



Railroad Revolving Loan and Grant Program

Freight rail matters

Look around. Do you ever wonder how the things you use everyday get to you? The movement of freight is easy to take for granted, because Iowa's freight transportation system works seamlessly to deliver the products you depend on.

Each day, more than 300 pounds of freight per person is transported in the U.S.¹ The amount of freight carried by our nation's highways, waterways, and freight rail is rapidly growing.

Freight rail matters because it is one of the most effective and efficient ways to carry massive quantities of freight.

A single train can carry the equivalent of 400 semi-trailer loads. Because rail is uniquely suited to carry the bulk products associated with Iowa's agricultural, food, and manufacturing sectors, rail transportation in Iowa is a critical freight transportation asset.

To accommodate growing freight transportation needs and sustain shippers' access to markets, the state of Iowa has a program in place to partner with railroads and shippers to maintain and enhance reliable freight rail options - the Railroad Revolving Loan and Grant Program.



Railroad Revolving Loan and Grant Program

The Railroad Revolving Loan and Grant Program is designed to help meet the need for freight rail system improvements and aids shippers in getting access to efficient rail shipping. This program provides financial assistance through loans and grants to build or improve rail facilities that create jobs, spur economic activity, and improve the rail transportation system in Iowa. The goals of the RRLG program are to:

- Support existing, expanding, or new businesses in gaining or improving access to the shipping opportunities provided by rail transportation.
- Boost profitability of Iowa's business and manufacturing communities through lower shipping rates and access to distant and export markets.
- Make communities more attractive to new or expanded business because of rail connections.
- Assist railroads in improving or maintaining a strong, dependable rail transportation system.



What are the needs?



Business and community needs

- Rail transportation provides lower shipping costs and broader access to domestic and export markets.
- Transportation options give businesses the flexibility to adapt to changing conditions and uncertainties.
- Facilities to transfer shipments between transportation modes (rail to truck to barge and vice-versa) provide access to rail's advantages without the need for a rail spur at every shipping location.
- An industrial site connected to a variety of shipping options is a key component to attract new or expanding business to an area and broadens the scope of potential businesses interested.



Modernization needs

- Many railroad bridges and overpasses predate the highway system and are more than 100 years old. To function with modern trains, the bridges need repair or replacement to allow for the transport of taller, wider, and heavier loads.
- An industry-wide shift to heavier rail cars requires updated tracks that will safely carry the added weight of a fully loaded train. Approximately 30 percent of Iowa's rail system is not capable of hauling the industry-standard heavier rail cars.
- More powerful locomotives and technology have led to longer, more efficient trains. Growing rail freight, higher grain production, and growth of the ethanol industry have all contributed to more rail traffic in Iowa. Rail yards and main lines need more capacity to accommodate modern trains and increased train traffic.



Extreme weather needs

- Flooding in 2003, 2008, and 2011 took a toll on Iowa's railroad system; destroying bridges, washing out track, and disrupting service to customers. Flood damage relief can help Iowa's railroads return to serving customers more quickly and infrastructure investments can mitigate future damage and disruptions in service.





What has RRLG accomplished?

The Railroad Revolving Loan and Grant Program was created in 2006 and has successfully

- Assisted in creation or retention of 1,823 Iowa jobs
- Provided emergency flood restoration loans to Iowa railroads
- Provided \$16 million in grants for rail infrastructure
- Provided \$21 million in loans which will come back to the program to fund future projects
- Helped build \$114 million in rail infrastructure that supports \$758 million in other development

Community-supported, rail-served industrial parks, individual shippers, and railroads are the main beneficiaries of the RRLG. The typical railroads requesting assistance through RRLG are Iowa's short haul and switching railroads that serve many of Iowa's industries. These critical railroads provide local service and transfer the cars to the national railroad system to carry Iowa's products to distant markets.

In the world of global shipping, the relatively small RRLG program investments in new or improved track or bridges are a real bargain. RRLG program recipients get a boost to build or rehabilitate track through a partial grant or a loan. This program assists in building infrastructure, but unlike publicly owned transportation assets, most recipients are private entities who assume the responsibility for future system maintenance. In addition, privately-owned railroads and shippers contribute to Iowa's economy by paying taxes on the property they own and the profits they make.



Hear from recipients

Cedar Rapids and Iowa City Railroad (CRANDIC)

“ In 2008, one of our main rail connections to the Iowa Interstate Railroad was severed by flooding that severely damaged our bridges. While assessing the damage, we determined there were several bridges in need of upgrade or replacement to minimize future flood risk. Because of the loans offered through the RRLG program, we secured funding for these major bridge projects. The RRLG program funding provided us the opportunity to upgrade our line to avoid future costly flood-related shutdowns that impact not only our business, but our customers' businesses. This year, we were able to keep our main line in service, even when water levels rose above those that caused so much damage and closed our line in 2008. Having the RRLG program funding has allowed us to substantially invest in our system to a degree we could not have done on our own.”

– Joe McGovern, Chief Operating Officer, CRANDIC



2008



2013

Cherokee Industrial Corporation Rail Spur

“ The partnership between the Cherokee Industrial Corporation (CIC), Quad County Corn Processors (QCCP) and the Railroad Revolving Loan and Grant (RRLG) program allowed us to build an upgraded rail spur and ethanol transload facility. In the first two years, QCCP shipped more than 30 million gallons of ethanol products by rail from the Cherokee location. The rail option has saved Quad County Corn more than \$1.5 million in shipping costs. With the savings QCCP is expanding their plant and increasing production and employment. The revenue generated for the CIC is allowing us to look at new rail shipping opportunities for other local industries that create efficiencies, save costs and increase employment. The success we have achieved would not have been possible without the RRLG program.”

– Rick Mongan, president
Cherokee Industrial Corporation

Emergency flood relief for shortline railroads

“ In 2008, major flooding damaged or destroyed portions of our rail lines, leaving behind debris, washed out track, compromised rail beds and damaged or destroyed bridges and culverts. Because we are regional, short line and switching railroads, our cash reserves were limited to make the major repairs needed in a timely manner. The RRLG program was able to provide speedy loans which allowed us to resume many of our operations quickly. Our customers saw a rapid return to service, saving them money in other transportation costs and restoring our revenue stream when we needed it the most.”

– Steven Hoth, President
Burlington Junction Railway

– Joe McGovern, Chief Operating Officer
Cedar Rapids and Iowa City Railroad

– Jerry Lipka, President & CEO
Iowa Interstate Railroad

– Dan Sabin, President
Iowa Northern Railway

– Shane Cullen, Vice President
Transportation/Operations
Keokuk Junction Railway



More information or to apply go to: iowadot.gov/iowarail/assistance/rrlgp.htm
or contact Laura Hutzell

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¹Growth in the Nations' Freight Shipments - Highlights, U.S. DOT, Bureau of Transportation Statistics, Research and Innovative Technology Administration

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