



## Economic Development History of Interstate 29 in Iowa<sup>[1]</sup>

### 1 Interstate 29: The Roadway

#### 1.1 Project Length/Location

Interstate 29 is a north-south highway that traverses the states of Missouri, Iowa, South Dakota, and North Dakota in the Upper Midwest. It links Kansas City with Council Bluffs, Iowa (the Omaha metropolitan area), Sioux City, Iowa, Sioux Falls, S.D., and Fargo, N.D. en route to Canada and Winnipeg, Manitoba (via PTH 75). It carries vast quantities of corn, soybeans, and other agricultural products to market.

The I-29 corridor in Iowa is 151.75 miles (245 kilometers) long. It traverses the width of western Iowa along the Missouri River. The southern endpoint is at the Missouri border near Hamburg in Fremont County. The northern terminus is at the South Dakota state line (Big Sioux River) at Sioux City in Woodbury County.

The map shows the location of I-29. According to the latest U.S. Office of Management and Budget designations, I-29 traverses two metropolitan areas, Omaha-Council Bluffs and Sioux City.<sup>[2]</sup> Counties in metropolitan statistical areas (MetSAs) are lightly shaded on the map. Mills, Pottawattamie, and Harrison counties are the Iowa jurisdictions within the Omaha-Council Bluffs, NE-IA MetSA. Woodbury is the central county of the Sioux City, IA-NE-SD MetSA. Fremont and Onawa counties are non-metropolitan.



#### 1.2 Details of Construction

The State of Iowa constructed I-29 from the late 1950s to early 1970s.<sup>[3]</sup> The first segments opened in the Council Bluffs and Sioux City areas in late 1958. A 37-mile section was completed from U.S. 30 near Missouri Valley, Harrison County to Iowa 175 near Onawa, Monona County in December 1967. I-29 was built south of Council Bluffs in the late 1960s and early 1970s. The last section of I-29 in Iowa opened on August 31, 1973, a 10.15-mile segment in Fremont County to the Missouri border.

#### 1.3 Reasons for Project Development

I-29 was constructed to serve as a major north-south interstate through the upper Great Plains to Canada. The section between Sergeant Bluff, Sioux City, and South Dakota roughly follows an old buffalo trail that became the

"Military Road" in the mid-1800s. I-29 replaced the old U.S. 275 between the Missouri-Iowa border and Council Bluffs and the old U.S. 75 between Council Bluffs and Sioux City as the main north-south highway in western Iowa (present-day U.S. 75 runs along the Nebraska side of the Missouri River). North of U.S. 30, I-29 generally was constructed parallel to the old U.S. 75. South of Council Bluffs, I-29 was built on an entirely new right-of-way that is much closer to the Missouri River than was U.S. 275.

The 1998 Transportation Equity Act for the 21st Century (TEA-21) designated I-29 as a portion of High Priority Corridor #23. Corridor improvement advocates have characterized I-29 as a "Mid-Continent Corridor" and "NAFTA Superhighway."<sup>[4]</sup>

## 1.4 Traffic Counts

Table 1 shows average daily traffic on I-29 at selected locations in Iowa from 1970 to 2002. Iowa conducts traffic counts every other year. The years 1974 and 1984 were selected because they represent the year that I-29 was finished (1973) and the tenth year after completion (1983).

The segments of I-29 with the highest traffic volumes are in the Omaha/Council Bluffs (West Junction I-29 & I-80) and Sioux City (East Junction I-29 & U.S. 77) areas. The lowest traffic occurs at the Missouri-Iowa boundary and near the Harrison-Monona County line.

Average daily traffic growth outpaced population, employment, and income growth in the decades after I-29's completion (see Section 3 below). Abandonment of rail lines throughout rural Iowa since the late 1970s has contributed to increasing truck traffic on I-29 and other Iowa roadways.

The count at the western junction of I-29 and I-80 nearly quadrupled between 1970 and 1974 because the I-80 bridge over the Missouri River opened in December 1972. Until the mid-1970s, the busiest section of I-29 was in Sioux City. Traffic through Sioux City plunged between 1974 and 1984 because new bridges across the Missouri River altered traffic patterns.<sup>[5]</sup> In 1974, the only motor vehicle bridge across the Missouri River in the Sioux City area was the Combination Bridge between downtown Sioux City and South Sioux City, Nebraska (opened in mid-1890s to trains, carriages, and pedestrians). All trans-Missouri River traffic in the region used the Combination Bridge until the I-129 Sergeant Floyd Memorial Bridge opened in the southern Sioux City area in 1976, allowing traffic to bypass downtown Sioux City. The U.S. 77 Veterans Memorial Bridge replaced the Combination Bridge in the early 1980s.

The fastest growth in traffic of the selected I-29 highway segments is on the Big Sioux River bridge at the Iowa-South Dakota border. The area of South Dakota between Sioux Falls and Sioux City, Iowa expanded rapidly in the 1990s. Commuter flows from Woodbury County, Iowa to Union County, S.D. have increased dramatically, from 877 in 1990 to 4285 in 2000.<sup>[6]</sup> The Gateway computer company had its headquarters in North Sioux City, S.D., but has re-located to California.

