

**APPENDIX E:  
Public Involvement**

**Heartland Expressway Economic Workshop Summary  
October 13, 2011**

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# Heartland Corridor Economic Development Workshop

## October 13, 2011 Heartland Expressway Stakeholder Meeting Notes

Name	Affiliation
Travis Hiner	President, Heartland Express Association
Randy Eldorado	Project Manager, NDOR
John Hoehne	Twin Cities Development
Boni Carrell	Regional West Medical Center
Jerrold Hoberman	ED
Ken Lutz	Aulick Leasing
Danny Tompkins	Aulick Leasing
Tim Gieschen	Dealership/property owner
Larry Johnson	Nebraska Trucking Association
Ajya Bendel	Economic Development
Patricia Vice	Lincoln County EDC
Joe Kiely	VP of Operations - Ports to Plains
Fred Feldges	Mayor of Alliance, NE
Chelsie Herian	Box Butte Development Corporation
Raunda Pierce	Twin Cities Development, Economic Development
Mike Marker	Western Sugar
Stan Walker	Farmer/Pigs
Joe Burford	Ag Business/Cows
Karla Niedan-Streeks	Gering Visitor's Bureau
Starr Lehl	State of Nebraska DED
Mark Gillam	Floyd's Truck Center
Bob Kelley	Kelley Bean

### Market Metrics

- Gering/Scottsbluff ~36,000 population but has a pull of ~120,000 (up to 1 hour driving distance)
- Home Depot needs 50,000
- BNSF rail facility needs a guaranteed 100,000 lifts per year, the base is Denver's market and they barely make that
- Torrington prison employs 600, many from Gering/Scottsbluff
- Major employers in the area include: hospital, Kelley Bean, Western Sugar, Cabela's (in Sidney), loan company, local schools, Wal-Mart

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***The workshop began with introductory statements from Randy Eldorado and Travis Hiner. Following that, individual participants went around the room, introduced themselves, and then the group collectively had a discussion about the importance of highway access to the local economy from their own community or business perspective. The following is a summary of the conversation as it took place.***

1988 there was a depression in Nebraska, losing population in panhandle since 1950's, 105,000 originally, 10% lost every year, 1980's were especially bad and the area lost 15% every year. Highway became primary focus of turning the region around. Only dropped 2.9% 2000-2010, the hope is to increase population in panhandle. Trying to save this area. Losing population means losses in infrastructure, towns, museums, high schools, hospitals, all depends on the population.

Population reflects profitability in agriculture. In the '70's high profit, '80-'90s not good, '90s good, now the red line (from ppt) is reflective of what is expected now. Also represents the volatility. Farmers with money in their pockets spend it, farmers are reinvesting in equipment now, which adds to economic vitality. There is no huge array of crops that can grow in the region, but compared to the past, farms are larger; more investment went from labor to capital. Demand for labor went down, productivity went up. Profitability drives the curve more than anything. China/Mexico/worldwide demand for agricultural commodities and meats. In pigs, ¼ are being exported. Many are via ports on west coast. Wheat transferred from area, exported, beans, sugar beets exported. Farmers are importing corn into area from south-central SD, N-central NE or from Julesburg, Colorado to feed livestock. This is a corn deficit area.

Only 4 unit trains have left the panhandle in the last few months, shipping mostly goes out by truck. The products are sent out for 6 months and then bring it back in. Sending agricultural products to the west coast/Texas/Kansas. The switch of the region from an importer to exporter of grain occurs around May/June/July.

Government policies in investments and population. Homestead Act. Kincaid Act 1904 created a big boom in development. Reformation Act during the time the canals were built. First 30 years of 20<sup>th</sup> century the region saw a huge spike in population but then a downward trend coinciding with higher productivity in agricultural machinery. Spikes in population in '60s from the oil boom and southern panhandle missile silos. Late '60s, shut Sioux army depot. '70s agricultural success/policy of Clean Air Act lowers use of coal in Wyoming and railroad activity. 2000-01 Cabela's was built in Sidney. The recent boom is attributed to a demographic boom, people are much older than they used to be, maybe more wealth in region? Need government policy or investment to do it again. Long term population trends coincide locally with government policies.

