



City Hall, 215 Sycamore St.
Muscatine, IA 52761-3840
(563) 262-4141
Fax (563) 262-4142

COMMUNITY DEVELOPMENT

**Planning,
Zoning,
Building Safety,
Construction Inspection Services,
Public Health,
Housing Inspections,
Code Enforcement**

Date: October 11, 2015

To: Mayor and City Council Members

From: Dave Gobin, Community Development Director

Cc: Gregg Mandsager, City Administrator

Re: Request to Apply for Iowa's LIFTS Grant

INTRODUCTION: The City of Muscatine has begun investigating the possibility of establishing a Port Authority and a multi-modal container terminal port facility on the Mississippi River in Muscatine, Iowa. A terminal port will give local shippers a new mode to access global markets by allowing for the shipment of container and smaller bulk items via barges operating on the Mississippi River. Completion of this project would benefit all of Eastern Iowa since there are no intermodal container facilities north of St. Louis.

BACKGROUND: The Linking Iowa's Freight Transportation System (LIFTS) program is a new grant funding opportunity, from the Iowa Department of Transportation to seek and address gaps in multi-modal funding to assist in bolstering the freight transportation system – be that by truck, train, barge, airplane, or several modes. Such a grant would prepare the way for other and much larger grants that will require the information gathered during the LIFTS program results.

The Iowa Department of Transportation has identified a one-time funding opportunity of \$2.6 million and made it available for this program in 2016. Applicants must provide a cash match for the proposed project. The minimum amount of matching funds required of a public entity or a public-private partnership is 20 percent.

RECOMMENDATION/RATIONALE: City Staff is proposing that an application be submitted for a planning and feasibility study for a potential intermodal container port facility on the Mississippi in Muscatine, as outlined above. Following is the proposed scope of the study. An application for up to a \$200,000 grant from the LIFTS program is being proposed to fund a planning and feasibility study as outlined above. The required 20% match will come from private sources, meaning that no City funds, except for staff time, will be used for this study. The application for the grant must be submitted by October 23, 2015.

Staff is looking for Council authorization to proceed with the submission for a LIFTS grant as outlined in this memo. Completion of this planning and feasibility study will position the City of Muscatine to pursue grants to fund construction of the proposed port and to begin the process of obtaining all necessary regulatory approvals.

The following is the proposed scope of the study.

- **What is the potential market demand for intermodal container freight to move via a Mississippi River port at Muscatine?**
 - This should consider the potential for:
 - Containerization of commodities already moving on the river;
 - Diversions from current trucking and rail freight;
 - Potential new markets generated by the new operation.
 - It should identify:
 - Key origin-destination routes,
 - Upriver volumes and commodities,
 - Downriver volumes and commodities,
 - Variability (seasonal factors, weather factors, economic conditions, etc.).

"I remember Muscatine for its sunsets. I have never seen any on either side of the ocean that equaled them" — Mark Twain

- **What are the primary characteristics required for a successful and sustainable operation?**
 - Requirements for port infrastructure,
 - Marine equipment,
 - Vessel navigability
 - Truck/rail connections;
 - End-to-end service cost,
 - Speed, and reliability compared to truck and rail options;
 - Market volumes,
 - Load/empty balances,
 - Service revenues
 - Cost recovery;
 - Institutional/organizational factors.

- **Is the identified site on the Mississippi River a viable location for such a port?** Can it accommodate development to meet the requirements for a successful and sustainable operation?

- **What is the potential cost of development and implementation?**
 - Consider, at a preliminary order-of-magnitude level,
 - Capital costs for terminal development and marine equipment,
 - Any ongoing operating costs that would not be covered from operating revenues.
 - Determine whether, and for what period of time, operating subsidies might be warranted