**Table 1: Average Daily Traffic on I-29 in Iowa (1970-2002)**

Community	Location	1970	1974	1984	2002	Compounded Average Annual Growth Rate		
						1970-74	1974-84	1984-2002
Fremont Co.	Missouri-Iowa Line	NA	2,940	5,640	12,400	NA	6.7%	4.5%
Council Bluffs (Pottawattamie Co.)	I-29 & I-80 West Interchange	7,840	29,980	36,100	79,000	39.8%	1.9%	4.4%
Harrison Co. & Monona Co.	County Line	6,580	4,960	6,250	11,300	-6.8%	2.3%	3.3%
Sioux City (Woodbury Co.)	East Jct. U.S. 77	34,650	36,970	18,100	40,300	1.6%	-6.9%	4.5%
	Iowa-South Dakota							

Woodbury Co.	Line	8,340	7,160	8,150	27,500	-3.7%	1.3%	7.0%
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Source: Iowa Department of Transportation, Office of Transportation Data

I-29 has significant truck traffic. Around 20 percent of vehicles on Iowa's section of I-29 are trucks, a lower fraction than on I-80 (33 percent) and I-35 (24 percent) through Iowa.[7]

## 2 The I-29 Corridor/Western Iowa

### 2.1 Physical Features

The Missouri River is the salient geological feature of the I-29 corridor. I-29 parallels the river for its entire length through Iowa. Council Bluffs and Sioux City began their histories as riverboat towns. Today the river continues to carry freight, but the traffic is insignificant in comparison to the upper Mississippi River in eastern Iowa.[8] Sioux City is the modern head of navigation of the Missouri River. As discussed in section 1.4, bridge locations have significant effects on I-29 traffic.

Much of Iowa is "dissected till plains," with soil composed of glacial clay, sand, gravel, and boulders deposited by glaciers during the last ice age.[9] The natural flora consist of tall grass bluestem prairie and oak hickory forests, but most have been cleared for farmland and rangeland. River valleys contain bottomland hardwoods.

I-29 runs through the "Missouri alluvial plain" and "Loess Hills" ecoregions of Iowa.[10] The Missouri alluvial plain is surrounded by bluffs and has deep loess soil. Most of this ecoregion has been converted to cropland. The Loess Hills are a narrow band of mounds and bluffs, which run along the Missouri River through most of Iowa[11].

### 2.2 Description of I-29 Corridor

I-29 is the westernmost north-south interstate highway through the northern Great Plains. It links Kansas City, western Iowa, the Omaha area, and the Dakotas with Canada. The next interstate to the west is I-25, through New Mexico, Colorado, Wyoming, and Montana. Traveling northward through Iowa, it intersects with U.S. 34 in Mills County and I-80 and I-680 in Pottawattamie County. I-80 and I-29 share the same roadway for a few miles in Council Bluffs. This is the Iowa section of I-29 with the highest traffic volume. I-680 is routed concurrently with I-29 for a ten-mile segment in northern Pottawattamie County. U.S. 30 crosses I-29 near Missouri Valley in Harrison County. I-29 meets I-129/U.S. 20/U.S. 75 in southern Sioux City. U.S. 75 is an eastern bypass of downtown Sioux City; it eventually may be designated as part of I-129. I-29 intersects with U.S. 77 near downtown Sioux City a few miles before it leaves Iowa to enter South Dakota at the Big Sioux River.

The Sioux City area will have improved access to southern Minnesota when the four-laning of U.S. 75 and IA-60 (via Le Mars and Sibley) is complete to the northeast of the region.[12] The improved four-lane roadway will intersect with I-90 in Worthington, Minnesota. Trucks are a large percentage of traffic on U.S. 75/IA-60 because agricultural operations and manufacturing facilities of all sizes (including one of the world's largest ice cream factories in Le Mars) are dispersed throughout that corridor.

Rail lines generally parallel I-29 through Iowa. The Burlington Northern and Santa Fe Railway has tracks from the Missouri-Iowa border to Council Bluffs. Union Pacific has a line from Council Bluffs to Sioux City. The rail industry has shifted away from feeder service and towards "unit trains." Branch rail lines that served country elevators have been abandoned, causing farm products to be trucked longer distances.

### 2.3 Interstate 29 Communities

The following are synopses of communities in the I-29 corridor, from south to north:

**Fremont and Mills counties:** In the extreme southwestern corner of Iowa are Fremont and Mills counties. They are rural and sparsely populated. Corn and soybeans are major crops. I-29 traverses the western edges of these counties and serves the towns of Hamburg and Pacific Junction.

Vogel Popcorn, a division of ConAgra Foods, operates a popcorn processing plant in Hamburg. The company processes more than one-half of annual popcorn production in the U.S. The town of Glenwood in Mills County has developed into a bedroom community for Omaha/Council Bluffs.