Find a government which is more employee-friendly. Restrictions on employers are huge in terms of healthcare, costs, requirements, only going to get worse as time goes on. Higher gas tax in NE than WY.

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No state tax on farm fuel (in any state?). Reduction in hours truckers can drive not a huge impact, may enhance it from a safety standpoint. Trucking log has helped to keep up on safety.

October 28, 2011 federal regulation will force truckers to cut back from maximum 11hr shifts to 10 hours of driving time with ½ hour break in period. From the NE viewpoint, this can disrupt supply chain, but gives an opportunity to be in a better spot for smaller warehousing distribution centers. Models for Wal-Mart in North Platte show it can service X stores on outbound side. If stores/distribution centers were built on 11 hour shifts and now it's 9.5, there may be opportunities for more smaller distribution centers in communities with potential for labor and lower land rights along I-80. It takes 4.5 hours to get from here to Carney along I-80. Trucking industry is predicting a 450,000 driver shortage by end of this year. Distributors are putting 70 drivers in each community along 80 so they will drive 4.5 hours out and back, home every day. In the N/S there's the same idea.

Regulatory fuel tax is an opportunity for Panhandle. Along the Front Range, there is a significant discussion from companies who manufacture and distribute from Dallas/Phoenix. Cost of moving goods has increased because of fuel so much, companies are looking at smaller manufacturing facilities more scattered across the country. No specific industries mentioned.

Lost Tenneco. Had to close it, the university did a study on the logistics cost/disadvantage found it was even but competitive advantage showed that productivity was better than Hartwell, Georgia. University of Nebraska - University Transportation Research Center. Study conducted by Dr. Larry Rillett in last 3 years. Commodity flow survey due out soon by the State Emergency Response Commission which will show freight O/D and through-traffic.

How much farther could you go in a day by avoiding I-25? When on a 2-lane and behind a slow person, it's difficult to pass. Way faster on 4-lane, passing is a huge advantage. Diverting truck traffic off of I-25, how many equivalent "cars" would it be helping to remove as truck traffic?

Truckers are typically paid by the mile. Truckers won't necessarily drive farther to get to a 4-lane highway. It would take something up north or down south to create more freight. What change in travel time will entice traffic? 10/20/30 minutes to change the route? Depends on the sector – if moving a load 800-1000 miles for 9.5 hours you take most direct, not necessarily fastest route, but this could change as we move forward. Safety is important to the route decision.

Interstates are safer because of multiple lanes and limited access. Trucking companies aren't using the 75mph highways because of governors which are more effective going 65mph. From here to North Platte there are 2-3 ways you can go: the safest is down 71 to I-80, 2 other options, but time-wise it's a push depending on the speed you set governors for. Most go through Sidney to I-80. Costs more through Kimball. You can get to Lincoln or Omaha by State Highway 2. People will go south to 80 over to the game because the common perception is it's faster on the 4 lane road even though it's farther.

Gillette took population from Alliance. Compare Alliance to Gillette with the interstate.

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When shipping material from Minneapolis/Chicago, I-80 is full of trucks and it's 400 miles across Nebraska, if it went through SD on I-90 then south from Rapid City, SD could siphon off business. Lose IRP portion, could it offset money spent on I-80? High contribution of taxes by commercial motor vehicles. NE would lose revenue if SD got traffic. A smart trucker would go to WY to save 10 cents on tax because it's cheaper to truck in Wyoming.

Alliance is an example of regional consolidation center for bulk material. Trucks handle it usually, but it can go by rail for longer treks (grain), could bring fertilizer back in to balance the movement. Regional consolidation of 450-miles around Alliance with current facilities, possibility of increasing activity there and also having advantage of 4-lane highway. Driver shortage mentioned again. Currently China has 25 cents of GDP in transportation costs to the coast, US is at 7 cents, could bring it down for the good of North America. Some Chinese factories are coming to NE. Talks with processing facilities related to agriculture. Value added agricultural processing is a possible industry to investigate. Beef bought and moved to be processed elsewhere. If we can find other value added agricultural products (flour mill) then could have potential.

