

# THE Lebanon Reporter

FRIDAY, MARCH 19, 2010

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## Planners believe rail spur expansion will boost local economy

BY ROD ROSE  
The Lebanon Reporter

Expanding a railroad spur into Lebanon Business Park could help bring more companies to the area while also boosting the economy for other areas of central Indiana.

So too could a major upgrade of the CSX intermodal terminal in Avon - where cargo containers are transferred between freight trains and semi trucks.

Construction of the rail spur will begin in May, with completion likely in the fall. It will run west from the CSX line and provide rail access to 185 acres in the business park.

U.S. Cold Storage, which now has 90 employees, came to Lebanon Business Park specifically because rail service could be offered, Jay Archer, a vice president with LBP developer Duke Realty, said recently.

The first phase of the rail spur brings rail to another 184 acres of the business park, Archer said. While U.S. Cold Storage is paying for part of that track, "it is their job to extend their personal side track," Archer said. U.S. Cold Storage doesn't have a specific timetable for that expansion, saying it was not an immediate need.

"Whether U.S. Cold Storage wants it in 2011 or 2015, we now have the ability to meet those demands," Archer said.

Construction of an intermodal terminal in Avon would help companies in Lebanon cut shipping costs and give them direct access to ports on both coasts, Archer said.

The city of Lebanon is considering contributing up to \$2 million in TIF revenue to help build the rail line. With that help, Duke now has the potential for "a world class, master-planned"

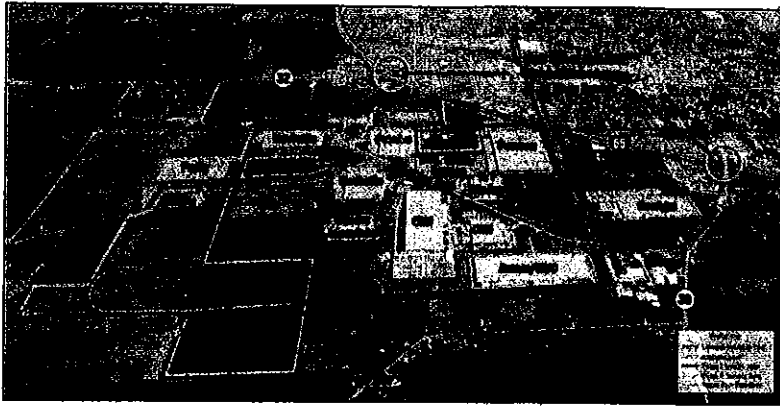


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This image shows the path of a rail spur that will reach several existing companies, and another 184 acres that are undeveloped, in Lebanon Business Park.

business park here, Archer said.

That project, being pushed by Conexus Indiana, could affect "everybody in central Indiana," Archer said.

Most shipments are now first brought into Chicago, and LBP companies have to hire trucking companies to pick up their shipments, Archer said.

"As this becomes a more direct through line - they'll have better transit time. Everybody will have the ability to have lower-cost products coming from the West Coast," so they would drive 25 miles, compared to 250 miles, Archer said.

The distance could be even less if CSX upgrades the Avon intermodal terminal, said Ryan Heath, of Conexus, an alliance of Indiana businesses. Conexus was launched in June 2007 to promote the growth of manufacturing and logistical businesses.

When the Ronald Reagan

Parkway is completed from Interstate 74 to the Indiana 267 and I-65 interchange in Boone County, trucks will be only a 10-minute drive from the Avon intermodal, Heath said.

Another edge for area companies is that an Avon intermodal terminal would give a direct link to ports on both coasts. Now, westbound freight that clears the Chicago terminal must stop in St. Louis, he said.

Whether economic times are good or bad, Heath said, companies are looking for ways to trim expenses.

An upgraded Avon intermodal terminal gives central Indiana companies "lots of options for money they had been spending for transportation costs," Heath said.

With help from the city of Lebanon and the Boone County Economic Development Corp., Duke has had "productive meetings" with LBP tenants. "Many of

our clients are very intrigued that we are bringing rail to the park; they are asking if there is any way they can benefit," Archer said.

If there is enough demand from LBP tenants, Duke could build an "off-load center," that would be available to any area business. "We'd have to find the operator," Archer said. "That's something we need to explore."

There are off-load facilities - also called "consolidation centers" - in some major cities. They're popular with larger companies, such as Lowe's and Home Depot, because rail car loads of goods can be delivered directly to a distribution center.

"One of the huge pluses in Lebanon has been the stability of our tenants," Archer said. "Most have been expanding."

The exception is Building 11, which had been leased to MI Windows, who closed its 242,000-

square-foot building in November 2008. "But that building is master-planned so you can get rail to it," Archer said.

Building 11's spur could come from the existing CSX line, Blaine Paul, of Duke Realty, said. The property is for sale.

One of Lebanon's requirements for approving the project was that rail service could be expanded beyond LBP's limit, whether by Duke or another developer, Paul said.

And Lebanon may have a unique edge on other business parks, Charlie Podell, senior vice president of Duke's Indiana operations, said.

"There are none, that I'm aware of, rail-served, state-of-the-art, new distribution buildings" within an established business park, Podell said. There could be some free-standing sites, he said, "but not an established business park with all the infrastructure and management."

"If they want a new, state-of-the-art building with rail, we will be probably the only business park available," Podell said.

When he speaks to companies, usually through a chief financial officer or president, Podell said, "they seem to be not laying off people, and they seem to be hiring people back," but haven't yet begun expanding their work force.

Several LBP clients would take advantage of rail service, including CNH, which distributes parts "all over the world," and J.M. McCormick, a supplier of flooring for semi trailers and other specialty wood products.

Paul said J.M. McCormick "continues to look at importing woods directly" to its Lebanon facility by rail, but has postponed those plans because of the economy. "They will look at that when the economy picks up."