**Pottawattamie County:** Pottawattamie is also a major farming county. The 1997 Census of Agriculture found that among U.S. counties it was the 13th-largest grower of soybeans harvested for beans (up from 14th place in 1992) and the 22nd-largest producer of corn harvested for grain or seed (down from 7th place in 1992).<sup>[13]</sup> Iowa is the top soybean- and corn-producing state. Although Iowa is also the foremost hog- and pig-growing state, that sector is not concentrated in the I-29 corridor.

Council Bluffs is the major city in Pottawattamie County. It is part of the Omaha metropolitan area; Omaha is located on the western side of the Missouri River opposite Council Bluffs. Council Bluffs has long been important as a transportation hub<sup>[14]</sup>.

Railroading remains important to the local economy today as Union Pacific maintains its headquarters in Omaha. An increasing number of ocean freight containers imported through the Pacific coast and transported by rail to Omaha end up on trucks that traverse I-29 and I-80. Major trucking companies maintain their base of operations in Omaha/Council Bluffs.

The town of Crescent is near I-29 north of Council Bluffs. Nearby is the Mount Crescent Ski Area, an attraction that is dependent upon the highway.

**Harrison and Monona counties:** Harrison and Monona counties are rural and sparsely populated. Harrison County was the nation's 59th largest soybean producer and 92nd largest corn grower in 1997. In terms of numbers of acres planted, Monona County ranked 64th for corn for grain and 97th for soybeans in 2002.<sup>[15]</sup>

I-29 passes near Missouri Valley, Modale, Mondamin, and Little Sioux in Harrison County and near Blencoe, Onawa, and Whiting in Monona County. The Iowa section of I-29 with the lowest traffic volume is near the Harrison-Monona county line.

**Woodbury County:** I-29 passes near Sloan, Salix, and Sergeant Bluff before it enters Sioux City. The highway exits from Iowa into South Dakota across the Big Sioux River on the western side of Sioux City.

Sioux City has historically been the commercial center of the upper Missouri River. It was once a major livestock trading and meatpacking city. In the early 20th century, livestock was trucked from as far as Montana and Wyoming to the Sioux City stockyard. Most of the packing plants closed in the 1970s and '80s<sup>[16]</sup>.

In the past twenty years, trucking has become an important part of "just-in-time" (JIT) inventory systems for manufacturing; the trucks serve as "rolling warehouses." Now trucking has become increasingly important to the livestock and food processing industries as JIT delivery has become the desired practice, making stockyards obsolete.

Among U.S. counties in 1997, Woodbury ranked 43rd in soybean production and 61st in corn production.

### 3. Socioeconomic Trends in the I-29 Corridor

#### 3.1 Population

Table 2 shows that population in the I-29 corridor was basically stagnant from 1969 to 2002. All counties gained population until the freeway was completed in 1973. All I-29 counties except Mills lost population during the first decade of the highway's completion (1973 to 1983). Mills, Pottawattamie, and Woodbury counties gained population from 1983 to 2002. Some population growth in Mills County is due to the development of Glenwood as a commuter community; residents travel to jobs in the Omaha/Council Bluffs area via I-29.

**Table 2: Population: 1969-2002**

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County	1969	1973	1983	2002	Compounded Average Annual Growth Rate		
					1969-73	1973-83	1983-2002
Fremont*	9,318	9,638	9,059	7,844	0.8%	-0.6%	-0.8%
Mills	11,343	12,358	13,360	14,737	2.2%	0.8%	0.5%
Pottawattamie	86,355	87,461	85,466	88,142	0.3%	-0.2%	0.2%
Harrison	16,275	16,797	15,804	15,579	0.8%	-0.6%	-0.1%
Monona*	12,136	12,154	11,419	9,761	0.0%	-0.6%	-0.8%
Woodbury	102,963	104,396	99,807	103,365	0.3%	-0.4%	0.2%
<b>IA I-29 Corridor</b>	<b>238,390</b>	<b>242,804</b>	<b>234,915</b>	<b>239,428</b>	<b>0.5%</b>	<b>-0.3%</b>	<b>0.1%</b>
<b>Iowa</b>	<b>2,805,000</b>	<b>2,864,031</b>	<b>2,870,547</b>	<b>2,935,840</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.1%</b>
<b>United States</b>	<b>201,298,000</b>	<b>211,349,205</b>	<b>233,792,014</b>	<b>287,973,924</b>	<b>1.2%</b>	<b>1.0%</b>	<b>1.1%</b>
<b>Non-Metro Iowa</b>	<b>1,477,788</b>	<b>1,486,184</b>	<b>1,453,473</b>	<b>1,348,082</b>	<b>0.1%</b>	<b>-0.2%</b>	<b>-0.4%</b>
<b>Non-Metro U.S.</b>	<b>38,926,788</b>	<b>40,741,493</b>	<b>44,759,081</b>	<b>49,182,854</b>	<b>1.1%</b>	<b>0.9%</b>	<b>0.5%</b>

\* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of Economic Analysis

Most the counties in Iowa's I-29 corridor lost population during the late 20<sup>th</sup> century due to agricultural mechanization, manufacturing job losses, and other factors (Pottawattamie County was an exception). Woodbury County reached its highest population in 1960; Monona County peaked in 1940. Fremont and Mills counties had their largest populations in 1900 (Fremont declined by more than 50 percent during the past century).

