

Leavenworth County, Kansas Industrial Parks Marketing and Feasibility Study

Section 3 Rail Potential Analysis

Introduction

As part of this Industrial Parks Marketing and Feasibility Study for Leavenworth County, Kansas, the consultant team was asked to determine the feasibility of rail service to the City of Leavenworth site, a 25-27 acre area which is largely comprised of Abeles Field and immediately adjacent acreage. In addition, we were asked to evaluate the potential of a site in the City of Lansing's industrial zone as an extension of a rail corridor between the Cities of Leavenworth and Lansing, or as a viable alternative to the City of Leavenworth.

As discussed in more detail below, development of the City of Leavenworth site was considered by TranSystems, a transportation consulting firm headquartered in Kansas City, MO. Included in TranSystem's work was the proposal of three alternative locations for a 9,000 foot acceleration/deceleration track as required by the Union Pacific Railroad, whose Restricted Access main line is immediately east of the study area for this project. TranSystems also raised the possibility of linking the Cities of Leavenworth and Lansing with the rail spur.

Myths of Rail Freight Service

To lay the ground work, there are four "Myths" of rail service that should be kept in mind.

1. If you build it (a rail served park, a transload facility, or a public track), customers will automatically come. [Note: a transload facility is used to transfer a shipment from one mode of transportation to another – for instance, from rail to truck, or vice versa.]

While it is true according to conversations with the Union Pacific (UP), BNSF Railway, and CSXT that there has been a recent increase in interest for rail served sites, that does not make all sites equal for development. Care must be taken in choosing where to locate a facility and in determining what type of facility should be built. Feasibility is not just an engineering consideration; equally, or perhaps more importantly, assessing feasibility must also be an economic consideration.

2. Your partners (state, county, utilities, railroad) will help you sell your site.

This is true up to a point – or after a point. Keep in mind they all represent much larger areas than just yours. Leavenworth must have something to sell, an area that is desirable in some

way or other. Once your partners are convinced of this fact, they can be of great benefit to you, but you must put in the legwork on the front end.

3. Your railroad will actively court your prospects.

Keep in mind Myth #2. Your railroad representative has a large territory to cover. That person will not go out and actively pursue a customer for you. He/she WILL respond to requests from companies looking for sites. If you have done YOUR job and have kept them in the loop on your plans, they will most certainly provide customers with information on your available sites, but only if those sites fit their customers' parameters.

4. Your railroad will provide financial assistance.

The chances are small that there will be financial assistance from a railroad for the development of the site itself. If a railroad helps one community with these costs, then every other community along their lines will request the same type of assistance. This would not be economically feasible for them. If there is a new customer that is locating on their line, any assistance would be determined on a case-by-case basis and most likely would be limited.

Within the context of these "myths" or common misconceptions about rail providers and services, the following information is pertinent to this study.

Construction Considerations

There are two locations being considered. The two areas could be linked by the acceleration/deceleration track under consideration here.

The Abeles Field Site

The first is the 13 acre Abeles Field site in the City of Leavenworth. This site is part of a larger area zoned for industrial use. This area was the subject of the study by TranSystems mentioned above. This site currently has one access point off Poplar Street. As proposed by TranSystems, access for the site would improve by providing a road connection or driveway between the site and 2nd Street, and from 2nd Street to the proposed acceleration/deceleration track associated with the UP mainline.

While there was a rail siding on the property at one time, it was located close to 2nd Street. To reinstall it now would require a crossing of 2nd Street, whether on grade or by bridge. This still would not allow track to actually be on the Abeles Field site because the grade differential is too great to allow direct rail service to the site. Trucks would have to be used to move product between the track and the building to be constructed on the Abeles Field site. The other possibility would be to conveyor or pipe raw materials up to the building to be used in

manufacturing a product. This could be done, for example, at a manufacturing plant that needed plastic pellets to manufacture their product.

City of Lansing Industrial Area

The second potential site is an undetermined portion of the City of Lansing's industrial zone, which is immediately south of the Leavenworth city limits. TranSystems did not prepare any preliminary engineering or cost estimates for this area. This portion of the County is also one of several under consideration for development of a new County airport. If this location is selected for the airport, it creates the possibility of a multi-modal (road/rail/air) business park for the City and County. However, since the airport location has not yet been selected, the potential area for the business park cannot be specified and cost estimates cannot be made with any accuracy. Additional commentary on this location is provided below in the discussion of Alternate Location #2.

