

In an analysis of metropolitan area logistics factors, [Expansion Management](#) magazine awarded two Kentucky metropolitan areas with very high marks —

The Cincinnati/Northern Kentucky and the Louisville areas received a 5 Star rank by [Expansion Management](#) magazine. This award is based on ten logistics categories and is the highest possible rating.

[Expansion Management \(October 17, 2007\)](#)

Kentucky is located in the geographical center of the Eastern United States, which is defined to include states that have the Mississippi River as a border even if those states are west of the river. Due to its extensive highway, air, rail, and waterways transportation systems, the Bluegrass State is in a strong position to compete in the global marketplace. With its borders within 600 miles of over sixty percent (60%) of the nation's population, personal income, and manufacturing business establishments, Kentucky's intermodal freight and passenger transportation systems have reached out to provide safe, efficient and cost-effective access to all points of the globe.

In 2003, the population center of the United States east of the Rocky Mountains was located just northeast of Danville, Kentucky. Danville is located within a 40 minute drive from I-75, I-64, US 27 and US127 which are main arteries to the rest of the eastern section of the United States.

Kentucky is at the highway crossroads for the Canada to Florida I-75 route, extending from the Great Lakes to the Gulf of Mexico, and the St. Louis to Norfolk I-64 route, which stretches from the Mississippi River to the Atlantic Seaboard. Domestic and international air travel is served by the Cincinnati/Northern Kentucky International Airport, which provides non-stop service to Europe and Canada from their location in Northern Kentucky. International flights are also available from the Louisville International Airport at Standiford Field and Lexington's Bluegrass Airport.

Air cargo services are provided by the United Parcel Service hub at the Louisville International Airport which serves global destinations to over 200 nations and territories. Several other air freight and parcel providers operate through Kentucky's air system as well.

Kentucky is a rail center for the mainline services of the CSX, Canadian National, and Norfolk Southern railroads that provide services from the Great Lakes gateways to the Gulf of Mexico and link intermodally with inland and deep-draft ports for export trade. Western Kentucky is the heart of the nation's inland waterways and riverport system, standing at the junction of the Upper and Lower Mississippi River, the Ohio River, and the Tennessee-Tombigbee navigation corridors.



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In its sixth annual *Logistics Quotient*, *Expansion Management* magazine listed two of Kentucky's metropolitan areas as being very logistics friendly. Louisville and the Northern Kentucky/Cincinnati areas were given 5 Stars, which means they scored in the top twenty percent of the nation's 362 metropolitan areas. Evansville/Henderson was listed as the number five metropolitan area in the nation for *Transportation and Warehousing Work Force* category. The purpose of the category is to gage the "depth and cost of the metrowide T&W (*Transportation and Warehousing*) work force." The Louisville metro-area ranked 10th in the nation for *Best Air Cargo Capacity*. The information is from U.S. Department of Commerce data. (*Expansion Management*, October 2007). The strength of Kentucky's transportation advantage is evident in the broad choice of prime air, rail, and interstate highway-served business sites. A current listing of these offerings reveals the following:

- 122 sites within 50 miles of a commercial airport
- 71 sites with rail service possible
- 145 sites within 10 miles of an interstate highway or parkway
- 22 sites within 10 miles of a public riverport

Complete listing of available [sites and buildings](#).

By highway, river, rail, or air, Kentucky offers unique advantages for transportation, distribution, and export, and provides new opportunities for capitalizing on North American markets and global trade. The increasing level of partnership among trucking, rail, and other shipping firms, and the development of efficient, integrated transportation systems throughout the industry, places the Bluegrass State in the position to become a 21st century leader in global transportation opportunities. Kentucky's full complement of well-developed terminals, riverports, enterprise zones, warehouse facilities, ports of entry, and foreign trade zones link with an intermodal transportation system that forms a network with the world.

In September of 2006, the Kentucky Transportation Cabinet's Statewide Transportation Improvement Program (STIP) was approved by the Federal Highway Administration. The STIP is updated every two years, and is part of a 20 year strategic plan to improve the overall transportation system of the Commonwealth. Through the STIP, Kentucky is implementing projects resulting from a planning process that includes all modes of transportation, integrates statewide and metropolitan planning initiatives and utilizes management systems, comprehensive planning, and innovative financial mechanisms to the maximum extent possible. Kentucky's STIP serves the national interest by encouraging and promoting transportation systems that embrace various modes of transportation in a manner that will serve all areas of the state effectively and efficiently. The STIP contains three years worth of projects that will run through the end of 2009.

