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FOR IMMEDIATE RELEASE

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CITY SEEKS MARINE HIGHWAY PROJECT DESIGNATION

Development of intermodal container port in Muscatine is moving forward

MUSCATINE, Iowa – The City of Muscatine is moving forward with plans to develop an intermodal container port on the Mississippi River that will provide local and regional shippers with greater access to global markets along with reducing the costs of transportation and enhancing economic development for the region.

Backed by a resolution of support adopted by the Muscatine City Council on June 15, 2017, the City has submitted a service proposal to the US Department of Transportation (USDOT) and the Maritime Administration (MARAD) seeking designation as a Marine Highway Project.

The service proposal outlines the need for and the benefits of an intermodal container port (Port of Muscatine) for the Upper Mississippi River M-35 (upstream from St. Louis) and M-55 (downstream from St. Louis) highways. Designation of the Port of Muscatine as a Marine Highway Project may include a Project Planning grant that would cover design, engineering, and permitting costs.

“This project began with an observation and a question about why there are only bulk loads traveling up and down the river,” Dave Gobin, City of Muscatine Community Development director, said. “The answer was pretty simple ... there is not a container port north of St. Louis. But there is a need for one and Muscatine is the best location for that port.”

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MARAD defines a Marine Highway Project as a planned service, or the expansion of an existing service, on a designated Marine Highway Route, that provides new modal choices to shippers of cargo, reduces transportation costs, and provides public benefits including reduced air emissions, reduced road maintenance costs, and improved safety and resiliency. Designated projects receive preferential treatment from the USDOT and MARAD with increased opportunities for grants and services to help move the projects forward.

One of those funding mechanisms that may be available to the City of Muscatine for the project is the Infrastructure for Rebuilding America (INFRA) Grants which has a pool of \$1.5 billion to be dispersed to select projects. USDOT is looking for projects that have a strong local sponsor and are ready for construction.

“We definitely fit that mold,” Gobin said.

Gobin talked with local industry leaders, members of the Bi-State Regional Commission, and the Army Corps of Engineers to better understand the need for an intermodal container port. He discovered just how large that need is.

“The need for a regional port was identified in the Bi-State Regional Freight Study that was completed in the last couple of years,” Denise L. Bulat, executive director of the Bi-State Regional Commission, said. “Muscatine has a perfect site for such a facility and we appreciate the hard work they have done so far in seeing this potential and doing the feasibility study.”

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Bulat added that many regional businesses are interested in this project and the potential that it will serve businesses within a 90 mile radius. Development of an intermodal port makes good economic sense and will be good for the environment.

“Businesses will remain here with this port, costs will be reduced, and there is the potential to bring new industry into the region that needs to use a regional facility to move freight and goods,” Bulat said.

On the environment front, using barges to transport containers would reduce truck and rail traffic which would lower emissions. You become more efficient, Bulat said, when you make the best use of the various transportation modes “and that is good for the environment and helps the entire region.”

Gaining MARAD Project designation is the next step and then the quest for funding to plan and develop the site.

“Public investment through grants from the federal and state government along with private investment from local and regional businesses is key to this funding this project. Local taxpayers will be happy to know that little, if any, local tax money will be spent on the development of the Port of Muscatine,” Gobin said.

Public-private partnerships are one key to bringing projects such as the Port of Muscatine to the region and these projects will have a huge impact on the entire bi-state region. The City of Muscatine is working with leaders in local industry, the region, and government to find the best

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resources to complete the port project. Each entity brings something of value to the table that will ultimately benefit the project and move it from conception to completion.

“Public-private partnerships are very important,” Bulat said.

Gobin agreed.

“These partnerships are becoming more common,” Gobin said. “And it has become something that the federal and state governments look for when allocating funds to a project. We have multiple private partners who are willing to work with the City and Muscatine County to see this project become a working port.”

Several more steps are ready to be taken as the project continues to a potential opening in 2019. Market confirmation and analysis, creation of a port commission, preliminary engineering design, site permitting, and site testing are underway or will begin soon after the project receives approval from USDOT and MARAD.

Kent Corporation plans to conduct a market definition and analysis survey and will fund part of the cost for the planning, engineering, and permitting studies that have an estimated price tag of \$250,000. The planning study will focus on site access for all transportation modes, coupled with warehousing and storage capacity, and include the ability to handle containerized cargo. The preliminary design will focus on all of the elements of the planning stage with build-out occurring as opportunities present themselves.