The Possible Acceleration/Deceleration Track Locations and Costs

All three plans prepared by TranSystems show the proposed tracks on the east side of 2nd Street. This area provides adequate room to build track that would be able to hold a significant number of cars and provide the 9,000 foot track length required by UP. This would allow a transload facility to be constructed that could be used by any number of companies. Each company could unload or load cars with their own equipment or a transload operator could be retained to operate the facility. The operator would handle loading/unloading of the cars, delivery/pick-up at customer locations, and maintain the facility in a neat and orderly manner.

The TranSystems report includes three proposals. Two are on the west side of the UP mainline, one of which could be extended south to Lansing. The third is on the east side of the UP mainline. TranSystems prepared estimated costs for each of the proposals which ranged from \$13,580,660 to \$28,458,000, plus one estimate for site preparation at \$886,700, for total costs ranging from \$14,467,360 to \$29,344,700. Allocated over the 13.3 acres of the Abeles Field site, which is the primary developable area in the City of Leavenworth, this amounts to \$1,087,771 to \$2,206,384 per acre for construction of the rail facilities. Quite obviously, it would take a significant level of rail freight use to amortize these construction costs in a reasonable length of time.

These cost estimates were prepared in late 2009, so it is possible that construction costs have changed since then, although not substantially. In addition, in our discussions with TranSystems, they indicated these costs were not based on detailed plans, which is why a contingency of 20% was factored in. If the development of the acceleration/deceleration track, storage and loading tracks and access road moves forward, detailed plans will be needed and a new estimate of costs will have to be prepared.

More importantly, it should be noted that these costs did not include several other important cost categories:

1. The cost for land acquisition
2. The cost of utility work
3. The cost of facilities and equipment
4. The cost of annual operations

Alternate Location #1 - Leavenworth

The proposed track is located on the west side of the mainline in Leavenworth. It starts approximately 2,400 feet north of Poplar Street and runs south to a point east of the end of Limit Street. The estimated cost for construction is \$28,458,000 plus \$886,700 for site preparation for a total of \$29,344,700 plus land and utility costs.

The advantage of this site includes it being the closer of the two Leavenworth locations to 2nd Street. It would be theoretically quicker to enter and exit this site, although that time differential may be small.

There are disadvantages for this site as well. It would be located on the existing asphalt plant/gravel pit site. Land purchase cost would most likely have to provide compensation for loss of business or physical relocation of the existing business if an alternate location could be found. Currently the gravel pit has an estimated 15-20 years of reserves, and there are no plans to cease operation. The gravel pit has caves under it that are wet and tend to fill with water. This could become problematical depending on the actual location of the caves and relationship to the facilities to be built.

Alternate Location #2 - Leavenworth/Lansing

The location starts in the north at the north end of the existing gravel operations and runs south to a point about east of Eisenhower Road; this end point is in the City of Lansing. The estimated cost for the construction is \$21,588,800 plus \$886,700 for site preparation for a total of \$22,475,500 plus land and utility costs.

The advantage of this site is that once it has been determined exactly what the use of the land will be (that is, a large business park or a smaller site for a specific company, or some other possibility), the proper amount of land can be purchased to match the use because there is a large amount of undeveloped land at this location in Lansing. (The largest area along this proposed track location in Leavenworth is part of the Veterans Administration complex, and therefore not available for development.)

The negative aspects of the site include the possible necessity of securing a grade crossing of Kansas Highway 5 to access the land west of the highway, which is possible but undesirable unless Highway 5 traffic is rerouted (which is under consideration). To secure permission from the U.S. Department of Transportation for a new on-grade road crossing would require the closing of at least one existing road crossing or more likely at least two. Public meetings would be needed to accomplish this. The estimated cost of a highway crossing is about \$750,000

according to the Kansas Department of Transportation (KDOT). The real question, however, is the ability of the highway to handle a large number of trucks. There is not enough room east of the highway to construct a park due to wetlands and areas already developed and in use, although there could be enough if just a two track reload facility is constructed. Further engineering work is needed to make this determination.

If the decision is made to construct a transload facility similar to what could be constructed in Leavenworth proper, which would use less land than an industrial park/port facility, a smaller amount of land could be purchased. If the decision is made to build a larger specialized transload facility such as one that could handle chemical products (which the Kansas Department of Commerce has indicated is needed), more land could be purchased. If the decision is made to construct an industrial park/port facility in order to be able to compete for larger manufacturing or distribution projects, then even more land could be purchased.