Air Transportation



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Accessibility to modern major airport services, and safe, efficient air travel for business purposes, are well addressed by Kentucky's statewide system of commercial and general aviation airports. International flights depart from the Cincinnati/Northern Kentucky International Airport, from the Louisville International Airport at Standiford Field in Louisville/Jefferson County, and from the Blue Grass Airport in Lexington, Kentucky.

[Cincinnati/Northern Kentucky International Airport](#) (CVG) served over 15.7 million passengers in 2007. It is one of the top airports in the U.S. for on time arrivals. Eight passenger airlines offer 470 daily departures and fly non-stops to 120 cities worldwide. CVG's international gateway offers nonstop service to Paris, Frankfurt, London, Montreal, Rome, Amsterdam, Nassau, Cancun, and Toronto and remains an attractive gateway for international flights. Delta Air Lines has teamed up with Air France, Alitalia Airline and other airlines to offer seamless travel to more than 460 cities in 97 countries.

CVG's geographic location remains one of its key strengths - allowing the airport to operate as a 360-degree hub. Half the U.S. population and manufacturing base are located within an hour's flight, and two-thirds of the top U.S. markets are within 90 minutes.

The CVG Autoport includes 13,400 onsite parking spaces, including 6,000 in the long-term lot and 7,400 in the terminal garages. The airport has an enhanced parking option located near Terminal 3, the airport's busiest terminal. In 2006, the airport opened a "Cell Phone Lot" where people driving to the airport can wait for arriving passengers free of charge. Inside the terminals are more than 80 shops, restaurants and service facilities, ensuring passengers access to the finest selection of local and national brands. The airport now offers "Wi-Fi" service to its passengers.

Since 1994, travelers have consistently named CVG one of the best airports in the world in surveys by IATA, AC Nielsen, OAG Worldwide and *Regional Airline World* magazine. For the year 2005, [SkyTrax Research](#), a London-based reporting company, ranked CVG the 2nd best airport in the United States. In 2006, the editors of [CityBloc.com](#), a web site that compiles data, statistics, facts and figures about the United States, ranked CVG as one of the top ten airports in North America. It was listed as one of the *10 Best Hub Airports in North America* for 2008, by *J. D. Power and Associates*.

The airport is making a number of investments in its future. In early 2008, plans were finalized and work started on the largest landside improvement since the early 1990's. Terminal 3 will have its security upgraded to handle up to an additional 20 new screening stations in order to both improve security and to decrease passenger wait time. This should be finished by early 2009. CVG is working to be one of the first U.S. airports to add a full-time registered traveler program. When completed it will allow passengers who pay for a background check to gain a "fast pass" access in security lanes. These improvements will help CVG maintain its consistent on-time rating and will make the airport more attractive for carriers to expand operations. These



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projects represent an investment that will keep CVG running smoothly while ensuring continued economic vitality for the region for many years to come.

The [Louisville International Airport](#) in Louisville/Jefferson County is served by nine airlines. It is the first airport in the nation with its own on-line rewards program. The airport now has 110 daily departures with nonstop service to 29 destinations with same plane service to 53 locations in 29 states, the District of Columbia, Canada and the Bahamas. It also offers convenient connections to hundreds of cities worldwide. Passenger enplanement at the airport increased by 5% from 2005 to 2006. For the calendar year 2007, the airport handled over 3.8 million passengers. Current schedules permit business to be conducted with minimal time in transit.

The airport is home to [United Parcel Service](#) (UPS), the third largest cargo airline in North America and ninth largest cargo airline in the world. It handled more than 4.3 billion pounds of cargo in 2007. That averages out to nearly 5,900 tons of cargo a day.

The airport has been a catalyst for economic development in the area by attracting and retaining businesses. In 2005, the airport had the following impact on the local economy:

- 43,859 jobs;
- \$1.8 billion in total annual payroll;
- \$4.5 billion in total business expenditures; and
- \$246 million in state and local taxes generated.