### 3.2 Employment

As seen in Table 3, employment growth in the I-29 corridor has lagged the state and nation. Pottawattamie County generally has the highest employment growth rate within the corridor; it has consistently exceeded the Iowa growth rate. The Sioux City area coped with a series of manufacturing plant closings in the 1970s<sup>[17]</sup>. Consequently, employment in Monona and Woodbury counties declined from 1973 to 1983, but had far surpassed 1973 levels by 2002.

**Table 3: Full-Time and Part-Time Employment: 1969-2002**

County	1969	1973	1983	2000	Compounded Average Annual Growth Rate		
					1969-73	1973-83	1983-2000
Fremont	4,348	4,312	4,719	5,491	-0.2%	0.9%	0.9%
Mills	5,135	5,360	5,883	6,133	1.1%	0.9%	0.2%
Pottawattamie	28,675	31,843	34,470	46,863	2.7%	0.8%	1.8%
Harrison	6,312	6,087	6,294	7,012	-0.9%	0.3%	0.6%

Monona	5,302	5,420	5,137	5,787	0.6%	-0.5%	0.7%
Woodbury	50,641	54,125	52,052	65,482	1.7%	-0.4%	1.4%
<b>IA I-29 Corridor</b>	<b>100,413</b>	<b>107,147</b>	<b>108,555</b>	<b>136,768</b>	<b>1.6%</b>	<b>0.1%</b>	<b>1.4%</b>
<b>Iowa</b>	<b>1,289,307</b>	<b>1,374,443</b>	<b>1,479,315</b>	<b>1,934,077</b>	<b>1.6%</b>	<b>0.7%</b>	<b>1.6%</b>
<b>U.S.</b>	<b>91,057,200</b>	<b>98,432,500</b>	<b>116,056,700</b>	<b>166,758,800</b>	<b>2.0%</b>	<b>1.7%</b>	<b>2.2%</b>
<b>Non-Metro Iowa</b>							
	666,206	693,073	718,215	850,675	1.0%	0.4%	1.0%
<b>Non-Metro U.S.</b>							
	15,994,931	17,246,395	19,425,762	25,495,489	1.9%	1.2%	1.6%

Source: Bureau of Economic Analysis

### 3.3 Personal Income

Real per capita income in the I-29 corridor exceeded the state and nation in 1969 and 1973, but dropped below the state and national figures by 1983 as the farm economy deteriorated (see Table 4). By 2002, the corridor had surpassed Iowa per capita income, but still lagged the national statistic. Pottawattamie County now has a higher per capita income than the U.S.

The non-metropolitan counties in Iowa have historically had higher per capita incomes than the overall non-metropolitan U.S., but the gap narrowed in the 1970s and '80s when income declined in non-metro Iowa. In most years, the non-metro counties in Iowa's I-29 corridor have exceeded the national non-metro per capita income level.

**Table 4: Real Per Capita Personal Income: 1969-2002**

County	1969	1973	1983	2002	Compounded Average Annual Growth Rate		
					1969-73	1973-83	1983-2002
Fremont*	\$16,567	\$21,602	\$19,407	\$25,438	6.9%	-1.1%	1.4%
Mills	\$14,005	\$17,376	\$16,000	\$24,800	5.5%	-0.8%	2.3%
Pottawattamie	\$17,189	\$20,295	\$18,071	\$30,528	4.2%	-1.2%	2.8%
Harrison	\$14,587	\$21,382	\$15,586	\$23,703	10.0%	-3.1%	2.2%
Monona*	\$14,191	\$16,608	\$18,371	\$26,352	4.0%	1.0%	1.9%
Woodbury	\$14,698	\$17,626	\$18,827	\$25,986	4.6%	0.7%	1.7%
<b>IA I-29 Corridor</b>	<b>\$15,607</b>	<b>\$18,941</b>	<b>\$18,174</b>	<b>\$27,434</b>	<b>5.0%</b>	<b>-0.4%</b>	<b>2.2%</b>
<b>Iowa</b>	<b>\$14,476</b>	<b>\$17,958</b>	<b>\$18,499</b>	<b>\$27,158</b>	<b>5.5%</b>	<b>0.3%</b>	<b>2.0%</b>
<b>United States</b>	<b>\$15,189</b>	<b>\$17,390</b>	<b>\$20,209</b>	<b>\$29,881</b>	<b>3.4%</b>	<b>1.5%</b>	<b>2.1%</b>
<b>Non-Metro Iowa</b>							
	\$14,057	\$18,327	\$17,162	\$24,978	6.9%	-0.7%	2.0%
<b>Non-Metro U.S.</b>							
	\$11,566	\$14,318	\$15,672	\$22,587	5.5%	0.9%	1.9%

Source: Bureau of Economic Analysis (adjusted with National Implicit Price Deflators for Personal Consumption Expenditures)

### 3.4 Industry Mix

Table 5 shows employment by industry in the I-29 corridor counties from 1969 to 2000. Manufacturing employment surged until 1973 and declined during the first decade after I-29's completion. Employment in the Agricultural Services and Wholesale Trade sectors surged from 1973 to 1983 after declines from 1969 to 1973. Services employment growth was consistent and strong, especially after 1973.