Alternate Location #3 - Leavenworth

This location starts approximately 2,700 feet north of Poplar Street and runs south to a point east of the end of Muncie Road. The track is located on the east side of the UP mainline in Leavenworth. The estimated cost for construction is \$13,580,600 plus \$886,700 for site preparation for a total of \$14,467,300 plus land and utility costs.

Aside from the fact that this is the least costly of the three alternatives, the main advantage of this site is that it would not impact the businesses in the area.

The disadvantage is that the proposed access would require extending Poplar Street across the UP mainline which will require the approval of both the UP and KDOT. This is a restricted mainline based on the speed of trains (high), volume of trains (approximately 40 per day), and the priority of the trains. This means that even though the UP has indicated they are willing to discuss a facility in Leavenworth County based on future review of detailed plans, they may not be willing to allow a road crossing to be constructed across the mainline. For this reason, a bridge over Poplar Street is proposed. As mentioned, this will not only require their review and approval but also KDOT's review and approval. See Alternate Location #2 for information on costs and procedures.

Market Research Information

During our on-site visit in January 2011, meetings were held with local companies, prospective rail users, city, county, and state officials, and the railroads, both Class 1 and Shortline. Later in the research process a space needs survey of local companies was also conducted that included a question on which ones might consider rail for their business. The following came from the meeting notes and surveys.

- The number of inquires for rail-served sites has been increasing throughout the region.

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- Inquiries generally are for larger sites, with many 100 acres or more. The primary Leavenworth site is 13.3 acres. The Lansing site has not been determined.
 - Existing Leavenworth County companies that would be interested in rail are currently trucking to/from existing rail facilities in the Kansas City area, or using trucking exclusively; therefore, there would have to be savings on transportation costs to justify changing current operations.
 - A multi-modal transportation capability using barge traffic would be desirable, but river levels are not stable and might cause a problem at certain times of the year.
 - There is some local support for reinstating a rail capability. Some believe this addition to the "community mix" will help Leavenworth grow. Others hold the opinion that rail is not necessary for either the City or County's economic growth.
 - The State indicated projects have been lost where no rail service is available.
 - Funding sources for development have not yet been completely determined. There is little support for a major expenditure by the County or cities for development of a rail freight service. Major grant funding would likely be necessary.
 - Few large sites are available in the larger Kansas City metropolitan area, especially on the north side.
 - Only two local companies indicated they would like to actively pursue rail during the on-site meetings, and two would consider it. The returned surveys included only one interested in rail, and it was part of the on-site interview group.

In addition to the on-site interviews and the survey results which were received later, conversations of a general nature regarding existing rail business and thoughts about future rail service were held with representatives of Progressive Rail (a shortline railroad), CSXT, and BNSF. Various periodicals, reports, and newspapers articles were also reviewed.

The Association of American Railroads (AAR) reported an overall 4.5% increase in carloads originating in the U.S. during the first quarter of 2011 over 2010. Particular strength in the top 20 commodity carload groups was seen in crushed stone, sand and gravel up 8.6%; chemicals up 6.3%; and metals and products up 12%. The area that was in a downward trend was waste and nonferrous scrap with a 10.6% drop. This overall upward trending in rail shipments confirms earlier conversations with the railroads.

Two of the primary partners in a rail venture – the State and the UP – have aggressive plans for business attraction. Kansas is targeting distribution facilities, the bioscience industry, energy and manufacturing. All except bioscience include companies needing rail. The UP indicates small shippers are increasing in number due to increased fuel costs. UP also says the chemical market is growing. When the areas the State and UP are targeting are overlaid with the top 20 carload commodities the AAR says are being shipped, the prime areas that could be targeted right now are chemicals and manufacturing.

The following is a partial list of new companies that located in Kansas in 2010 that might possibly have benefitted by rail if, in fact, their sites do not have rail at this time.

- Sergeant's Pet Care Products – Kansas City – pet food manufacturing
- Allen Foods – Topeka – bakery
- Tindall Corp – Newton – precast concrete wind tower base manufacturing
- MJS Inc – Wichita – soft drink manufacturing/distribution
- Spartech Corp – Wichita – manufacturing/distribution of plastic sheets
- Redbarn Pet Products – Great Bend – pet food manufacturing

These are mentioned to provide ideas of the types of companies that might be attracted to Leavenworth sites.

