

SUPPLY CHAIN

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Then there’s the looming diesel fuel shortage, which DeYong said is mostly driven by a lack of capacity in both refining and pipelines.

“The last large (>100,000 barrels per year) refinery built in the U.S. became operational in 1977. The Colonial Pipeline, which delivers diesel fuel, heating oil and jet fuel for much of the northeast, was completed in the 1960s. With winter heating season rapidly approaching, refineries typically shift some capacity from diesel fuel to its close cousin, heating oil,” DeYong said. “Unfortunately, historically low diesel fuel stocks, coupled with a Biden administration plan to force suppliers to increase inventory of diesel fuel, is putting added pressure on already stretched refining capacity.

“In 2022, we are using 96-year-old legislation in an attempt to avert a railroad strike which may be triggered by inflation reaching 40-year highs. Refiners are using 50-year-old facilities to produce products that are shipped through 60-year-old pipelines. Twenty-first-century vessel captains are facing a problem that their fathers, grandfathers, great-grandfathers and generations before them faced as well. It seems it is time to develop some 21st-century tools to solve these problems,” DeYong summarized.

As for the holiday outlook, DeYong said, “At this point in the supply chain calendar, most Christmas presents are already in the stores or are at least on the final leg of their journey to retailers. In fact, retail inventories are at record levels (partly as retailers have increased purchasing in anticipation of supply chain disruptions). That means there is no longer much of a concern about availability of products at retail.

“A bigger concern is holiday travel,” he continued. “Christmas, New Year’s

and Thanksgiving are the three most popular travel holidays in the U.S. Fuel prices will likely be high during the upcoming holidays, regardless of how Americans choose to travel. Refinery capacity is being dedicated to gasoline, diesel fuel, heating oil and jet fuel, but with refineries running at record utilization levels, there is no extra capacity to increase supplies. Although gas stations running out of fuel may be unlikely, low supplies make price increases likely, and price decreases are almost impossible.

DeYong added, “A final concern is the ability to heat our homes this winter. The need to balance heating oil production against diesel fuel refining, combined with generally scarce refinery capacity has led to much tighter supplies of heating oil than the historical norm. Regardless of availability, U.S. residents will likely see their heating costs rise.”

“In Carbondale, we have our own supply chain crisis – we have more jobs available than students to fill them,” DeYong said. “In response, we have initiated the process to form a supply chain management center. Since May, we have been working on a number of initiatives to increase enrollment in our supply chain management program and to ensure that our curriculum prepares students for the challenges of a 21st-century supply chain.”

To learn more about the developing SIU College of Business and Analytics – Supply Chain Center, visit online at <https://mgmk.siu.edu/centerforscm.php>.

The National Retail Federation had shared some insights earlier this fall on how inflation and supply chain disruptions were anticipated to impact the holiday shopping season. They noted that higher prices and inflation were top of mind for

holiday shoppers, but that many consumers are prioritizing holiday gift-giving and celebrations this year even if that means they have to cut back in other areas.

However, the National Retail Federation also noted that 43 percent of those consumers said they still aren’t earning enough to cover the costs of gifts and celebrations for the holidays. Consumers are turning to options including dipping into savings, taking on credit card debt, utilizing buy now-pay later options, or even selling assets in order to afford the holidays.

Labor market issues continue to impact the retail industry as well, and will certainly be evident in this holiday shopping season. Matching available workers to job openings is proving incredibly challenging, but caution is also being exercised by these employers in hiring, as the overall economy is growing at a slower pace than it was last year at this same time.

CNBC’s Frank Holland shared some key points from a recent SAP survey in his online Nov. 4-published “State of Freight” story. Findings from the survey show that more than half of U.S. companies are expecting challenges in the supply chain to remain in place into 2023.

“Many U.S. companies are now shifting from a ‘just in time’ supply chain model to a ‘just in case’ model — essentially carrying more inventory and often use of more suppliers closer to the United States as opposed to reliance on Chinese manufacturing. This shift is expected to increase costs while U.S. consumers are also dealing with historic inflation,” Holland wrote.

“Rising costs in supply chain shifts are also impacting business decisions. Sixty-one percent of survey respondents

said wage and recruitment freezes would be their top move to combat continued rising supply chain costs,” he noted. “With the disruption of the Covid pandemic easing, U.S. businesses now say the war between Russia and Ukraine is the top factor causing supply chain disruption.”

And while most of us think about the impact of the supply chain issues in terms of holiday gift giving, it is also impacting food and beverage availability and costs for holiday meals and gathered celebrations.

Tom Welge is the president of Gilster-Mary Lee Corporation, a private-label food manufacturer headquartered in Chester, Ill. “From our perspective, that is still very much the case in our sourcing, both locally and inside and outside the U.S.,” said Welge. “There are still strong cost pressures and availability issues with many of the inputs for our food products. The fall/holidays are our busiest times of the year, and the above issues make the current situation even more challenging.