Farm employment in the I-29 counties was nearly halved between 1969 and 2000. Whereas 12,000 people worked on farms in 1969, only 6,000 did so in 2000. Consequently, farm employment as a share of total full-time employment declined from 11.7 percent in 1969 to 4.6 percent in 2000.

**Table 5: Non-Farm Employment by Industry in the I-29 Corridor: 1969-2000**

Industry Sector	1969	1973	1983	2000	Compounded Average Annual Growth Rate		
					1969-73	1973-83	1983-2000
Ag. Services/Forestry/Fishing	1,070	750	1,114	NA	-8.5%	4.0%	NA
Mining	NA	NA	137	NA	NA	NA	NA
Construction	5,188	5,079	4,155	NA	-0.5%	-2.0%	NA
Manufacturing	12,380	15,318	11,331	14,592	5.5%	-3.0%	1.5%
Transportation/Public Utilities	7,364	8,381	7,281	NA	3.3%	-1.4%	NA
Wholesale Trade	4,643	4,550	5,800	6,257	-0.5%	2.5%	0.4%
Retail Trade	18,190	19,152	20,122	26,456	1.3%	0.5%	1.6%
Finance/Insurance/Real Estate	6,564	7,619	6,895	6,927	3.8%	-1.0%	0.0%
Services	19,395	20,439	26,940	43,446	1.3%	2.8%	2.9%
Government/Gov't Enterprises	13,625	14,030	15,270	17,406	0.7%	0.9%	0.8%
<b>Total Nonfarm Employment</b>	<b>88,633</b>	<b>95,480</b>	<b>99,045</b>	<b>130,535</b>	<b>1.9%</b>	<b>0.4%</b>	<b>1.6%</b>
<b>Total Farm Employment</b>	<b>11,780</b>	<b>11,667</b>	<b>9,510</b>	<b>6,233</b>	<b>-0.2%</b>	<b>-2.0%</b>	<b>-2.5%</b>
Farm As % of Total Farm & Nonfarm Employment	11.7%	10.9%	8.8%	4.6%	NA	NA	NA

Source: Bureau of Economic Analysis

Table 6 compares the percentages of nonfarm employment in various industry sectors at the corridor, state, and national levels. The Retail Trade employment share statistics confirm that the I-29 corridor is a shopping hub of the Upper Midwest<sup>[18]</sup>.

Transportation/ Public Utilities historically has been a key industry in the I-29 corridor, which is a transcontinental freight transfer point. However, most of that freight is neither stored nor extensively processed locally; corridor Wholesale Trade employment is not significantly different from the Iowa and national figures.

Manufacturing accounted for a much smaller percentage of corridor employment in 1969 than in the nation (corridor: 14 percent vs. U.S.: 23.6 percent). By 2000, the difference had shrunk to 0.5 percent. The corridor has become somewhat less dependent on Finance/ Insurance/Real Estate employment. Whereas a greater share of corridor nonfarm employees worked in that industry than in Iowa and the nation in 1969 and 1973, by 2000 the corridor lagged both the state and nation. The government employment share is also smaller for the I-29 corridor than for the state and nation.

**Table 6: Industry Sectors As Percent of Total Nonfarm Employment: 1969-2002**

Industry Sector	1969			1973			2000		
	Corridor	Iowa	U.S.	Corridor	Iowa	U.S.	Corridor	Iowa	U.S.
Ag. Services/Forestry/Fishing	1.2%	1.0%	0.6%	0.8%	0.8%	0.6%	NA	1.4%	1.3%
Mining	NA	0.4%	0.8%	NA	0.3%	0.8%	NA	0.2%	0.5%
Construction	5.9%	5.7%	5.1%	5.3%	5.3%	5.4%	NA	5.4%	5.8%
Manufacturing	14.0%	20.6%	23.6%	16.0%	20.2%	21.6%	11.2%	14.6%	11.7%
Transportation/Public Utilities	8.3%	5.4%	5.5%	8.8%	5.4%	5.4%	NA	5.0%	5.0%
Wholesale Trade	5.2%	4.5%	4.7%	4.8%	4.5%	4.8%	4.8%	5.0%	4.6%
Retail Trade	20.5%	19.1%	15.4%	20.1%	19.6%	15.9%	20.3%	18.0%	16.6%
Finance/Insurance/Real Estate	7.4%	7.3%	6.8%	8.0%	7.8%	7.6%	5.3%	7.4%	8.1%
Services	21.9%	19.6%	19.2%	21.4%	20.1%	20.3%	33.3%	29.0%	32.4%
Government/Gov't Enterprises	15.4%	16.3%	18.2%	14.7%	15.9%	17.7%	13.3%	14.0%	14.0%
<b>Total Nonfarm Employment</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Bureau of Economic Analysis

### 3.5 Business Establishments

The numbers of business establishments in each I-29 corridor county, Iowa, and the U.S. in selected years from 1964 to 2001 are presented in Table 7. The Census Bureau defines an "establishment" as "a single physical location at which business is conducted or services or industrial operations are performed." It is not necessarily identical to a company or enterprise, which may consist of one or more establishments. Before 1974, the Census Bureau used "reporting units" as the unit of measurement. The definition of "establishment" has changed since it was first adopted in 1974, most significantly in 1983. Although reporting unit and establishment data are not directly comparable from year-to-year, they can be used to compare relative levels of economic activity in various communities because the definitional changes were uniformly implemented nationwide.