Operational Considerations

If the decision is made to move ahead with this project in any of the three locations, then operational questions must be answered. Preliminary discussions were held with the UP and WATCO, a shortline railroad, to determine under what situations the UP might prefer to hand off actual operation at the facility.

Generally speaking, if there were just a few customers to service, especially initially, the UP would drop off the cars to be delivered and pick up the cars to be shipped. In this case the cost to the user for this service would be included in the linehaul rate paid to UP. The user would be responsible for loading/unloading his own cars or the Port could have a transloader handle this.

WATCO would not be interested in an operation of just a few cars at varied times. If deliveries and pickups totaled 20 cars or so per month, the UP could continue to handle delivery and pickup, but WATCO would be willing to study a proposal to operate the facility.

As usage increases there must be an operator so that each user can efficiently load/unload their cars. If usage was 30 cars per week for a single or multiple customers, WATCO would definitely be interested in operating the facility.

If a transloader or shortline were to operate the facility, there would be a cost for their services. The point at which the UP would definitely want to step out of the picture except for dropping and picking up cars is the point at which it would take them longer to move cars around inside the facility than the train is allotted on the mainline.

There could be a difference in the cost of a transloader and a shortline operator to the user because of what they actually do. If there are just a few cars to be handled, the UP would set them out. A transloader would load/unload them in place. If cars need to be moved because of the number on site, then specialized equipment is necessary. It could be accomplished by a transloader with minimal equipment if just a few cars need to be relocated short distances, or it could require an engine owned by a shortline if a substantial number of cars need to be moved or if longer distances are necessary. Currently WATCO says an engine to serve this facility would cost about \$250,000.

Pros and Cons of Different Operational Models

There are benefits and disadvantages for each situation for the Leavenworth County Port Authority (LCPA).

LCPA is Owner and Operator

Pros –

- LCPA maintains track/facility – can ensure area is kept maintained
- LCPA has complete control over who uses the facility
- LCPA receives a revenue stream from users

Cons -

- LCPA must purchase specialized equipment to load/unload railcars and trucks
- LCPA must maintain track/facility – this is a cost to LCPA
- LCPA responsible for all record keeping, agreement preparation, collection of fees, and marketing of facility

Some ramifications/considerations –

- LCPA must arrange for pick-up/delivery from user facilities
- If decision is made to have users do this themselves, then maintenance of area becomes an issue

LCPA is Owner – Transloader is Operator

Pros –

- Transloader provides specialized equipment to load/unload railcars and trucks
- Transloader is responsible for maintenance of facility and track

Cons –

- LCPA would still be responsible for maintenance complaints if track and facility are not maintained in good order
- Revenue stream smaller for LCPA because transloader would get part of fees collected

Some ramifications/considerations –

- Responsibility would need to be determined concerning record keeping, agreement preparation, fee collection, and marketing of facility
- Decision would have to be made as to whether transloader would have to provide pick up/delivery services for users. The more services, the higher the cost, but results in more control over the facility
- Decision would need to be made as to how the cost of the specialized equipment is covered – in its entirety by one of the partners or on a percentage basis between the partners

LCPA is Owner – Shortline is Operator

The pros/cons are the same if a shortline operates the facility rather than a transloader. The real difference between the two is handling the level of traffic at the facility. The higher the level of traffic, the more necessary the shortline becomes because of the number of cars that need to be moved. The exception to this would be if the facility is a one user facility such as a chemical facility on a large piece of property such as could be developed in Lansing. It would then be a case of having an operator experienced in the handling of chemicals.

Private Owner – Private Operator (transloader, shortline, or other party)

Pros –

- The LCPA would have no responsibilities for securing equipment, maintaining records, maintaining the facility and track, or marketing the facility

Cons –

- The LCPA would not have a revenue stream from the users
- The LCPA would have to work with the City to put rules into effect if there were certain products that were not considered compatible to the City's desires

Costs/Revenue Projections

Costs will vary widely depending on whether the LCPA owns and operates this facility, LCPA owns the facility and it is operated by a transloader or shortline, or a private party owns and operates the facility.

In any of these scenarios, there will be costs for the construction for any loading/unloading systems, and additional trackage over and above that which is shown in the TranSystems proposals, and the construction of any facilities necessary to meet environmental requirements. Loading/unloading systems can range from simply being forklifts to handle products such as various building materials, to more complex systems such as conveyors to handle products such as stone or ores, blowers to handle products such as plastic pellets, pipes to handle liquid products such as vegetable oils, sulphur, or even milk, to the even more complex systems of piping, fire suppressant and containment fields to handle various chemicals.