Large distribution project (Wal-Mart?), this area was looked at multiple times, but ultimately went to Cheyenne. Two manufacturing businesses looked here and moved to Cheyenne because it was before the Kimball link was completed (70 bypass?). Sidney and Ogallala have advantage since they're on the highway, but Gering is 40 miles off. This area has labor and technology advantages that Kimball doesn't. Take beer one way, sugar hauled back. Back-haul logistics is a big piece of the picture. Another major issue is locating off a 4-lane highway. Gering/Scottsbluff is as connected as any metro area with hospital broadband project, more telecom per capita, good communication locally. Can be an advantage – how to capitalize on that? Too many call centers locally—not an economic development target. Data centers are being looked into which would offer higher paying jobs but not as many employees. There are 3-4 major call-centers currently; too much of the population is in that sector of medium paying jobs. They currently employ over 1,000 in call center jobs in the community. More saturated than they'd like – focus on manufacturing, technology, data centers, value added ag, focus on better paying even if it's fewer jobs. What is the labor pool for the data center? They can recruit people, but employees want more than 1 opportunity because if it doesn't work with employer A, there are no other options. Ideally, they'd like 6-8 competitors so they can attract high talent. Otherwise, if one job doesn't work out, employees will leave because there are few comparable opportunities.

Hospital fiber project - 700 mile line encompasses the panhandle, not exactly along the pattern of the highway but it includes all of the area, connects 9 hospitals and 30 clinics. 48-fiber network leased out of Colorado. Infrastructure available to other carriers and directly to customers. Any business can benefit from high-speed fiber bandwidth. All hospitals need data storage and disaster recovery because of federal regulations, there's a great need for facilities. Purposely built with high capacity. 48 fibers, hospitals will use 20% of the capacity. Healthcare will use 2 of 36. The price difference between providing a larger capacity versus what was actually needed was not very different so they got the higher capacity. Private investor bought (IRU) has rights to use it for a certain amount of time – can't own it but can use it. Huge capacity, especially for companies in which it doesn't matter where they are

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located because they can be as well-connected here as anywhere else. Opening Nov 1. Redundant capacity is reliability.

Alliance in the future will have offloading facilities worth \$12M investment. Anticipating being along 385 located adjacent to highway for that reason. Intermodal opportunities very real. No particular industry. Ag definitely, not just ag though. Big rail yard with BNSF in Alliance. Coal there invested in infrastructure, other goods as well. Airport facility with high capacity.

Tourism – could development of 4 lane highway improve tourism? Capture rates – local groups are working on it. 3 major destinations directly north – Mount Rushmore, Teddy Roosevelt National Park, and the Black Hills. There is no easy 4-lane access between Colorado/Texas and these tourist sites. Iowa, I-90 is all campers in the summer.

Wind Energy – Idaho/Seattle. Establishing corridors that support oversized and overweight movements, this corridor fits it. Can't have overpasses, electrical systems need to be up high. \$2B lost contract with Conoco to produce units in Alberta because they couldn't get a permit to haul from Billings to the border and if they did get the permit they had to pay for all road improvements and then somebody else could use it for the same purpose at no cost. Energy business (blades/towers) has lots of manufactures locating along corridor from TX and CO into the Dakotas moving up and down.

Oil developments happening. Tremendous growth in Limon coming from the south, more oversized loads than ever before because of Super 2 that went in. Trucks are heading west to Denver from Limon, then north on I-25. Colorado needs improvements on 71. Energy traffic from TX, to Limon, then going up 25, would keep going north from Limon if 71 were better. Needs to be Super 2.

49% of steel in regional oil and gas development is manufactured in Houston.

