

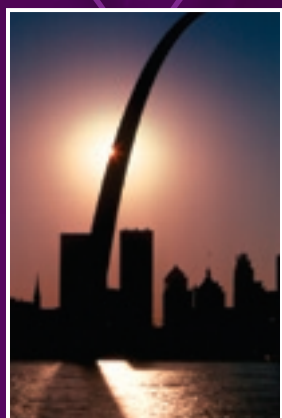
The Avenue of the Saints  
highway connecting  
St. Paul with St. Louis  
**is becoming one of the  
most important logistics  
corridors in the country.**  
Find out what makes the  
Avenue unique and why  
companies that locate  
there find it heavenly.

SPECIAL  
ADVERTISING  
SUPPLEMENT



# Avenue of the Saints

Out in the Middle of Everywhere!™



**“Avenue of the Saints is the emerging transportation corridor in the Midwest, and is becoming one of the most important corridors in the country. The Iowa Avenue of the Saints Logistics Corridor touches 13 counties, a population of 320,000, and a labor force of 180,000. It also connects with transcontinental corridors I-80 and I-35.”**

That’s how Bob Henningsen, president of Smart Solutions Group, a Des Moines economic development consulting firm, and former director of business development for the Iowa Department of Economic Development, characterizes the Avenue of the Saints, the recently completed north-south transportation corridor linking St. Paul, Minn., with St. Louis, Mo.

Henningsen, along with others in the business and transportation sectors, believes that the Avenue of the Saints “puts Iowa squarely on the map” as an ideal location for manufacturing and distribution facilities.

Companies the likes of Target and Martin-Brower agree. They and others – in growing numbers – are choosing the Iowa Avenue of the Saints Logistics Corridor as the site for major Midwest distribution centers. These companies are investing hundreds of millions of dollars in logistics facilities, and reaping the benefits of fast, economical access to major Midwest cities such as Chicago, Kansas City, St. Paul/Minneapolis, St. Louis, and beyond.



The Avenue of the Saints, the highway that spans 600 miles from St. Paul to St. Louis, was only a dream when Iowa community leaders proposed it to Congress 20 years ago. But after more than a decade of construction, the Iowa section of the Avenue – covering 268 miles past such towns as Mason City, Charles City, Nashua, Plainfield, Waverly, Cedar Falls, Waterloo, and the counties of Butler, Chickasaw, Buchanan, and Grundy – is now a reality. It is one of the most ambitious road construction projects in Iowa’s history, with a price tag of approximately \$541 million. More than 80 percent of the funds come from federal sources.

Today, the Avenue of the Saints corridor is home to nearly seven million people and 250,000 businesses.

#### **HISTORY OF THE SAINTS**

The push for the Avenue of the Saints began in 1985 with a lobbying effort by southeast Iowa community leaders, who ultimately developed a broader coalition of supporters. One motivation behind their campaign was the desire to provide a more efficient transportation network for Mount Pleasant’s huge Wal-Mart distribution center, which employs 1,200 people and handles an estimated 3,500 trucks weekly that deliver to the company’s retail stores in several states.

The late Ernie Hayes, a Mount Pleasant businessman, coined the phrase “Avenue of the Saints,” along with New Hampton banker Robert Rigler and Warren Dunham, former director of the Iowa Department of Transportation. They thought a catchy name would draw attention to the project in Washington, D.C.



The 1989 federal Transportation Appropriations Act gave the Avenue of the Saints project its initial financial footing with a \$400,000 appropriation to study the feasibility and necessity of constructing a four-lane highway from St. Louis to St. Paul.

The feasibility study was completed in March 1990. It evaluated four possible routes for the Avenue of the Saints. Two rejected routes would have followed U.S. Highway 52 and U.S. Highway 63 from St. Paul through Rochester, Minn., to Waterloo, Iowa. Another rejected route traveled U.S. 61 from St. Paul through La Crosse, Wisc., and Dubuque to Davenport, Iowa, and U.S. 67 from Davenport to St. Louis.

On May 15, 1990, the Federal Highway Administration endorsed the steering committee's recommendation for the route that followed:

- Interstate 35 from St. Paul to a point south of Clear Lake, Iowa
- U.S. Highway 18 to Charles City, Iowa
- U.S. Highway 218 to Cedar Falls, Iowa
- Iowa Highway 58

- U.S. 20 around Cedar Falls and Waterloo, Iowa
- Interstate 380 from Waterloo through Cedar Rapids to Interstate 80 near Coralville, Iowa
- U.S. 218 to Donnellson, Iowa
- Iowa 394 and Missouri Highway B to Wayland, Mo.
- U.S. 61 and Interstate 64 from Wayland to St. Louis.

The Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA) dubbed the Avenue of the Saints an official "high-priority corridor" and provided \$188 million in federal funding through fiscal year 1997 for corridor projects in Iowa, Missouri, and Minnesota. In addition, ISTEA provided \$14.8 million for the construction of the Mason City bypass, a key segment of the designated route.

About 140 miles of the Saints highway follows previously built four-lane corridors in Iowa, including Interstate 380 and a 27-mile stretch of Interstate 35 in northern Iowa. Another 128 miles of the Iowa route includes sections where a two-lane highway has been widened to four lanes,

**SAINTS BE PRAISED.** The 600-mile Avenue of the Saints corridor, which links St. Louis with St. Paul, is home to seven million people and 250,000 businesses.

or where four new lanes have been constructed on a new alignment.

Construction on the Saints highway in Iowa began in the early 1990s; sections opened intermittently over the ensuing years.

In August 2001, the Iowa Department of Transportation assigned the Avenue of the Saints its own highway number: Iowa 27. This was an additional number to existing routes; however, in 2004, Iowa 394 was decommissioned, and Iowa 27 is now a standalone highway south of the split with U.S. 218.

A new four-lane bridge across the Des Moines River opened on Dec. 8, 2004, replacing a toll bridge. A new four-lane road between the bridge and U.S. 61 south of Wayland opened the same day. This road was numbered Missouri State Highway 27 to match Iowa's Avenue of the Saints number.

Iowa completed work on the last stretch



# Avenue of the Saints



of the Avenue of the Saints in the spring of 2006. It extended 7.5 miles and followed U.S. 218 and Iowa 27 from Iowa 16 to Iowa 2 east of Donnellson in Lee County, southeast Iowa.

The only four-lane construction remaining on the Saints highway outside Iowa is 15 miles in northern Missouri on U.S. Highway 61 between Wayland and Canton, which is scheduled for completion this year. Minnesota's section, on existing Interstate 35, is already in place.

The Avenue of the Saints in Iowa represents a dramatic improvement over the old north-south road system linking St. Paul and St. Louis, according to Dena Gray-Fisher, spokesperson for the Iowa Department of Transportation.

"The route used to wind through several small towns, with 25 mile-per-hour speed limits and lots of stop-and-go traffic," she recalls. "Now, the completed four-lane thoroughfare increases safety, reduces congestion and bottlenecks, and eliminates dangerous crossings and intersections."

The Avenue reduces time as well. "Time savings vary by destination and speed, but in general, the Avenue saves about one hour in transit time across Iowa," Gray-Fisher notes.

## A MAGNET FOR DISTRIBUTION

The Avenue of the Saints in Iowa is performing exactly as its proponents hoped it would: It has made the corridor an extremely attractive site location for manufacturing and distribution operations.

"Since 2001, 19 logistics and distribution companies either established new locations or expanded existing ones," reports Lisa Skubal, vice chair of the Cedar Valley Regional Partnership, based in Waterloo-Cedar Falls. "These companies opened approximately 2.4 million square feet of new distribution space."

Mass retailer Target Corp., for example, chose to build a distribution center in Cedar Falls, largely because of the accessibility the Avenue of the Saints provided to its stores in the Midwest.

"The key for Target was attaining

proximity and an efficient way to reach its stores,” Skubal explains. “The retailer wanted to be near Highway 20. It looked at many sites within that radius, then chose Cedar Falls. We were able to move fast to lock in an option on a site in a matter of days.”

Another major company calling the Avenue of the Saints home is Ferguson Enterprises Inc., the largest wholesale distributor of plumbing supplies and pipes, valves, and fittings in the United States, and the third-largest heating and cooling equipment distributor. Ferguson established a 608,000-square-foot DC in Waterloo, Iowa, in 2004 because it provided proximity to contractors in the Chicago, Minneapolis, and St. Paul markets.

## SETTING UP SHOP

Many other companies have established transportation/distribution operations along the Avenue in the past few years. Some examples:

- Overnite Transportation established a 3PL operation for Ferguson Enterprises.

- FedEx Ground expanded its facility in Waterloo.

