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A transportation hub INTERMODAL CENTERS | Three big area projects are under way; Plans by BNSF and Kansas City Southern and at KCI touted as opportunities.

By KEVIN COLLISON

Kansas City already has a strong economic advantage as a transportation hub, and it's going to keep growing with three big intermodal projects in the works, experts said Wednesday.

An audience of real estate professionals hosted by Grubb & Ellis/The Winbury Group was briefed on the massive new intermodal center being developed by BNSF near Gardner, as well as Kansas City Southern's plan for a similar facility at the former Richards-Gebaur Memorial Airport and the city's push to attract development to Kansas City International Airport.

"Our opportunity for growth is tremendous," said Chris Gutierrez, president of Kansas City SmartPort Inc., who added Kansas City already leads the nation in railroad cargo tonnage and is second only to Chicago in total railroad car activity.

Gutierrez participated in a panel on local economic development along with Skip Kalb Jr., BNSF director of strategic development; Bill Duncan, president of the Kansas City Area Life Sciences Institute, and Bob Walker, director of communication for Bayer HealthCare's Animal Health Division.

Kalb said planning is well under way for the 1,300-acre intermodal facility his railroad is developing southwest of Gardner.

The intermodal operation where goods will be off-loaded from trains to trucks is anticipated to occupy about 300 acres. The remainder of the property is expected to be developed with 12 million square feet of warehouses and distribution buildings.

Intermodal development is the fastest growing segment of the railroad business, he noted. Texas-based BNSF has hired 18,000 workers over the past five years and is planning five intermodal centers around the country, with Gardner the furthest along.

When completed, BNSF plans to close its intermodal operation at the Argentine rail yard in Kansas City, Kan. Rail operations will continue there.

The new facility near Gardner is expected to create 13,000 jobs when the distribution facilities are fully built out. The Allen Group of San Diego has been hired by BNSF to oversee development of the warehouse facilities.

"It's a major impact, not just for Kansas City but globally," Kalb said. "It will be one of the largest in the world."

The force driving the growth of intermodal is the huge amount of trade flowing into West Coast ports.

"It's all about China," Kalb said.

He added that companies are finding it more cost-effective — in part because of rising fuel prices — to ship goods by rail and then transport shorter distances by truck.

Similar activity is occurring at Richards-Gebaur, where Kansas City Southern is helping develop an intermodal center to offload Asian goods being shipped here via Mexico.

Gutierrez said Kansas City may soon be in a position to be at the center of an east-west railroad corridor operated by BNSF, and a north-south corridor being operated by Kansas City Southern.

In the meantime, the Kansas City Aviation Department has hired Trammell Crow to guide development of 640 acres of vacant airport property for use as distribution centers, and the department recently purchased the former Farmland Industries headquarters building to help economic development.

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One aspect in which the city lags is providing enough warehouses and distribution space to accommodate its growing transportation industry.

“The big question is: ‘Are we ready for Class A industrial speculative construction?’ ” Gutierrez asked.

A similar concern came up last summer when the Kansas City Area Development Council invited a national corporate site selection expert to town.

While praising the city’s geographic advantages for transportation-related investment, J.M. Mullis Inc. observed the vacancy rate for industrial space in Kansas City was tight, a detriment to attracting new businesses.

Another issue touched on by the panel was the region’s reputation as a center for animal health science. Walker, Bayer’s representative, said Kansas City is the heart of the Animal Health Corridor , a territory stretching between the two veterinary schools at Kansas State University and the University of Missouri-Columbia .

There are about 120 animal health companies in the region, accounting for about one-third of the \$14 billion animal health industry worldwide.

“This is the global hub of animal health research, marketing and sales,” he said.

Finally, Duncan said the recent approval by Missouri voters of the amendment allowing embryonic stem-cell research and all other federally approved medical research was a critical factor in the decision by the Stowers Institute for Medical Research to proceed with planning for a 600,000-square-foot expansion project in Kansas City.

“The passing of Amendment 2 was a huge burden to overcome and the Stowers folks are moving forward,” Duncan said. “They have done a lot of work looking at developing a phase two facility adjacent to the existing facility.”

Duncan said he expects the institution’s scientific advisory board to consider a proposal in April.

“We hope to aggressively move forward after the April get-together,” he said.

“The important result of the vote is to indicate to the world that this region will accommodate cutting-edge, world research and it will help recruit world-class scientists.”