UPS began its overnight-delivery operations at Louisville's airport in 1981 with 135 employees. Today, UPS employs 22,300 people with thousands more on the way. In May 2006, the company announced its second \$1 billion expansion of its Worldport hub in five years. The project is expected to be completed by 2010. The latest expansion will increase sorting capacity by 60 percent and will add 5,000 new employees to its workforce.

The Regional Airport Authority is in the process of extending its west runway. Phase I of the extension project; the relocation of Martha Maloney Drive, was completed in October, 2004. Phase II, construction of the 850-foot extension on the north end of the west runway is complete. Phase III, the 1040-foot extension of the south end of the west runway construction was completed in 2006. A taxiway that will parallel the west runway was begun in the spring of 2007 and is scheduled to be completed by the end of 2008.

When complete, the west runway extension project will permit airlines to fly nonstop with larger loads to destinations as far as the Pacific Rim and Asia, conserving time and fuel. The extension will provide Louisville's air carriers with the same competitive advantage that other similar airports, such as Memphis, offer in competing for international business.

[Blue Grass Airport](#), in Lexington/Fayette County, is serviced by six airlines with over 65 daily flights. In 2006, it served nearly 1.03 million passengers. Non-stop commercial service is provided to 13 cities and service is available to destinations worldwide. Blue Grass Airport also

provides services for general aviation and private/corporate aviation clients from around the world. It was the first airport in the nation to implement 100% cargo screening by using an inline baggage screening system. Over 1,900 parking spaces serve passengers with lots designated for over-night and long-term parking. The airport has a US Customs office on-site and aircraft maintenance and repair services are available. Air cargo and charter services are readily available.

In July 2005, the airport began a \$16.9 million expansion to add a 6th gate. The gate was completed in the spring of 2007. The airport's 20 Year Master Plan calls for relocation of one of the runways and a possible addition of a second story. The airport, located 4 miles west of Lexington, is easily accessed from I-64, I-75, US 60, and the Martha Layne Collins Blue Grass Parkway.

Daily commuter service is available at Paducah's [Barkley Regional Airport](#). The [Owensboro-Daviess County Airport](#) currently is served by Allegiant Air. Barkley Airport offers three departures daily. All flights from Paducah are to Memphis and are serviced by Northwest Airlines. One of the runways was repaved in 2006. On November 11, 2008, Allegiant Air, a low-cost airline announced that it would offer two flights a week out of the Owensboro airport. The airport is currently looking for other carriers as well. The airport recently underwent a \$28 million expansion completed in 2008.

Kentucky possesses a well-developed system of regional and community general aviation airports as well. Fifty additional general aviation airports provide safe accommodations for corporate aircraft, with seventeen of these facilities maintaining at least one runway of 5,000-foot length. Services such as fueling, tie downs and hangars, and maintenance are available at the larger facilities.

With the growing importance of reliable air connections to the nation's business centers, access to overseas business markets, and minimal time spent in transit, Kentucky offers a safe, competitive, and modern airport system to meet the evolving demands of the global business community.

Highway Transportation

The [Reason Foundation](#) ranked Kentucky's highways as the 9th most efficient in the nation in its 17th *Annual Performance of State Highway Systems* report. The cost effectiveness for each state is computed by averaging its 12 performance ratios (ratio of each state's statistic to the national average, for 5 financial measures and 7 condition measures), then ranking the states. The report was released in July 31, 2008 and compared the state highway systems from 1984 to 2006.

A freight distribution network that is efficient, safe, and technologically competitive makes Kentucky an ideal location for businesses needing just-in-time delivery and reliable access to markets and suppliers. Geographically located within a day or two highway travel of two-third's of the nation's buying power, Kentucky maintains a continuing six year highway construction and



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improvement plan that ensures necessary structured growth and regular maintenance. The backbone of the Commonwealth's 79,000 miles of federal, state, and local roads is five major interstate highways (I-75, I-71, I-65, I-64, and I-24), which provide direct routing to the Great Lakes and Canada, the Gulf States and Florida, the Atlantic Seaboard, and St. Louis and points west. Within the state, nine major parkways/highways provide access to the interstate system, while state maintenance covers nearly forty percent of the entire highway network.

An innovation that is delivering reduced congestion, increased efficiency, and safer motorist and truck movements on Kentucky's primary highway corridor is Advantage I-75. Trucks of participating companies can travel from Canada to Florida with minimal stops at weigh stations, through the use of automated vehicle identification and clearance systems. Immediate benefits to carriers include fuel savings, lower operating costs, and faster delivery times.