- New Hampton Transfer and Storage added 60,000 square feet and spent more than \$1 million in New Hampton.

- Denso Corporation, a Japanese company providing parts for the automotive and agriculture industries, expanded its distribution center and built a new facility in Waterloo.

- Ice cream maker Schwann's built a 10,000-square-foot distribution center in Cedar Falls.

- Olderog Wholesale Tire Inc. purchased a 25,250-square-foot speculative building in Grundy County.

“These examples illustrate the critical mass that is beginning to form,” Skubal observes. “Developing more than two million square feet in the last six years is impressive. Our connection to the Avenue puts us on the map.”

“Being connected to two four-lane highways/interstates makes us more

marketable,” agrees Angela Determan, director, North Central Iowa Alliance. “It has done wonders for us.

“Because of the markets we can reach using the Avenue, we are perfectly positioned to be a hub for the Midwest, with spokes to destinations east and west,” she says. “The Avenue provides transportation alternatives to companies that locate here. For example, they can use intermodal transportation by taking advantage of the Class 1 railroads in the area.

“In addition, many of our utilities providers have built reputations for being very cost-competitive,” Determan adds. “They assist financially and technically with new development.”

The Avenue has also made 3PLs such

Henningsen observes. “The Avenue of the Saints corridor changes that perception.”

## WHO WENT MARCHING IN

Here's a closer look at some companies that have located on or near the Avenue of the Saints highway corridor.

**Winnebago Industries.** One household name company located on the Avenue of the Saints is Winnebago Industries, the country's leading recreational vehicles manufacturer.

In the largest expansion project in its 44-year corporate history, Winnebago in 2002 built a 300-employee, 204,000-square-foot assembly plant in Charles City, Iowa. At full capacity, the new \$12.5-million facility increases Winnebago's

“Although this area is within a 500-mile radius of 25 percent of the U.S. population, it used to be perceived as having poor access. The Avenue of the Saints changes that perception.”

— BOB HENNINGSEN, President, Smart Solutions Group

as Crescent Park Corp., a logistics/warehousing firm in Mason City, more accessible, according to Jon Prieskorn, logistics manager.

“In the past, to deliver east from our plant, trucks had to drive south to Des Moines to connect with Interstate 80,” he notes. “Now, they drive four miles to the Avenue.

“Deliveries to Iowa City used to take 3.5 hours. Today, drivers can make it in slightly more than two hours,” Prieskorn adds.

The efficient highway access offered via the Avenue reduces freight costs, making it easier for companies to grow in northern Iowa.

“Although this area is within a 500-mile radius of 20 to 25 percent of the nation's population, it used to be perceived as remote, with poor transportation access,”

annual production of motor homes by some 30 percent.

“Charles City has been an excellent partner to Winnebago Industries,” notes Winnebago Chairman, CEO, and President Bruce Hertzke. “We couldn't be more pleased with the success of our facilities, our excellent workforce, and the great relationship we have with the Charles City community.” Winnebago also likes the area's labor availability, company officials note.

Winnebago's Forest City, Iowa, campus, located just 10 miles from the Avenue of the Saints, is the largest motor home manufacturing facility in the country. About 3,000 people work at the 2.5-million-square-foot campus.

“The Avenue of the Saints connects



**Motor home manufacturer Winnebago operates three facilities in Iowa. Its 2.5-million-square-foot Forest City assembly plant, located 10 miles from the Avenue of the Saints, employs 3,000 people.**

the Charles City plant to Winnebago's other facilities in Iowa," reports Randy Potts, vice president of manufacturing. Winnebago's third Iowa facility is located in Hampton.

"We move about 15 truckloads of product among our three campuses every day," says Ron Berry, Winnebago's warehouse and distribution manager. "The most efficient way to get these products where they need to go is through the Avenue."

Winnebago handles 50 million pounds of freight annually. These shipments include raw materials, purchased components, and manufactured products. It uses about 60 LTL and truckload carriers, and a small private fleet for intra-plant moves.

"The Avenue provides fast access to and from our production plants," Berry

says. "It has increased the availability of transportation, and has improved service, delivery times, and access to suppliers."

Overall, "the Avenue has cut transit times and made our operations more efficient," he concludes.

**Target Corp.** Another prominent business resident along the Avenue of the Saints is Target Corp. In 2001, the mass retailer announced plans to build a 1.4-million-square-foot distribution center in Cedar Falls, Iowa. Opened in 2002, the center distributes general merchandise to Target stores in Iowa and surrounding states.