In fact, “there is a new acronym going around the industry,” explained Welge. “And the current supply chain challenges it represents continue. Those of variability, uncertainty, complexity, and ambiguity.”

“Just like the manufacturers, the bigger question again this year may be around the availability of the products you want, not so much the price. A message to consumers when planning holiday meals might be: Don’t wait!” Welge noted. “If the ‘must-have’ items on your list are in the store when you shop in the weeks ahead, get them.”

How we consumers experience the spirit of the holidays this year – and perhaps even next – seems unavoidably accompanied by the side effects of this supply chain VUCA.

CMT shares MetroLink Secure Platform Plan, construction timeline

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Citizens for Modern Transit (CMT) recently hosted its quarterly “Talking Transit” as a virtual forum highlighting the Secure Platform Plan being rolled out for the MetroLink System.

The Bi-State Board of Commissioners has approved a contract with HNTB for \$6,948,587 to provide professional engineering services for the MetroLink Secure Platform Plan. This plan for securing MetroLink platforms throughout the system includes gates, fencing and cameras for each of the 38 Metro Transit Centers throughout the St. Louis region.

The \$52 million Secure Platform Plan (SPP) has received broad support from public and private sector partners. Funding includes \$17.25 million from the Bi-State Development capital funds budget and the American Recovery Plan, \$12 million Bond refinancing proceeds dedicated to security, \$12 million Illinois allocation from federal stimulus and \$10.75 million private sector funding.

The \$10-million-plus received in private donations is rare. It underscores the importance of this project and the essentialness of public transit to the future of the St. Louis Metro region.

Panelists during the October forum included Bi-State Development Project Lead and General Manager of Security Kevin Scott, HNTB St. Louis Area Practice Leader and Secure Platform Plan Project Manager Mark Grossenbacher, and Regional Business Council President and CEO Kathy Osborn. CMT Executive Director Kimberly Cella moderated



This screenshot is of a preliminary design concept rendering for Metro’s Transit Centers shared as a part of the quarterly “Talking Transit” virtual forums. The October forum, hosted by CMT, outlined the MetroLink Secure Platform Plan and construction timeline. (Photo by Melissa Crockett Meske/IBJ)

the presentation and forum discussion.

Over 75 attendees took part in the forum to learn more about the Secure Platform Plan (SPP) for the MetroLink system, which aims to address the security structure of Metro Transit, in part, by creating centralized, highly secure customer entrances at all MetroLink stations.

Scott kicked off the conversation by reinforcing how safety and security have been a main priority for Metro Transit since 2019 when Bi-State Development and East-West Gateway Council of Governments partnered with consultant WSP to complete a system-wide security assessment for MetroLink.

This assessment resulted in 99 recommendations for addressing security strategy, police/security staffing procedures, fare and fare enforcement, technology and crime prevention through environmental design. Most of these recommendations have since been implemented.

The Secure Platform Plan now rolling out will address remaining items from the earlier assessment, in the categories of fare and fare enforcement, technology and crime prevention through environmental design. This SPP greatly complements what has already been put in place.

“We recognize the community’s call for a more secure system,” said Scott. “People have always questioned why the open concept system exists on MetroLink. The Secure Platform Plan will allow us to address those concerns, enhance our overall security efforts that we’ve already made enormous progress on, and show the region – and our ridership – that we are doing everything we can to regain, rebuild and prioritize their confidence in this extraordinary regional asset.”

During the virtual session, Scott pointed out some key planned safety features being incorporated

into each Transit Center design.

The SPP calls for new fare gates and perimeter fencing to be installed at all 38 MetroLink stations. Centralized entrances with fare gates will be created, and once installed, these will only be activated by using a valid ticket or pass.

Beyond the gates, the fare purchasing system will be completely upgraded to include new ticket vending machines, card readers – featuring payment integration technology into mobile devices – and an update to the transit system’s closed-circuit camera program with a real-time camera system.

There will be an increase to 1,600 cameras from the current 800 currently on the system. All cameras will be equipped with the latest analog and digital technologies and built on a sound security platform that feeds into a real-time camera center for proactive viewing of locations. As a result, a fluid, “out-in-front-of” approach can be maintained.

“This is one project, but really 38 different projects,” said Scott. “With one project at each MetroLink station. This will be a phased integration approach, not just a ‘flip the switch.’

“We are moving aggressively forward, but we want to get it right,” he added. “If you take a look around the country at highly vibrant successful regions, they all have sound, safe, highly invested public transit systems, and that’s where we need to get to in St. Louis.”

Grossenbacher shared information about the project’s team with forum attendees.