Most of the nation's major trucking companies have terminals in Kentucky. There are over 500 trucking terminals throughout Kentucky. A total of 52 cities are served by at least one terminal location. In addition, the accelerated growth of intermodal truck-rail and truck-barge facilities and state-of-the-art cargo tracking practices by the motor carrier industry, make Kentucky a competitive, cost-effective participant in today's global economy. According to the Kentucky Motor Transportation Association, in 2005, the trucking industry in Kentucky provided 126,300 jobs, or one out of 14 in the state. Total trucking wages paid in Kentucky in 2005 exceeded \$4.5 billion.

Rail Transportation

Kentucky's railroad system offers mainline, state-of-the-art service over the most heavily traveled corridors of the CSX, Norfolk Southern, and Canadian National Railway, augmented by a regional and local distribution network of shortline railroads and intermodal freight facilities. This freight transportation structure ensures direct service from Kentucky to the major rail centers of the Great Lakes, Gulf of Mexico, and Atlantic Seaboard. Kentucky is traversed by CSX Transportation Corporation's Chicago to Nashville and Detroit to Atlanta mainlines, by Norfolk Southern's Cincinnati to Atlanta and New Orleans mainlines, and by Canadian National's Chicago to New Orleans mainlines. The Paducah & Louisville Railway provides internal east-west service in Kentucky, connecting with seven other carriers at three locations within the state. Localized rail services are provided by seven short-line carriers: The Fredonia Valley Railroad, Kentucky & Tennessee Railway, KWT Railroad, Louisville & Indiana Railroad, R.J. Corman Railroad, Tennken Railroad, and Western Kentucky Railway.

Rail transportation in Kentucky is extensively intermodal, affording efficient, convenient connections with trailer-on-flatcar (TOFC) and container-on-flatcar (COFC) facilities, and providing direct service to Kentucky's extensive system of public and private inland waterway ports. The Norfolk Southern Railroad operates intermodal services both in Louisville and Georgetown, Kentucky and Cincinnati, Ohio, while CSX Railroad has intermodal terminals in Cincinnati; Evansville, Indiana; and Nashville, Tennessee. It also has major rail yards in Louisville and Russell, Kentucky.



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Kentucky's rail network, and its modern intermodal facilities and freight tracking systems, ensure timely and cost-effective service for bulk, general cargo, and containerized freight. From the Bluegrass State, this network reaches out competitively to America's domestic markets and coastal ports and to global customers overseas. Safety is one of the chief concerns. Both here in Kentucky and on the national scale, the rail industry has beefed-up security. Numerous steps have been taken to ensure that our railways are as safe as they can possibly be.

Water Transportation

Kentucky is the center of a port and waterways system that offers globally competitive, inexpensive year-round freight transport for bulk materials and containerized freight. At the hub of the nation's inland waterways, Kentucky's ports and terminals provide direct access to the agricultural markets of the Midwestern and North Central states, to the industrial and consumer markets of the Northeast, and to New Orleans, Mobile, and the Gulf of Mexico for distribution to the South.

With its access to the junction of the Upper and Lower Mississippi, Ohio, and Tennessee-Tombigbee navigation corridors, Kentucky has a waterway link to the Great Lakes and Canada, to Mexican and South American markets, and to the deep-draft ports of New Orleans and Mobile for shipments overseas. In addition to these major waterway corridors, barge traffic within the state is handled on the Big Sandy, Cumberland, Green, and Licking Rivers.

The efficiency of the Commonwealth's navigable waterways system is further enhanced by a well-developed complement of public and private port and terminal facilities. Modern transloading equipment, safe docking berths, extensive storage and warehousing, and competitive access to rail and highway corridors have drawn many corporate customers and tenant industries to Kentucky's inland ports. There are 11 approved public riverport authorities within the state ranging from the southwest to the northeast corners of the state. There are over 160 private riverport terminals. The Port of Huntington which serves Kentucky, West Virginia and Ohio is the largest river port in the U.S. and 4th largest U.S. port overall in tonnage for 2005. It has 144 active river terminals. According to the [American Association of Port Authorities \(AAPA\)](#) nearly 84 million tons of cargo was moved through it in 2005. That amount dropped to just over 77 million tons in 2006 but it was still the largest river port in the nation. The Ohio River ports of Henderson, Louisville, Owensboro, and Paducah, the Mississippi River port of Hickman, and the Lyon County (Eddyville) port on Lake Barkley all operate as public ports.

