

Executive Summary – Upper Midwest Transportation Hub

This TIGER grant application is for infrastructure construction for the Upper Midwest Transportation Hub (UMTH) Project at Manly, Iowa. The project consists of a full-service intermodal facility with equipment for loading containers on railcars and trucks, a container staging area, a transload (container loading) facility, and track infrastructure and security systems to support the operation.



Objective

The project presents an innovative solution to an intermodal service dilemma and promotes regional economic development in the Upper Midwest. Currently, shippers and receivers of freight in the region have limited access to intermodal service. The north central Iowa location will draw customers from a 150-mile radius encompassing north central Iowa, southern Minnesota, and a portion of western Wisconsin, with a population of over 7 million. The UMTH will be an independent full-access facility located on a rural short line railroad that interchanges with six railroads (including four Class I railroads) and through other routing alternatives with the remaining three Class I's.

Request

The Iowa Department of Transportation (Iowa DOT) requests a grant of \$14,586,397 for completion of the UMTH. Matching funds of \$8,780,426 or **37.6 percent** are pledged for the cost of the improvement. The project is in a state of readiness and leverages prior continuous public-private investments and represents the latest phase in the development of an existing transportation hub where support services, a fully rehabilitated rail yard, and other transportation infrastructure already exist.

Statement of Work

The project request includes:

UMTH-North: Construction of infrastructure for a full service intermodal facility and container yard, including a second loop track, diagonal tracks, earthwork, pavement, security systems and acquisition of lift equipment and other components.

UMTH-South: Construction of infrastructure that will support transloading of highway trailers and shipping containers, including construction of one track, earthwork to handle initial startup intermodal business for container storage and movements on a 28-acre area, pavement, security systems and acquisition of lift equipment and other components.



Project Schedule

A fully funded TIGER grant and the associated matching contribution will be expended over an 18-24 month period. The schedule assumes a rapid construction schedule, but is contingent on the date of awards and the obligation of funds.

Project Budget

TABLE 1 – TOTAL PROJECT COSTS

Source	Amount	Percentage
TIGER grant request	\$14,586,397	62.4%
Matching funds	\$8,780,426	37.6%
Total Project Cost:	\$23,366,823	100%

Transportation Challenges Met by the Project

- **Lack of intermodal service** - The lack of a full service intermodal facility to serve the Iowa/Minnesota region limits the region's ability to preserve existing industries and to attract new industry.
- **Container imbalance** – Iowa currently has a severe shortage of inbound containers while Minnesota has excess inbound containers. Regionally, consolidation of freight container shipping of the two states would provide an almost even match of inbound to outbound containers.
- **Trucking industry capacity shortages** - The Upper Midwest region currently has an over reliance on long and medium range trucking and growing capacity constraints in the trucking industry will have a greater impact on this region. The lack of a regional intermodal terminal prevents the diversion of long haul truck moves to intermodal options.
- **Access to worldwide markets** - The largest volumes of Iowa and Minnesota commerce are with the U.S. eastern seaboard, Texas/Mexico, and California. No direct, competitive, time-sensitive intermodal service to these destinations exists today from the Upper Midwest region.

Project Partners

The Iowa Department of Transportation is the project applicant. There are three parties that would be sub-recipients: 1) Iowa Northern Railway Company (IANR); Manly Terminal LLC (MT); and Manly Logistics Park LLC (MLP). A significant presence at Manly has already been developed by the three parties. Matching funds are committed by the project partners, IANR, MT and MLP.

The project is strongly supported by Governor Terry Branstad as well as federal, state and local officials. The Minnesota DOT supports the project, recognizing the value to the Upper Midwest region. Additionally, the Iowa Motor Truck Association and Union Pacific Railroad support the project’s value to the multimodal transportation network

Selection Criteria

The project’s public benefits accrue to freight shippers and receivers and consumers. This viable, cost effective intermodal solution provides a wide range of options and opportunities for the region and the nation and aligns well with TIGER selection criteria.

TABLE 2 – LONG TERM OUTCOMES AND BENEFITS

Long-Term Outcomes	Benefits
State of Infrastructure and Good Repair:	<ul style="list-style-type: none"> • The UMTH will be a state-of-the-art fully functional independent intermodal center with full access to the United State’s vast rail network. • Prior private and public investments in the existing yard facility, expanded track structure, and other infrastructure improvements provide the facility and operational foundation with a limited investment needed for new infrastructure.
Economic Competitiveness	<ul style="list-style-type: none"> • Reduces transportation costs for intermodal shipments, increasing profitability for regional producers. • Increases access to both domestic and export markets that were previously unavailable or cost prohibitive for the region’s agricultural and manufactured products. • Encourages competitive pricing because of the multiple rail connections at or near the Manly location. • Facilitates the growth of agricultural exports from one of America’s prime farming regions by providing a better shipping option for specialty foods and grains, identity-preserved grains, origin identified foods and dried distiller’s grain (a high protein animal feed that is a byproduct of Iowa’s large ethanol industry.) • Encourages regional growth in warehousing and distribution centers where intermodal service is critical. • Mitigates an emerging trucking capacity shortfall and encourages more cooperation among trucking and rail firms to grow their business together, utilizing the strengths of each mode. • Provides options to “long haul” trucking, which can be more expensive and is less attractive to today’s workforce.
Livability and Community	<ul style="list-style-type: none"> • Removes truck traffic from highways, limiting congestion and highway maintenance and rebuild costs.
Sustainability and Environmental	<ul style="list-style-type: none"> • Decreases fossil fuel dependence and reduces emissions due to fewer truck miles and more efficient rail miles. • Avoids adverse environmental impacts by using an existing site and existing rail lines.
Safety	<ul style="list-style-type: none"> • Increases safety with the modal shift from truck to rail.
Project Readiness	<ul style="list-style-type: none"> • The project will meet the obligation date of September 30, 2016 and can proceed quickly to construction.

Overall results of the Benefit Cost Analysis are shown in Table 3.

TABLE 3 – B/C ANALYSIS RESULTS		MILLIONS OF 2013\$	
Project Evaluation Metric	7% Discount Rate	3% Discount Rate	
Net Present Value	\$1,042.8	\$1,649.7	
Benefit / Cost Ratio	5.66	5.84	
Payback Period (years)	4		

Conclusion

Approval of the UMTH grant would enhance the capacity and efficiency of the Upper Midwest's transportation infrastructure leading to growth in new markets and bolstering the regional and national economy. These economic benefits are further supplemented by reductions in transportation related emissions, improvements in transportation safety and savings in transportation maintenance costs.