Wind energy: Vestas is in NE Colorado, 3 plants are there, Brighton has 2, Windsor has 1, using 2 lane roads and coming through Limon. Wind power volume increased. Additional 250 MW, 139 towers generates 14,000 truckloads of towers, gravel, rock, transmissions, and substations. N/S route. Created 23 permanent high-paying jobs. Rule of Thumb: ~50 urban jobs = 1 rural job, which creates a big impact on a county with 5,000 people. Construction also employs, but is temporary. 2 more turbines in the area are on the way. Capable of creating 3-5 GW of electricity? Kimball has largest wind development.

Pipe threading company expanded to Sidney, doubled. Pipe fitting company also?

Tourism. NE doesn't get their share of motor coaches to come here, mostly due to highway access. Tourism industry is a clean industry. People want to retire here? Work force, amenities attract younger workers, over 30,000 acres of public land: hunt, hike, bike, bird-watching, flower viewing. What else to do besides just a job? This is something the panhandle can offer – open land, things to do. The people who drive the motor coaches are old (Mark).

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Trade of ag products: To find out how they're exported – talk with growers associations, Kelsey Pope with the Nebraska Corn Growers, they have a good idea of how things move because they search for new markets.

Outlook for next 10 years – business plan? Diversity is a main issue. State as a whole is ag based, that won't change, but diversity in industry is desirable. More diversity in industry would help especially during drought years, for example. Best next industry? Manufacturing? Production? Maybe something ag-based or ag-related. SE Wyoming is seeing a push to get to high-tech data centers. A supercomputer is going in outside of Cheyenne (Atmospheric Research Center?), also one near Laramie which has good access to cheap power, a good climate (dry and relatively cool), and high paying jobs.

Work ethic is very high and quality of products is very high compared to foreign production. Parker (in Alliance) is a larger manufacturer of hose and plastic bags. Has a plant in China, but the Chinese would not buy the hose in China because they said it would be inferior. US products made in the US are still thought of more highly, even with the same company located outside of the US. Parker ships by trucks. 8-10M feet of hose go out by truck annually. Panhandle can't compete with eastern NE, but the activity in the area could be tremendous with the road. "It's there just waiting to burst," "What happens here will have a tremendous impact on what happens in the east." Latent demand is already there.

Farm equipment – the area could house a manufacturer/assembler/sub-assembler, industry has possibility in the area.

What's the benefit of the road? To get an industry to the town, you need an interstate from Rapid City. 80,000-100,000 people per year visit Carhenge. Need to tap into tourism.

Vestas suppliers are in and around Chicago. This area made it to the final 2 location options of a component for Vestas, but the corporate lead from the Netherlands didn't want to get on another plane to Scottsbluff, so they built the center near Denver. An employee quit over this decision.

Would business grow? Would the road make business more competitive? How would it affect you? Availability of commodities to be more efficient. Out to Torrington, road is 2-lanes, beets, cattle movements, grain. 4-lane would speed things up. Ag commodities hit at the same time of the year. Road could make ag industry more competitive and efficient. Transportation is 20% of his productivity. Cattle numbers are shrinking per head (inventory), but exports are going up; imports going down, \$ volume going up, W NE is getting more competitive. Good source of feed grains, NE has the best climate for cows and plenty of packing houses. Good supporting factors to keep cattle industry viable.

Genetic multiplication – provide with breeding stock. Emphasis in breeding to move it outside of the hog belt because of disease centered in that area. The industry has moved out to this area and is an opportunity but it's 600 miles from door to door and a tough sell because of distance and type of roads. If better roads, quite a bit easier. Market potential for expansion. They liked the isolation and climate. There is a population base here to draw upon for employees, but also a feed source.

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Operating costs- Nebraska Trucking Association looks for favorable business and tax climate. How to pay for it? Senators look at trucks first. Trailer licensing, registration, moderate fuel tax. Look at building projects, need good ROI. 13,500 commercial trucking companies in state - per capita this is much higher than other states. Benefits truck dealers, common carrier exemptions, eliminating that would move them to another state. Ag guys will be heavily affected if taxes, go up because farmers are exempt from some taxes.