Based on similar projects elsewhere, costs for a facility will therefore range from merely the cost of a basic forklift operation (between \$25,000 and \$100,000), or more for a chemical handling facility depending on the size and use of the operation. It will depend on who owns and operates the facility and how the agreement between the parties is structured when it comes to determining which party will be responsible for the costs.

Revenues, of course, will depend on the number of companies using the facility, their carload volumes, and the cost to the users on a per car basis. For example, if a user was going to unload building lumber and they were going to bring in their own trucks and forklifts, the charge per car would be less than if this was a chemical facility. The cost to the user to unload a lumber car using their own equipment might be \$75 per car. The charge to the user to unload a chemical car might be \$300 per car depending on the chemical involved. The amount charged would be determined by the owner/operator.

There is a need to put this all into context. Alternate Location #3 – Leavenworth is used here because it is the most inexpensive of the three proposals. The use would be for transloading simple materials which could be handled by a forklift. The property would be owned and operated by LCPA.

The following items would need to be considered in determining the cost to construct and operate this facility:

- Land acquisition costs
- City/County permitting costs
- Utility work
- Track construction and overpass as designed by TranSystems
- Forklift(s)

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- 2 employees – salary and benefits
 - Maintenance costs
 - Other normal business operations costs such as supplies

Considering the TranSystems estimate made in 2009, plus all the land acquisition and construction related costs not included in the TranSystems estimates, the cost total would possibly run \$20,000,000 to \$25,000,000 to establish the facility and \$100,000 - \$125,000 annually to operate and maintain it. If the initial investment is to be recouped in 30 years, it will be necessary to handle a minimum of 10,500 cars per year based on a charge to the user of \$75 per car. This would require 34 cars per day, six days each week of the year, and does not factor in any interest or other carrying costs for construction financing.

Should the LCPA decide to hire a shortline or transloader to manage the facility, they would have to pay the operator an annual management fee. They could then collect a stipulated fee from the operator for each car handled through the facility. Enough cars would have to be handled to cover the management fee plus pay on the initial investment.

The LCPA could opt to build the facility and sell or lease it to a private operator. Depending on how the agreements are structured, LCPA's investment could be recouped more quickly. Based on the operations of similar facilities, the LCPA should look at handling 90 – 100 cars per month at the very least to break even. The construction of a more expensive facility means that more cars would have to be handled.

If a chemical facility were to be considered in the Lansing area, the number of cars that might be expected to be handled could be between 30 – 150 per week or up to 7,800 per year. While this would mean higher construction costs (more land, more utilities, crossing of Highway 5, an EPA approved facility, more trackage – at a total cost of as much as \$75,000,000 to \$100,000,000), there might be Federal or State funding assistance available to support this use. However, because of the higher cost of construction, there is also the need to charge a higher per car handling fee, which may reduce the interest in using this facility.

Competition

As discussed in the Market Analysis report which is a separate component of this project, the development of any rail-served site in Leavenworth County would take place within the context of competition with other existing or planned developments with rail freight capability.

Property listings in the Kansas Department of Commerce Location One Information System (LOIS) property listings for Douglas, Johnson and Wyandotte Counties showed seven rail-served sites totaling more than 250 acres. There are many other rail-served sites in other Kansas counties, as well in the Missouri communities of the greater Kansas City marketplace.

More importantly, and again as discussed in the Market Analysis, there are two major rail-served business parks under development in the Kansas City area:

1. BNSF Railroad is currently in the process of developing a 1,000 acre intermodal complex, including a 440-acre BNSF Intermodal Facility and the 560-acre Logistics Park-KC, between Gardner and Edgerton, KS, situated between I-35 and the BNSF rail line.
2. CenterPoint Intermodal Center, served by Kansas City Southern Railroad, a 1,340-acre development just south of Grandview, MO that includes a 1,000-acre industrial park located directly adjacent to the newly-opened Kansas City Southern Intermodal Facility. The complex has infrastructure in place, and can accommodate facilities up to 1+ million square feet. It is located approximately 6 miles from I-435 and I-470.