The index section of Table 7 shows that Iowa's I-29 corridor counties have gained reporting units/business establishments at a slower rate than Iowa as a whole and the U.S. since the highway was completed in 1973.<sup>[19]</sup> The non-metropolitan counties, Fremont and Monona, added establishments at the slowest rate. Pottawattamie County (Council Bluffs and suburban Omaha) added business establishments at the fastest rate since 1973.

**Table 7: Business Establishments: 1959-2001**

County	Reporting Units*			Establishments*			Index (1973=100)			
	1959	1967	1973	1983	1993	2001	1959	1967	1973	1983
Fremont**	202	208	185	210	201	185	109.2	112.4	100.0	113.5
Mills	207	224	209	242	241	254	99.0	107.2	100.0	115.8
Pottawattamie	1,298	1,286	1,250	1,681	1,838	1,901	103.8	102.9	100.0	134.5
Harrison	349	334	296	338	334	349	117.9	112.8	100.0	114.2
Monona**	293	284	251	315	285	277	116.7	113.1	100.0	125.5



Woodbury	2,491	2,331	2,247	2,709	2,811	2,906	110.9	103.7	100.0	120.6
<b>IA I-29 Corridor</b>	<b>4,840</b>	<b>4,667</b>	<b>4,438</b>	<b>5,495</b>	<b>5,710</b>	<b>5,872</b>	<b>109.1</b>	<b>105.2</b>	<b>100.0</b>	<b>123.8</b>
<b>Iowa</b>	58,913	58,376	58,112	72,437	76,957	80,392	101.4	100.5	100.0	124.7
<b>United States</b>	3,302,523	3,510,612	3,652,913	5,306,787	6,403,367	7,095,302	90.4	96.1	100.0	145.3

\*Data are not comparable across all years because of definitional changes. In 1974, the Census Bureau changed from a "reporting unit" concept to establishment-based data. The definition of "active" establishments changed in 1983.

\*\* Indicates counties that are classified as non-metropolitan by the U.S. Office of Management and Budget in 2004.

Source: Bureau of the Census, *County Business Patterns*.

### 3.6 Property Value Changes

Median home values are a measure of property values in a particular region. Table 8 compares median values of owner-occupied non-condominium housing units in the I-29 counties, Iowa, and the U.S. from 1980 to 2000. Home values in all I-29 counties were below the national median values in all years; in 1990 and 2000 only Mills and Pottawattamie counties exceeded the state median values. Home values in all I-29 counties grew faster than Iowa and the U.S. from 1990-2000.

**Table 8: Median Value of Specified Owner-Occupied Non-condominium Housing Units: 1980-2000**

Location	1980	1990	2000	Compounded Average Annual Growth Rate	
				1980-90	1990-2000
Fremont	\$25,100	\$32,000	\$64,400	2.5%	7.2%
Mills	\$35,300	\$47,000	\$92,900	2.9%	7.1%
Pottawattamie	\$32,300	\$46,900	\$84,900	3.8%	6.1%
Harrison	\$27,100	\$33,600	\$74,900	2.2%	8.3%
Monona	\$26,000	\$27,400	\$54,400	0.5%	7.1%
Woodbury	\$35,600	\$41,000	\$76,400	1.4%	6.4%
<b>Iowa</b>	<b>\$40,600</b>	<b>\$45,900</b>	<b>\$82,500</b>	<b>1.2%</b>	<b>6.0%</b>
<b>United States</b>	<b>\$47,300</b>	<b>\$79,100</b>	<b>\$119,600</b>	<b>5.3%</b>	<b>4.2%</b>

Source: Bureau of the Census (current dollars)

## 4. I-29 Economic Development Trends

The University of Iowa Public Policy Center issued a report in 1993 that in part discussed the relationship between transportation investment and economic development. *Transportation and Iowa's Economic Future* cites several studies about economic impacts related to proposed roadway improvement projects in Iowa. [20]

### 4.1 Sioux City: "Siouxland" Diversifies Its Economy

The Sioux City area Chamber of Commerce markets the region as "Siouxland." It touts its interstate access as it targets the biotechnology, food processing, and warehousing & distribution industries. Tax increment financing is used to attract and retain industrial and commercial development; the local economic development corporation says that such financial incentives have been more important than good highway access. Siouxland recently lost corporate headquarters jobs after Gateway moved positions to California and Tyson Foods transferred personnel to Arkansas following its acquisition of IBP Inc.