Problem is they ship edible beans and rail service is not good right now so they're shipping by truck. Today (the day of the workshop), they are short 21 trucks to ship loads that are Just-In-Time for canners. Company shipped out 195 trucks in September out of Morrill. Export by Gulf ports, Chicago out seaway, Seattle. Kelley Bean is a major supplier to US canning in the east. Bad imbalance of inbound trucks deadheading out of Denver, they cost more. Company is losing money because they have to pay more for trucks. If it's the buyer's truck it's the buyer's cost. We need trucks here, anything we can do to improve infrastructure to ship more products from the valley there's a commonality of interest to get products to markets. Heartland Expressway might help the Dakotas and Canada more, but it'll still help here. Kelley Bean deliveries used to be 95% on time 5 years ago - more like 80% on time today. 10% of costs are for transportation. In the ratio of trucks in and out, deadhead in are majority. Alternately, all of Wal-Mart's trucks coming in are full going out, can't tap into their trucks. Kelley has 20 processing plants in 8 states. The pinch point is not out of the Pacific NW, the problem is here. Premium on dead trucks - Kelley pays \$300-\$400 per truck. Dry beans are shipped predominately by 1 lb tote bags. Morgan Foods in Austin, Indiana provides Wal-Mart with Great Value brand beans. Rail is bad - perception that the railroads would pay Kelley Bean to go away. If you're not coal then you're conflicting with them. Hard to get a switch in, when they used to be 3x a week, now 1x a week. They don't want to stop the train. Kelley is a single car shipper (1, 2, or 3), not a unit train. They ship 20-40-50 cars of beans at a time to Middle East sometimes. Ship to Gulf port loaded into slings aboard vessels. Containers go out of Chicago. Not as cost effective to containerize locally as it is to containerize at the port. "Late" is 1 hour.

Safety - 10x less fatalities on 4-lane highway than 2-lane. Hospital is a trauma center. Physicians are commuting from the Front Range to Regional West Hospital.

Nebraska Vital Statistics, highway costs per capita in panhandle are higher than other areas of the state.

Niobrara: activity in the shale was picking up in 2010, was very active as part of the land rush phase where companies tried to secure leases. As far as actual activity, companies are taking a step back, getting data, doing sample wells. In 4 counties of SE Wyoming, there are about 200-250 permits submitted to Oil and Gas Commission for horizontal wells in Niobrara. Only a fraction is actually drilled. 10% maybe - 15%. Industry says they need to get data first and one specialist in July said the recoverable oil is about 1/3 of what it is in the Bakkan (can send the PPT). Size of Bakkan is the combined size of western Nebraska and part of eastern Montana and into South Dakota. Estimated at 400 billion gallons. Of the known reserves, this represents about 4-5%. Saudi Arabia has 1%. In US, moved up to #4 and can pass CA to #3 as far as state ranking goes.

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Construction in Bakkan to last 25 years (21+ years projecting) of exploration and then into production. Sandish Three Forks below Bakkan. Niobrara is about 10 years behind where the Bakkan is today. Seen increased activity with pipe companies moving in, BNSF runs parallel-ish along I-25 through hub in Cheyenne with new business park where UP/I-80/I-25 intersect. Oil field related/wind energy related. Population impacts are unknown. People in the region are coming from outside of the region for work. Numbers for jobs associated to 1 rig (actively operating) is 20 people, but ripple effect is up to 100 jobs including service and other industries. Can provide PPT. \$2-10M per bore at Bakkan. When making investment they know they're going to get the payback, but the Niobrara is still unknown. It will be in competition with Bakkan. Truck impact will be heavy until a large number of rigs produce enough. It'll all go in and out on truck. Ideally there will be pipelines, but too expensive for now. 300 barrels of oil (approximate break-even point? – she'll check numbers)

No rental homes are available locally – hotels and motels are full. How does it affect tourism? Cheyenne's Frontier Days are at the end of July. Smaller service companies are moving in roustabout companies (which do everything except for the actual drilling), stallion, subcontractors, reclamation, and services like entrepreneurial lunches to go for people in the field. Wheatland population is at 3500, complaints of not enough restaurants open early in the morning or late enough at night to feed the workers, or grocery stores. As far as man camps, none (portable units where people can live). Modular homes here build man-camps for Wilson, ND. Oil in ND helping local home manufacturer. Hopefully they can send the homes to Wyoming. They set-up in Cheyenne, then realized nothing's going on, then they left.