Both of these developments are better located in terms of Interstate access than either the Cities of Leavenworth or Lansing, and can accommodate much of the rail demand the region can expect to attract for many years. Because of the economies of scale the size of these two projects have, it will be impossible for a small rail-served area such as the City of Leavenworth site that includes Abeles Field, to be economically competitive without massive amounts of grants to cover development costs or other forms of subsidy.

Summary

As part of this project, we were asked to assess the 13.3 acre Abeles site for its suitability for rail. As noted earlier, it is not feasible to build track to the site itself because of the grade differential between the site and mainline track. TranSystems prepared two plans for track that could be used to serve companies on this site relatively conveniently; both would require truck, conveyor, pneumatic piping or some other form of connection between a building on the site and the proposed rail acceleration/deceleration track. In both instances, the tracks are located on the east side of 2nd Street. Either of these plans would be more cost-effective build-outs than installing a track at the bottom of the hill below the Abeles site. There is more area for tracks east of 2nd Street, and there would be no need to build an on-grade or bridge crossing over 2nd Street.

The preliminary cost estimates prepared by TranSystems, which total \$14,467,360 to \$29,344,700, are for a basic track design only. They would need to be re-estimated once the site is chosen and detailed plans are made. Other construction related costs that will need to be considered are land acquisition costs, construction of access roads, possible loading/unloading pads, and any necessary utilities. To this must be added equipment, facility and operational costs. An extra cost for Alternate Location #1 is the relocation of the asphalt plant and the stabilization of the gravel pit area. An extra cost for a location in Lansing may include a

mainline grade crossing which requires approval by the UP and KDOT. Without detailed drawings, it is difficult to determine the exact cost of site preparation for each site, but they should be somewhat similar when final numbers are determined. Existing companies in the area prefer Alternate Location #3 because it would not disrupt their businesses.

Alternate Locations #1 and #3 can be used for transloading purposes only. There is not enough land to site a business (other than the Abeles Field site, which would not have direct rail access). Because of this, the facility would need to be marketed not only to companies that might locate on the Abeles site but also to other companies in the area that could benefit from rail service but don't need a building with a rail siding or perhaps even proximity to the siding. Doing so would allow additional user fees to be collected to assist in covering the construction costs. At this point, the only existing companies that have indicated a desire for rail are Cereal Ingredients, Drexel, and possibly Geiger Ready-Mix and Kaaz-Lexeco. This is not enough local demand to justify the enormous expense of developing the rail freight capability.

If the decision is made to attract larger users or develop a park in the Leavenworth/Lansing area, Alternate Location #2 would open up other avenues for the LCPA to review. A park would probably need to be sited west of Highway 5 because of wetlands and existing land uses closer to the river. The costs of developing a park would be higher than the costs of developing a transload facility because more land would be involved, and a \$750,000 crossing of Highway 5 would be necessary. However, a larger park would have more revenue generating capacity. If the LCPA were willing to look at a major reload operation such as a chemical facility, it could possibly be located east of Highway 5 if suitable land could be found. In this case, there would be no need for the construction of a highway grade crossing. A more detailed survey of the property would need to be done, however, to determine the extent of the wetlands.

At this point, we would categorize the level of interest by the City of Lansing as low-to-moderate. While there are utilities at the City's existing industrial park, there could be a considerable cost of extending them to the area that would be appropriate for rail use. Lansing's interest would increase if a decision is made to locate the proposed new County airport in Lansing, because this creates the opportunity for a multi-modal (road/rail/air) industrial park. While there is some interest in a rail-served park, the City considers this idea to be in the very early conceptual stage, and requiring a considerable amount of additional planning in order to justify the funding that would be necessary.

The State has indicated there is a need for a chemical transload facility somewhere; therefore, the LCPA might wish to consider this use. Other larger transload uses might be for construction products such as crushed stone, sand and gravel, which the AAR reports is increasing in volume as are metal and metal products that can be used in manufacturing.

If a rail freight facility of any type is developed in the County, the LCPA should partner with the State in attraction activities when they are working with small manufacturers that could fit in a building on the Abeles site. The LCPA should also partner with the State in their attraction efforts for distribution facilities, energy related companies, and chemical companies if the decision is made to develop a park or reload facility in Lansing.

In our estimation, the relatively limited potential demand for rail served property in Leavenworth County, coupled with existing competition from other sites that offer a better rail/Interstate multi-modal opportunity, make it extremely difficult to justify the expense of installing and operating the rail facilities preliminarily designed by TranSystems and required by the Union Pacific.