SHORT LINE RAILROADS

Iowa railroad industry faces major changes ahead

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With assistance from the Office of Rail Transportation, Iowa Department of Transportation, and the Iowa Short Line and Regional Railroad Association

Do you ever consider the benefits of rail transportation? Most people never think about trains unless they are stuck at a crossing waiting for a train to pass or they hear about a train accident or derailment. However, there are enormous economic and environmental benefits to rail transportation. Unfortunately, people often remember the few negative aspects without ever contemplating the benefits. Due to this lack of knowledge, smaller regional railroad corporations, known as "short line," railroads are in need of state and federal assistance to continue providing a valuable service to cities in Iowa.

What are the economic benefits of rail transportation?

While highways and roads are important for the delivery of goods, many people do not understand the important benefits of rail delivery in conjunction with other options.

Railroads operate more efficiently and require fewer resources, such as fuel, to operate. The costs of building and maintaining rail infrastructure is about half that of the cost of roads. Rail transportation is also safer and helps reduce road congestion and damage. A Kansas Department of Transportation study showed that short line railroads save the state of Kansas $49.9 million annually in pavement damage costs. According to the Iowa Short Line and Regional Railroad Association, the absence of short line and regional carriers in Iowa would have meant an additional $39 million in additional highway costs.

Shipping by rail also provides environmental benefits. Compared to highway shipments, trains produce a fraction of chemicals harmful to the environment.

Amount of harmful chemicals on railroads compared to highway delivery	
Nitrous oxide; carbon monoxide	1/20
Volatile organic compounds; particulate matter	1/8
Greenhouse gases	1/7

Short Line Railroads

There are three classes of railroads: Class I, Class II, and Class III. In Iowa, Class I railroads are the major national railroad companies: Union Pacific, Burlington Northern Santa Fe, and the Norfolk Southern Railway Company. Class II and Class III are the short line railroads and are listed in the box at the right. These short line railroads were created when the larger Class I railroads sold less profitable lines during the 1970s. Now, more then 550 small carriers operate 30 percent of the national rail network. In Iowa, 14 short line railroads operate 1,941 miles of track, which is 47 percent of the Iowa rail network.

Class I Railroads include most of the major national rail companies. The railroads in Classes II and III (the "short line railroads") operate 30 percent of the national rail network with a number of lines in the Midwest. Short line railroads in Iowa include:

Class II Railroads	Class III Railroads	
Chicago, Central and Pacific Railroad (CC)	Appanoose County Community Railroad Inc. (APNC)	Great Western Railway Company of Iowa, LLC (CBGR)
Dakota, Minnesota & Eastern Railroad Corporation (DME)	Boone and Scenic Valley Railroad (BSV)	D & I Railroad Company (DAIR)
Iowa Interstate Railroad Ltd. (IAIS)	Burlington Junction Railway (BJRY)	Iowa Northern Railway Company (IANR)
Iowa, Chicago & Eastern Railroad Corporation (ICE) Formerly the I & M Rail Link, LLC (IMRL)	CBEC Railway Inc. (CBEC)	Iowa Traction Railroad Company (IATR)
	Cedar Rapids and Iowa City Railway Company (CIC)	Keokuk Junction Railway Company (KJRY)
	Cedar River Railroad Company (CEDR)	

Changes on the Line

There are changes taking place in the railroad industry that will directly affect the short line railroads. Railroad corporations are starting to increase the length of their trains to more than 100 cars at a time and are beginning to use a larger railcar. The new cars weigh 286,000 pounds when fully loaded, which means the cars are 23,000 pounds heavier than their predecessors. According to the Iowa Department of Transportation, it will take the short line railroads approximately 30 years to upgrade their lines to handle the longer trains and larger railcars.

Meanwhile, the production of items (such as soybeans, corn, livestock and coal) transported by rail has, and will, continue to increase. A two percent shift occurred during the last five years of the 1990s in the percentage share of items shipped by rail as compared to items shipped by trucks. However, an even greater increase has occurred in items transported when truck trailers are transported by rail. This traffic, also known as intermodal traffic, doubled between 1985 and 2000. According to the American Association of American Railroads (AAR) website, railroads moved a record 9,349,630 trailers or containers in 2002. If current trends continue, railroads will have set a new record by December 6, 2003, as the year's final number was expected to approach 10 million.

State and Federal Assistance

Despite these benefits and trends, state and federal assistance to railroads has actually decreased over the past few years. The state Rail Economic Development (RED) program has not been funded for the past two years, and current indications are that it may not be funded in the near future. The RED program is important for economic business development since it assists in providing rail needs, such as spurs off a main track, which help to provide transportation for resources and finished products. The Rail Revolving Loan Fund (RRLF) is another popular program, available to businesses as well as railroads that contribute to economic development through improved rail infrastructures. This program has also gone unfunded for a number of years.

There are federal bills waiting debate and passage to assist rail development. House Resolution (HR) 876, if passed, would allow for limited tax credits for infrastructure expenditures by short line railroads. The Transportation Equity Act for the 21st Century (TEA-21) is also up for reauthorization. This $375 billion, six-year plan would provide funding to rail and other modes of transportation.

What it all means

Iowa's rail network has seriously declined and is in danger of abandonment unless additional state and federal assistance is provided. Recently, the Iowa Short Line and Regional Railroad Association applied for economic development funding from the Iowa Values Fund, a $500 million dollar economic development fund created in 2003. Approval of this application would help numerous cities with an investment in the rail infrastructure across the state.

However, even with additional state and federal assistance, more action is needed. City officials can assist by informing their state and federal representatives how the railroads contribute to their economic well-being by providing low-cost, more efficient transportation and the opportunity for local development. Any discussion on economic development for Iowa and its cities must include railroads and the vital role they play.▲

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