Huge demand on workforce, meaning they come in and offer workers large amounts of money, grab qualified experience from other companies. Demands on expectations will grow (good or bad?) and expectation that crew can take care of business over 24 hour days. There aren't enough people to take care of 4 lane deal. Sidney, 2 people went to mines in Gillette, people are getting offers of \$25/hr and have never touched a piece of oil equipment. CDL drivers are going to be at a premium, can't find them. Seasonal needs, you can't find drivers for sugar beets. Growth has been to the 4 lane highway, they don't grow elsewhere (Mark). 98% of other truck dealers it's the same. 4 lane highway would give opportunity to competitors and will require people which are limited.

Recruiting to Sidney is difficult. If no houses in Cheyenne, there are definitely none in Sidney and it's hard to bring people out of big city. Big city people can't leave anyway because they can't sell their houses. Can't find homes in Sidney, can't sell theirs in the city, so people won't leave. If housing market were better, there would be a better opportunity to pull people. Young people aren't necessarily going where the jobs are; they're going where they want to go and hoping there's a job there.

Domestic oil is a good thing, but the lifestyle is bad. Workers are living in tents and eating hot dogs at 4am at convenience stores because there is nowhere else to eat.

Bust and boom with energy exploration, establishing a regional headquarters would provide permanent jobs and attempt to even out the boom/bust trend. 20 yrs ago in Cheyenne nothing was there. Now every manufacturer is there. No new interstates (80 and 25), but Wal-Mart showed up, Lowes,

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government, etc. if expressway went through Scottsbluff/Alliance, what changes? Just putting a road through won't make things more efficient in itself. 40 years ago the eastern slope of Colorado moved north to Cheyenne, could move farther northeast to Scottsbluff?

Identify funding sources – major elephant in the room. “Make friends with the road fairy whoever that is”. State legislation designated ¼ cent of state sales tax to expressway system because 4 lane roads are an important tool for economic development.

From an equitable standpoint, yes there is more traffic in eastern NE, but they pay gas tax out here too and deserve more than nothing. If Heartland Expressway doesn't get any funding off that funding, all other projects are east side which isn't equitable. They have 80-90% of needs but western NE deserves something.

How did SD justify their 4-lane? Earmarks. The governor made it a priority.

Wyoming toll road off I-80? Iowa doesn't take care of their part of I-80? Each deters traffic from I-80.

Intermodal sites for rail to highway that are part of this discussion. It's an opportunity that isn't part of this investment. Private would need to invest. RR wouldn't invest in this area because they need 100,000 lifts per year on or off a truck and Denver barely meets that. But there's an opportunity for smaller scale, just not RR. Consider a PPP (like how airports work) with a port authority -public builds it but leases out terminals. Rochelle, Illinois; Gardner, KS; Alliance, NE - creates more congestion. Delays increase costs for land. Today it's 100,000 lifts, but they were talking 1M lifts 10 years ago.

Ports to Plains- 2004. May not be meeting all construction dates, but meeting economic growth predicted. Raton, NM to San Angelo, TX (except for 20 miles) will be 4 lanes. Cheese and dairy - industries have grown that were never previously in their economy which are now there. Synergy continues to happen because of it. Trans-development takes years, what comes out of it will have value.

- **Action Items:**

- Search for EIS purpose and need statements that include economics as a justification especially rural/ag states. Done
- Alliance corridor – name of the corridor border to border. Make sure this nomenclature is consistent in reports.
- Map state maximum weights along the corridor because NE is more strict, and variable along the route. This affects the N/S routes.
- Is there a Nebraska Wheat Growers Association? Look into ethanol movement/feed lots. Megan Beverage – congressman's staff in DC—send contact info as requested. Done.
- Check on commodity flow survey due out soon by the State Emergency Response Commission which will show freight O/D and through-traffic.
- Follow up with Dr. Larry Rillett
- Follow up with Kelsey Pope