Economic Development Planning, Summary 28

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Title: Yuma County Rail Corridor Study

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Source: Parsons Brinckerhoff

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Summary: With a peak unemployment rate of nearly 30 percent, attracting employers and jobs is a major challenge for Yuma County. Expansion of the rail system in Yuma County, including a line across the border into Mexico, could create more jobs, especially if this development led to the construction of intermodal terminals to handle freight or an industrial park. Eight alternatives for freight-related economic development were identified and evaluated.

Various factors – including analysis of current and prospective industries in Yuma County; shippers’ needs; the benefits, costs and economic impact of the eight options; trends in logistics; the Mexican government’s cancelling of the proposed Punta Colonet deep sea port in Baja California – suggest that the most promising railroad investment for Yuma County would be the building of a rail spur to an industrial park located close to existing rail infrastructure. An industrial park could help attract employers to the area. In addition, the construction of a transload facility could provide more points of access for Yuma County businesses to the rail network.
**Sectors:** Agriculture, food processing, military and defense testing, industrial manufacturing, logistics and distribution, renewable energy, and twin plant/maquila operations.

**Geographic impact:** Yuma County, Arizona, Imperial County, Calif., and Mexican states of North Baja California and Sonora.

**Key actors:** Yuma County, Yuma Metropolitan Planning Organization, Greater Yuma Economic Development Corp., agricultural producers, Union Pacific Railroad, Yuma, Wellton, San Luis and Marine Corps Air Station Yuma.

**Major challenges:** Yuma County is one of the top agriculture-producing counties in the country, with leafy greens accounting for much of the production. But rail is seldom used to carry such produce, especially leafy greens, because it’s so perishable. Nor does Yuma County grow enough produce to generate enough traffic for daily rail service. Yuma County’s geographic location also works against it in terms of serving as a retail distribution hub served by rail. Retail distribution hubs are typically located within a meagregion, providing easy access to big populations.

Yuma County is also located a little too far south to effectively serve big population centers in the West. Yuma County’s industrial base is not large enough to support the level of freight that a railroad would require to expand its operations. If Yuma County pursued a rail alignment to build an industrial park in Wellton or San Luis, securing private and/or public funding would be a challenge.

The Marine Corps Air Station Yuma is not opposed to rail as long as it is compatible with its uses on the Barry M. Goldwater Range, but it opposes any rail alignment that traverses along the range.

**Progress to date:** Nothing concrete has developed yet, but the Greater Yuma Economic Development Corporation is conducting a study on behalf of the Greater Yuma Port Authority that will be a strategic planning study for an industrial park at the border. It will most likely incorporate some of the information from this study.

**Major implications:** Logistics and distribution is one of the target industries of the Greater Yuma Economic Development Corporation. While its location has disadvantages, Yuma County also is close to Mexican and California markets. It is less than 250 miles from the ports of Los Angeles and Long Beach, Calif., and 500 miles from the Port of Guaymas in Mexico. It also is near the port of entry at San Luis II, I-8 and the Union Pacific Sunset Route. By using Yuma, shippers in California could avoid the congestion of the densely populated L.A.-area and serve markets in California, Mexico and Arizona. It’s possible that Yuma County could serve a role in distribution similar to that of Kingman in northwest Arizona, which is close to California but not in California.
Opportunities for alignment: Yuma County, the Yuma Metropolitan Planning Organization, Greater Yuma Economic Development Corporation and Arizona Commerce Authority all have roles to play in assisting with the planning and construction of an industrial park, if feasible, in Wellton or San Luis along with the necessary rail infrastructure.

Background: The Yuma Rail Corridor Study provides Yuma County with a variety of options should it decide to pursue a rail alignment, including into Mexico, to ship freight. The options and pros and cons are:

1. *Unit-refrigerated train service.* It would be a challenge to generate enough traffic to support the frequency of service that would be required by Yuma County producers.

2. *Industrial park in Wellton.* A 450-acre site in Wellton, immediately north of I-8 near Avenue 45E, is a potential site for locating an industrial park. The site is 45 miles from the city of Yuma. Preliminary plans were prepared in late 2009 for rail access into the Avenue 45E site. Plans call for 5 miles of track siding with a switching engine and room for at least 100 rail cars. Estimated cost: $10.56 million. The park has the potential to yield significant is benefits and economic development stimulus. Benefit/cost ratio is estimated at 3.61.

3. *Transload railport.* The facility would include “team tracks” by which trucks could drive next to railroad cars for truck/rail transfer. It could also include warehouse storage space. The project could be worthwhile and yield benefits in excess of costs, but the economic impact would be minor.

4. *Distribution hub at Wellton.* A logistics hub centered on an intermodal terminal would provide retail distribution services to Southern California and other parts of Arizona. This would be a big economic development win, but generating enough traffic and gaining support of Union Pacific would be a challenge.

5. *Punta Colonet rail connection.* The Mexican government has cancelled the project, but if a seaport at Punta Colonet were ever built and handled significant container volumes, the benefits of building a rail line through Yuma County would likely justify the investment and generate employment. Benefit/cost ratio is 2.11.

6. *Industrial park in San Luis with new rail line.* A possible 1,000-acre park near the border at San Luis would require the construction of a rail line to San Luis. This could serve as the first phase of a rail line to Mexico and support industrial development on both sides of the border. Another potential site is a 240-acre parcel owned by the Greater Yuma Port...
Authority near the San Luis Port of Entry II. Unless shippers in San Luis generated very large columns of rail traffic, it would be difficult to justify construction of rail line to San Luis. Benefit/cost ratio is 0.37.

7. New rail alignment to connect to Ferromex. It would be difficult to justify construction of a rail line into the Ferromex Calexico subdivision, near the San Luis II Port of Entry, unless a new development such as Punta Colonet came on line. Benefit/cost ratio is 0.49.

8. No build. No build appears to be preferable to options 4, 6 and 7. Due to cost concerns, it also could be preferable to options 1 and 4.

Conclusions and next steps
Unless the Port of Punta Colonet is built someday, building a rail line into Mexico would not make economic sense. Yuma County’s trade with Mexico is small and much of it consists of highly perishable produce, which is poorly suited to transport by railroad.

Projects that rely on existing railroad infrastructure would be more likely to justify the cost of investment than pursuing major additions. Building rail access to an industrial park that is near existing rail infrastructure offers the most promise for Yuma County. Such a project could bring jobs to the county without requiring an investment in a major rail alignment.

If the Kingman Industrial Park in northwest Arizona served as a model for Yuma County, about 70 businesses employing 2,100 people would be located at the park. Of these, about 20 percent would use rail.

It is recommended that a feasibility study for an industrial park within Yuma County be conducted.

A transload facility could provide additional points of access for Yuma County businesses to the rail network. It is recommended that Yuma County promote the development of a trainload facility.