Due to ease of truck access, industrial growth has been steady since the late 1970s on the west side of I-29 between the Sergeant Bluff/Sioux Gateway Airport interchange and the Singing Hills interchange. Hotels and retailers have been attracted to the corridor. Southeast Sioux City has continued to grow as the regional retail area on I-29 between the Singing Hills interchange and the U.S. 20/U.S. 75 Bypass. "The Interstate has provided for easily accessible and visible development," an economic development corporation representative explained.<sup>[21]</sup> Five major industrial parks are located on the I-29 corridor in Iowa's part of the Sioux City area: Expedition Business Park, Port Neal, Bridgeport, The Yards, and Tri-view.

According to the economic development office, over fifty new businesses have developed in around the southernmost I-29 interchange in the last decade compared to just one new commercial development on the northern side of the city. "The highway appears to be the determining factor for growth in the southern section of the city," the economic development representative said. The farm economy throughout western Iowa has also gained. "All of the agri-businesses have benefited from the highway system as it has opened national markets to local firms," the development official said.

In November 2001, a bypass highway around eastern Sioux City was completed. It is currently known as U.S. 20/U.S. 75 but eventually may be designated as an extension of I-129. The new highway may re-direct development in the region.

I-29 is thought to have significantly contributed to economic expansion in the South Dakota portion of the Sioux City metropolitan area. In the 1990s, the Gateway computer company and other businesses expanded there. Across the Big Sioux River from Sioux City is Dakota Dunes, a 2000-acre master-planned business and residential community that is adjacent to I-29. In the past decade, 75 businesses and 1600 employees have located in Dakota Dunes, lured partly by a combination of tax incentives.

#### **4.2 Council Bluffs: Overflow from Omaha**

Council Bluffs was hard-hit by the farm crisis of the 1970s and '80s and by the decline of the railroad industry. By the late 1990s, the economy had recovered and it benefited from the "overflow" of Omaha's growth.

Meatpacking remains a major employer in Council Bluffs (Tyson/IBF, Plumrose USA). Tyson Foods opened a new cooked meats facility in 2001.

A representative of the Council Bluffs Area Chamber of Commerce said that I-29 plays a "dramatic role" in new business attraction.<sup>[22]</sup> He noted that retail activity has increased in the I-29 corridor in recent years as shoppers have been drawn from many surrounding rural counties. Council Bluffs had a strong retail base in the 1950s, but declined in the 1970s and '80s with the farm crisis. Retail rebounded in the late '80s and '90s. Major facilities include the Mall of the Bluffs (along I-80 near its eastern junction with I-29) and the Lake Manawa Power Centre, a collection of "big box" stores (opened in 1996 beside the I-29/I-80 overlap).

Industrial parks adjacent to I-29 include the Manawa Business Park on the I-29/I-80 overlap and the Southwest Iowa Industrial Park at Highway 370 south of Council Bluffs. The Chamber of Commerce representative said that the lack of available buildings and developable sites has hindered economic development efforts. The private sector has been unwilling to develop projects because capital is attracted to areas with higher growth rates. High labor costs have deterred new business, the chamber representative said.

The region is turning to tourism and gaming as sources of economic growth. The city has three casinos (two in riverboats), all accessible from I-29. A new convention center, the Mid-America Recreation & Convention Complex, opened in Council Bluffs in 2002.

#### **4.3 Rural Areas: Improved Accessibility Is Double-Edged**

The decline of farm employment has affected rural counties in Iowa, including those in the I-29 corridor. Fremont, Harrison, and Monona have lost population since I-29 was completed in 1973. Despite the population decline, traffic counts on the rural stretches of I-29 continue to increase. While I-29 has facilitated "leakage" of retail business from some rural communities, other towns have benefited from the influx of residents who utilize the highway as a commute route.

The Hamburg Chamber of Commerce in Fremont County says retail trade (especially clothing and hardware) in rural communities has declined over the past twenty years, perhaps because local residents have access to cheaper priced-merchandise in the Omaha/Council Bluffs area. However, some retail businesses have increased; I-29 has induced construction of service stations and convenience stores. Agriculture-related businesses and trucking companies have expanded. Tourism has not increased. The fact that many potential building sites are in floodplain is a deterrent to economic development.

Mills County is the only I-29 county in Iowa that is predominately rural, which has gained population since the highway's completion. Glenwood is developing into a bedroom community because I-29 allows residents easy access to employment in the Omaha/Council Bluffs area. The number of workers who commute from Mills County to Pottawattamie County increased from 136 in 1990 to 1195 in 2000.<sup>[23]</sup> In 1999, the Bunge Corporation opened a new soybean processing plant near I-29 in northern Mills County.

Another emerging industry along the rural stretches of I-29 is considered an unsavory one. The *Des Moines Register* reported in early 2004 that "freeway porn" has taken root along I-29.<sup>[24]</sup> A steakhouse on I-29 in Hamburg became a strip club circa 2001. A new strip club was under construction in early 2004 at Exit 42 (IA-370) in Mills County<sup>[25]</sup>.

## 5. I-29 Summary

Interstate 29 was completed through western Iowa just before the farm crisis and decline of the railroad industry wracked the regional economy. Since recovery began in the late 1980s, large cities like Council Bluffs and Sioux City have benefited from increased retail trade, but the economies of rural counties in the I-29 corridor remain relatively stagnant. I-29 has facilitated farm products movement and trucking of general merchandise through the region. As a major highway route into central Canada, the I-29 corridor may benefit as NAFTA-related trade increases.