During its site selection process, Target considered several Iowa communities, as well as locations in nearby states. The retailer chose Cedar Falls because of its excellent highway access, skilled

workforce, and quality of life throughout the Waterloo/Cedar Falls area.

Target likes the Cedar Falls area so much it recently decided to build a 400,000-square-foot cold-storage perishable grocery warehouse adjacent to the existing DC.

The new warehouse will cost approximately \$35 million to construct. Total investment in the project, including refrigeration and other equipment, will reach between \$80 million and \$90 million. When completed, the refrigerated DC, together with the general merchandise DC, will represent an investment in buildings, machinery, and equipment of close to \$200 million.

"Target is happy to be part of the Cedar Valley community," the company says. "Our experience with the community and the workforce contributed to our decision to build a new distribution center here."



**Ferguson Enterprises Inc.** Founded in 1953, Ferguson Enterprises was acquired by UK-based Wolseley plc in 1982. Headquartered in Newport News, Va., Ferguson posted sales of \$9.7 billion last year, and employs 22,000 associates in 1,400 service centers located in all 50 states, the District of Columbia, Puerto Rico, Mexico, and the Caribbean.

Ferguson distribution centers stock more than 45,000 different products from a diverse group of suppliers. Approximately 1,200 associates in Ferguson's distribution center network process between 500 and 600 vendor shipments weekly and 2,500 to 3,500 orders daily at each DC. Some 1,400 Ferguson branches nationwide receive shipments from the company's DCs.

Ferguson's DCs are the heart of its supply chain network and a key competitive advantage. By the end of 2008, the company will have a total of 11 DCs serving the United States and Canada. "Through the distribution network, we are able to maintain excellent relationships not only with our customers, but with our suppliers as well," the company says.

Ferguson's Waterloo facility, which opened in the fall of 2005, "has enhanced our distribution center network by providing improved accessibility to a large portion of the United States," according to the company.

"When considering locations for any of our distribution centers, we take into account the number of locations that we will be able to service, as well as the ease of transportation into and out of the particular location," the company states. "The Waterloo community and the state of Iowa were extremely cooperative and worked in conjunction with Ferguson to commence operation in the area."

Ferguson currently employs 175 associates at the Waterloo distribution center. "We have found the local labor pool to be plentiful

and have been very pleased with the positive attitude and strong work ethic that seem to be common characteristics of those in this general area," the company concludes.

**Stellar Industries.** Founded in 1990, Stellar Industries Inc., Garner, Iowa, manufactures high-quality truck-mounted equipment cranes, hooklift loaders, air compressors, and other equipment used to service tires and truck equipment in the field. Customers include tire service shops that serve commercial farms, over-the-road and off-the-road tires, vending machine and motorcycle dealers, and waste management, construction, and landscaping companies.

Stellar operates a 150,000-square-foot production facility in Garner, 20 miles off the Avenue of the Saints, midway between Minneapolis and Des Moines. Products and materials move inbound via small parcel and LTL carriers; some truckload shipments are delivered by the company's private fleet. A third-party logistics provider

manages Stellar's inbound transportation.

"Transportation service to our location is plentiful," notes Steve Schnieders, operations manager for Stellar Industries. "The Avenue of the Saints corridor offers unlimited shipping opportunity. It also provides access to good traffic lanes, which helps us cut freight costs."

The quality of the workforce and breadth of the labor pool also provide benefits to Stellar, which employs 250 people.

"Even though Garner's population is only 3,000, we draw employees from Mason City, which is 30 miles away with a population of 40,000," Schnieders says. "People make the commute because this is a great place to work."

**Crystal Distribution Services.** Crystal Distribution, a third-party logistics service firm located in Waterloo, Iowa, handles everything "from farm to fork," says Tom Poe, president. The company provides temperature-sensitive processing, warehousing, and distribution services for meat, dairy, and other perishable food items.

"We're located in the center of northeast Iowa's food production belt," Poe notes. "The food products we handle come from surrounding areas as well as from the north—Minnesota and Wisconsin. These goods flow down the Avenue of the Saints, through us, then farther on to markets south."

"Our location provides excellent access to all Midwestern cities, as well as the East and West Coasts," he continues. "We also handle food exports, a growing business in this part of Iowa."