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Key drivers for the Port of Muscatine are potential commodities and respective volumes that may be diverted from both truck and rail onto barge thus fulfilling some of the goals of the maritime project of reducing landside congestion and reducing emissions. Current commodities and future markets would require specialized infrastructure and equipment for a mixed-use facility.

Outbound commodities being shipped by truck within a 100 mile radius of Muscatine would benefit from having an intermodal container port in Muscatine and that radius extends outward to the five state region of Iowa, Illinois, North Dakota, Minnesota, and Wisconsin for commodities being shipped by rail. Inbound shipments from Louisiana to Iowa usually travel by rail (84 percent).

“One of the things that we have identified is that we are a logistics center because we are on the river,” Bulat said. “There is a reason why cities developed by the river ... the river is one of the most efficient transportation modes. The development of this port underpins the idea that we are an intermodal logistics center and that is a big step forward.”

Highlights of Feasibility Study:

The timeline for the Port of Muscatine project began in 2015 when Kent Corporation teamed up with the City of Muscatine in applying to the Iowa Department of Transportation for a Linking Iowa’s Freight Transportation Systems (LIFTS) grant to help fund the Port of Muscatine Planning and Feasibility Study. The basis of the study was to establish whether the vision of a multi-modal container terminal port facility located on the Mississippi River in Muscatine was

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feasible. The grant was awarded in early 2016 and the subsequent study determined that the proposed Muscatine site has the right attributes for the development of a river terminal and port district.

Port Commission District – An appointed Port Commission board enabled by the City of Muscatine would seek public funding and grant opportunities while supporting business development and other economic prospects within the port district.

Public-Private Partnerships – Many private and public entities would have a stake in the development of the Port of Muscatine. Kent Corporation has already demonstrated their willingness to form a public-private partnership and more organizations are expected to partner with the City of Muscatine in the development of the project.

“The City of Muscatine is very fortunate to have a private-public partnership with Kent Corporation,” Gobin said.

Demand for Services – Four local shippers were interviewed and indicated a very strong interest in the proposed facility. Grain Processing Corporation, Monsanto, Hoffman, Inc., and SSAB Americas all indicated their current reliance upon truck and rail service would be eased with the establishment of a container port. Ease of access for trucks and rail was a must for each of these shippers.

“Based on the Study, the Port is feasible with the businesses that are already here,” Gobin said.

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External Cost Savings & Public Benefits – The U.S. Department of Transportation estimates that one barge represents 70 trailer trucks. Seventy-six percent of freight moved in the bi-state region is moved by truck with 24 percent divided between water, rail, and air. Reducing just truck usage would be a cost savings measure to government entities that must maintain the roadways and to shippers who must pay for the trucks and drivers. The use of containers to move bulk products is also a huge cost savings for industries as well.

Annual Cost Savings from Conversion to Barge Mode:							
Conversion Rate	Rail Savings	Highway Savings	Total Cost Savings	Reduction of Railcars	Rail Miles Saved	Trucks taken off Highway	Highway Miles Saved
5%	\$ 37,899,030	\$ 7,139,083	\$ 45,038,113	3,600	4,093,648	946	839,397
10%	\$ 54,357,750	\$ 8,249,883	\$ 62,607,633	7,200	8,187,297	1,892	1,678,795
15%	\$ 70,816,471	\$ 9,360,683	\$ 80,177,154	10,800	12,280,945	2,838	2,518,192
25%	\$ 103,733,911	\$ 11,582,284	\$ 115,316,194	18,000	20,468,242	4,731	4,196,987
40%	\$ 153,110,071	\$ 14,914,684	\$ 168,024,755	28,800	32,749,187	7,569	6,715,179
50%	\$ 186,027,511	\$ 17,136,285	\$ 203,163,796	35,999	40,936,484	9,461	8,393,974
65%	\$ 235,403,672	\$ 20,468,685	\$ 255,872,357	46,799	53,217,429	12,300	10,912,166
75%	\$ 268,321,112	\$ 22,690,286	\$ 291,011,398	53,999	61,404,726	14,192	12,590,961
90%	\$ 317,697,272	\$ 26,022,686	\$ 343,719,959	64,799	73,685,671	17,030	15,109,153
100%	\$ 350,614,713	\$ 28,244,287	\$ 378,858,999	71,999	81,872,968	18,922	16,787,948

Emissions Benefits and Energy Savings – Reduced emissions is a very important component of the service proposal to MARAD. The benefits of reducing emissions from shifting as much freight from truck and rail to a water mode of transportation along with incorporating sustainable and renewable aspects into the design match the goals set for by the Maritime Highway Project.

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