOLE, GOPHER, ETC)





FEEDS

- BACKYARD CHICKENS
- HORSE TREATS
- FEED ADDITIVES