Crystal operates more than five million cubic feet of freezer and cooler space in three Cedar Valley locations. Its facilities are served by both truck and rail/intermodal.

**Ferguson sited a distribution center in Waterloo, Iowa, because of its fast, efficient transportation access to a large part of the country.**



## Education Along the Avenue

"The Saints corridor provides access to tremendous education resources," says Bob Henningsen, president of Smart Solutions Group, a Des Moines economic development consulting firm. "Three universities—the University of Northern Iowa, University of Iowa, and Iowa State—and four community colleges provide customized, flexible industrial training that can be applied to the logistics industry."

The University of Northern Iowa in Cedar Valley is developing an undergraduate supply chain management program, according to President Ben Allen. "We can't keep up with demand for supply chain students," he notes. "Our marketing department also offers courses that concentrate on logistics management."

In addition, the University of Northern Iowa boasts "one of the best performing arts centers in the state," Allen says. "This attracts tremendous talent to the area. In fact, the arts center is one of the reasons Target located here."

The universities and colleges also host lectures, guest speakers, sporting events, and other cultural and educational activities.

Iowa is taking steps to ensure that it can supply the work force to meet tomorrow's business needs. For example, it has created the Institute for Tomorrow's Work Force, a state entity co-chaired by President Allen. The group is charged with working to maintain and develop Iowa's K-12 and college/vocational education system to meet the future needs of companies locating in the state.

The company uses its own private fleet for local moves, and a network of large refrigerated trucking companies for nationwide coverage.

"We are located one-quarter mile from the Avenue of the Saints, and its good highway access has been a boon to our business," Poe reports. "We've been in the Waterloo area since our founding 100 years ago. When it came time to expand, we considered four other potential communities. We decided to stay because of the improved highway access."

In the 1980s, Waterloo was the largest metropolitan area in the country without an interstate connection. "The Highway 380 connection gave us access to I-80. The completion of the Avenue of the Saints north to St. Paul helped economic growth in our area tremendously," Poe notes.

"In the perishable foods business, every minute counts when you run a reefer truck," he adds. "Now that the Avenue is completed, we cut one hour from our transit time. That's huge."

The cost of living in the region also attracts people and companies. "Over the last decade, many people who were raised in Iowa but moved to large cities such as Chicago and Los Angeles returned because our economy is growing and they miss the quality of life," he says.

**Progress Casting Group.** Progress Casting Group provides total aluminum casting solutions for domestic and international customers including automotive and motorcycle OEMs.

Three years ago, the company, headquartered in Minneapolis, opted to build a new 90,000-square-foot casting plant in New Hampton, Iowa.

"We chose Iowa because we can logistically satisfy growing customer demand to the east and west," says Chris Brock, production manager at the New Hampton facility. "In particular, we can easily and cost-effectively serve our biggest customer, located 200 miles away in Milwaukee. Good interstates and highways run in every direction."

From a labor standpoint, Iowa has a strong work ethic and small town values, both important factors in Progress Casting's decision.

**L&M Radiator Inc.** L&M Radiator celebrated Independence Day two years ago when it opened a plant in Independence, Iowa, located between Waterloo and Dubuque. L&M manufactures radiators and heat exchangers at locations in the United States and overseas.

L&M brings in raw materials such as copper and brass, and ships finished products all over the world. Seven or eight flatbed truckloads move shipments weekly from the Independence plant.

When the company began looking for a Midwest plant site, it considered Wisconsin, South Dakota, and Iowa.

"Independence seemed to have a good labor pool and offered attractive incentives on an existing building," recalls Jamie Bonazza, L&M's production manager. "We also found a steel fabricator supplier that was opening a plant next door. All that made Independence a good fit for us."

From a transportation viewpoint, "we're in a very good location," says Rin Kurtz, shipping manager for L&M. "No one has a hard time getting here. We're 15 miles from I-30 and sit right on U.S. Highway 20."

## MAKING THE CONNECTION

The Iowa Avenue of the Saints Logistics Corridor is an ideal site for distribution facilities of any size. "The corridor connects us to major business centers in the Midwest and beyond," notes Henningsen. "Our job now is to get the word out about the Iowa Avenue of the Saints Logistics Corridor."

With its easy transportation access, low cost of living, strong work ethic and labor pool, and high quality of life, the Iowa Avenue of the Saints Logistics Corridor is a viable candidate for any company's short list of potential manufacturing and/or distribution center sites. ■