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[1] This report was prepared by Jack Faucett Associates, Inc. of Bethesda, Md. under contract with the Federal Highway Administration (Martin Weiss, principal official for the Economic Development Highway Initiative). Jason Bezis and Kristin Noyes were the primary authors, with assistance from Justine Lam, Paul Nguyen, and Jessica Bonardi. The consultant team of JFA acknowledges the active participation and assistance of local development districts and other local and regional agencies for completion of this case study. Specific individuals from these entities are footnoted throughout this document.

[2] The U.S. Office of Management and Budget defines metropolitan and micropolitan statistical areas based on Census Bureau data. Each metropolitan statistical area (MetSA) must have at least one urbanized area of 50,000 or more inhabitants. Each micropolitan statistical area (MicSA) must have at least one urban cluster of at least 10,000 but less than 50,000 population. The county (or counties) in which at least 50 percent of the population resides within urban areas of 10,000 or more population, or that contain at least 5,000 people residing within a single urban area of 10,000 or more population, is identified as a "central county" (counties). Additional "outlying counties" are included in the MetSA or MicSA if they meet specified requirements of commuting to or from the central counties.

[3] For an unofficial history of Iowa's I-29, visit <http://iowahighways.home.mchsi.com/highways/i-29.html>. James R. Whetstone, a construction and design staff engineer for the southwestern Iowa DOT district since the early 1960s, described the I-29 construction process in a June 2004 telephone interview. He said that usually grading and bridge construction were done in one season, paving was finished in the second season (before winter), and erosion control, permanent seeding, and signing were completed in the final season.

[4] Northern Great Plains Initiative for Rural Development. *I-29 Corridor Plan*.

[5] There are presently three motor vehicle bridges across the Missouri River in Iowa north of U.S. 30: the IA-175/NE-51 toll bridge in Monona County (opened in mid-1950s), the I-129 bridge in the southern Sioux City area (1976), and the U.S. 77 bridge in downtown Sioux City (early 1980s).

[6] U.S. Census Bureau, County-To-County Worker Flow Files.

[7] William Petroski, "Interstate 80 takes a beating in Iowa," *Des Moines Register*, December 27, 2001, p. 2B.

[8] C. Phillip Baumel and Jerry Van Der Kamp, Institute for Agriculture and Trade Policy, *Past and Future Grain Traffic on the Missouri River* (2003).

[9] Iowa Department of Natural Resources, "Iowa's Ecological Regions," <http://www.iowadnr.com/water/tmdlwqa/wqa/ecoregions.html>.

[10] Iowa Department of Natural Resources map (2000).

[11] The Loess Hills ecoregion has irregular topography and more rangeland than neighboring areas. The eastern portions of the I-29 counties are in the "southern Iowa drift plain."

[12] Telephone interview with Dakin Schultz, Iowa Department of Transportation (District 3-Planning), September 22, 2004.

[13] 1997 Census of Agriculture, "Ranking of States and Counties," Tables 55 and 61.

[14] It was an important stop for provisions during the western settlement era of the 1800s. The city was nominally the eastern terminus of the first transcontinental railroad. By the 1930s, it was one of the largest mail transfer points in the country.

[15] 2002 Census of Agriculture County Profile.

[16] . Some of the remaining operations have become mere "killing plants," with the processing done elsewhere. Iowa Beef Processors, a major meat company, was headquartered in the area until Tyson Foods acquired it in 2001.

[17] For example, 1500 workers lost jobs when the Zenith plant relocated to Mexico and Taiwan.

[18] More than one in five nonfarm employees in the I-29 corridor work in retail trade, compared to one in six in the U.S. Since this differential began before I-29's completion in 1973, the highway is not necessarily responsible for this phenomenon.

[19] The years in Table 7 were selected for the following reasons: 1959 (first segments of I-29 opened in Iowa in 1958), 1967 (37 miles of I-29 were complete by 1967), 1973 (year of completion of I-29 in Iowa), 1983 (10 years after completion), 1993 (20 years after completion), and 2001 (most recent available data).

[20] David J. Forkenbrock, Norman S.J. Foster, and Michael R. Crum, *Transportation and Iowa's Economic Future*, Public Policy Center, University of Iowa (1993). Among other issues, the report briefly discussed economic development and "super-two highways," two-lane roadways that are constructed to four-lane highway design standards.

[21] Survey form completed by Glenda Castleberry, Siouxland Economic Development Corporation, May 21, 2004.

[22] Telephone interview with Mark Norman, Director of Business Development, Council Bluffs Area Chamber of Commerce, May 2004.

[23] Census Bureau, Journey to Work and Place of Work Data. Commuting between Mills County and Douglas County, Nebraska (Omaha) increased from 122 workers in 1990 to 1635 in 2000.

[24] Staci Hupp, "Iowa's Road Show: Sex and the Country," *Des Moines Register*, January 19, 2004, p. 1A.

[25] The owner re-located from Nebraska where new regulations severely restricted adult entertainment establishments.

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