The Evansville, Indiana/Henderson, Kentucky area was named in the November/December 2006 edition of *Expansion Management* magazine as one of the top "Most Logistics Friendly Metros" in the United States, receiving a 4 Star rating. The riverport at Evansville plans to make major improvements over the next several years. When finished, it is expected to offer both greater efficiency and greater capacity.



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Paducah serves as the towing headquarters for the Ingram Marine Group, the largest barge line companies in the nation. It has a fleet of over 4,000 barges and has a large customer base located on the Mississippi, Ohio, Tennessee and Cumberland River areas. Headquartered in Paducah, Crouse Corporation moves more than 30 million tons per year and is one of the largest carriers of coal in nation. Several other carriers also call Paducah home. The city is considered a national hub for river shipping. With their full array of cargo handling capabilities, Kentucky's inland ports provide an intermodal connection to the world's markets.

Support Facilities

The efficiency of a modern intermodal transportation system is further augmented by the quality of business, storage and transfer facilities available at its junctions. The terminals, ports, and COFC/TOFC facilities operating in Kentucky are further strengthened through their close association with a statewide network of ports of entry and foreign trade zones. Each of these systems offers unique services that can be of particular value to companies choosing to do business in the Bluegrass State.

Ports of Entry

The [U.S. Customs Service](#) has the following ports of entry locations to provide services in Kentucky:

Port of Entry – Louisville (Port 4115)
U.S. Customs Service
Louisville International Airport
650 Administration Drive
Louisville, Kentucky 40209
502-366-3398

Port of Entry – Cincinnati, Ohio (Port 4102)
U.S. Customs Service
Cincinnati/Northern Kentucky
International Airport
4243 Olympic Boulevard, Suite 210
Erlanger, Kentucky 41018
859-282-6308

Port of Entry – Owensboro (Port 4116)
U.S. Customs Service
Winfield K. Denton Federal Building
101 N.W. Martin Luther King Jr. Blvd.
Room 116
Evansville, Indiana 47708
812-465-6413

User Fee Airport – Lexington (Port 4184)
U.S. Customs Service
Bluegrass Airport
4000 Terminal Drive
Lexington, Kentucky 40510
859-425-3111

The Louisville, Owensboro, and Lexington offices perform a full range of customs functions with the exception of commercial international air traffic. Within the ports' limits are bonded warehouses, barge terminals, trucking terminals and air cargo terminals where imported shipments are unloaded and inspected. Portions of the Owensboro office are consolidated with the Evansville, Indiana office. The Owensboro U.S. Customs port director splits time between Owensboro and Evansville, Indiana, so he may be out of the office if called. The Cincinnati Customs office oversees future importation, tariffs, quotas, visa requirements, and international



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air traffic. Portions of Northern Kentucky are included in the Cincinnati Customs office service area.

The regional office having jurisdiction for the U.S. Customs Service in Kentucky may be reached at the following address:

Mid America Customs Management Center
610 South Canal Street, 9th Floor
Chicago, Illinois 60607
312-983-5344 or 888-274-4294

Foreign Trade Zones

[Foreign Trade Zones](#) (called "free trade zones" or "free ports" internationally) are areas under U.S. Customs supervision into which foreign merchandise may be brought without the usual immediate formal customs entry. The goods can be exhibited, stored, assembled, or used in manufacturing within the zone, and duties need not be paid unless and until the goods, or their end products, enter U.S. Customs territory from the zone. Re-exports emerge duty-free.

Domestic goods moved into a zone for export are considered exported upon entering the zone, for purposes of excise tax rebates and customs drawback procedures.

Two foreign trade zones and several sub-zones are located in Kentucky. One zone is in Louisville and the other in Northern Kentucky. For more information contact:

Louisville & Jefferson County
Riverport Authority
6900 Riverport Drive
Louisville, Kentucky 40258
502-935-6024

Greater Cincinnati
Foreign Trade Zone, Inc.
300 Carew Tower
441 Vine Street
Cincinnati, Ohio 45202
513-579-3119

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