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## Did you know...

As personal travel and freight transportation grows, the American public would like to see an increasing proportion of that traffic going by rail. A December 2005 Harris Poll found that:

- ◆ 63 percent would like to see freight railroads have an increasing share of freight transportation;

- ◆ 44 percent would like to see commuter trains have an increasing share of passenger transportation; and

- ◆ 35 percent would like to see long-distance trains have an increasing share of passenger transportation.



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## Feature Articles

### Challenges Ahead

On March 8 I attended the "Railroad Day on Capitol Hill" sponsored by the American Short Line and Regional Railroad Association and Association of American Railroads. Representatives from railroads, suppliers, shippers, and states visited with members of Congress and their staff regarding the rail industry's condition and needs. We asked that the tax credits for small railroads be extended beyond the current three years, the Railroad Rehabilitation and Improvement Financing loan program for railroads be retained, and a federal partnership for regional passenger rail service be developed.

Since deregulation in 1980, the railroads cut unprofitable track mileage and personnel to reduce their operating expenses. Business has increased dramatically in the last few years and the financial picture for railroads has improved to a point not seen in the last 50 years, with record profits. However, some railroads are struggling to handle the increased volume with their existing infrastructure. And, many railroads are choosing to haul higher revenue business on their system.

This demand for rail transportation has caused a strain on rail car availability, and slow performance and, in many cases, an increase in the cost of rail transportation. Shippers across the country and in Iowa are concerned about slow transit times on rail shipments, increased prices and lack of equipment availability.

The day after I was at the Capitol, a group called "Consumers United for Rail Equity" visited members of Congress and their staff urging support for proposed federal legislation that would, in their view, restore competitive rail rates. The railroads oppose any legislation that impacts their ability to use differential or demand-based pricing for their services. The large railroads are proposing a federal tax credit for new construction to increase their capacity. They state they are spending \$8 billion this year on infrastructure investment to beef up or build new infrastructure and purchase equipment to handle increasing business.

Increasing freight over the next 20 years will impact both truck and rail capacity in the U.S. and Iowa. A large portion of the river barge fleet is over 25 years old, and the barge system is consolidating and leaning toward long-term contracts. As baby-boomers reach retirement age, a shortage of skilled transportation workers is expected. Adding to the mix is the high cost of gas and diesel fuel, which impacts all the transportation industries. There is no doubt that consumers and railroads will feel the impacts of this situation.

Peggy Baer  
Director, Office of Rail Transportation

### Shipping Changed Forever

We see them everyday on the highway or at a railroad crossing as a train rolls past. You do not know what is in them or where they came from, but they are likely responsible for much of what ends up in your home or office. Boxy and nondescript, who would have guessed that the introduction of the shipping container 50 years ago would change the face of shipping and our world's economy?

On April 26, 1956, a converted tanker, the Ideal-X, set out from the Newark, New Jersey, port for Houston, loaded with 58 loaded truck trailers, marking the beginning of a new era. Though the use of pre-loaded containers faced initial

resistance on many fronts - from unions, port officials and regulatory agencies - the economics won out and the container slowly gained ground. World events contributed to its acceptance when the U.S. military needed to efficiently ship supplies half way around the world to Viet Nam. As its use grew, the intermodal container reshaped the maritime industry---changing the size and design of ships, number of workers needed to load and unload ships, type of equipment required, and how a port is laid out.



But the maritime industry was only the beginning of the changes. Initially, containers were primarily truck bodies ready to roll to their destination. Now, the simple container---that plain metal box---is more common. The trucking and rail industries quickly had to learn to change the way they did business---rail cars and truck chassis had to be built or modified to accommodate the new shipping method. Changes in timetables and equipment utilization occurred. The destinations and originations of shipments began to change, since every small town or manufacturer no longer had the ability to load or unload a container from a rail car or truck. Cheaper shipping meant that manufacturers no longer had to be clustered near shipping points and could locate farther from ports; and inventory-reduction schemes, such as just-in-time manufacturing, became possible.

Before the container, transporting goods was expensive---so expensive that it did not pay to ship many things half way across the country, much less half way around the world,” said Marc Levinson, author of “The Box: How the Shipping Container Made the World Smaller and the World Economy Bigger.” Suddenly, as container shipping caught on with its dramatic savings in time, labor and expense, like it or not, the global market became a reality. No longer could companies serve only their local clientele when the world was their competition.

The “rise” of the container has changed, in some respects, the face of Iowa’s rail industry. There is no doubt that train traffic has increased on many Iowa tracks due to the increase in container cargo. Intermodal traffic in the United States has more than doubled since 1985. More revenue-producing cargo has helped produce record profits for the Class 1 railroads and many smaller railroads. The increased revenue has also allowed many railroads to increase their investment in infrastructure, meaning better track and higher potential capacity to move cargo.

To maximize efficiency, the containers must be efficiently transferred from one mode to another. Increasingly, this occurs at large, full-service, intermodal terminals. These large terminals require a substantial investment in equipment and infrastructure to quickly and easily move the large, heavy containers. These terminals are most often strategically located near population centers with high traffic volume to maximize the cheaper “long haul” by train and minimize the more expensive “short haul” by truck. To be most economical, there is the need to balance inbound and outbound cargo so that containers that come into an area can be filled nearby with merchandise to go out in that same container.

Giant intermodal terminals have been built near the major metropolitan areas of Kansas City, St. Louis and Chicago. In 1980, Iowa had 23 small-scale facilities in 15 cities where intermodal freight could be transferred. However, Iowa has seen a decrease rather than an increase of in-state intermodal terminals with only three remaining in Newton, North Liberty and Council Bluffs. Iowa intermodal transfer terminals are hard-pressed to compete with the population density and freight volumes of the terminals in the larger markets. Containers, for the most part, are simply “passing through” on Iowa’s railroad tracks. Iowa companies that use containers truck their loads to the larger out-of-state terminals for shipment by rail.

### **Rail Assistance Fuels Economic Growth**

The Iowa Railway Finance Authority recently approved \$3.6 million in funding for 14 rail improvement projects as part of the Railroad Revolving Loan and Grant Program. The rail projects are expected to support the creation of 430 new jobs, leverage \$274 million in new capital investment and reduce transportation costs by \$73 million.

Included in the program is funding for rail improvement projects at three proposed bio-energy plants, two industrial development centers and eight industrial service sites. Listed below are the approved projects.

<b>Applicant</b>	<b>Grant</b>	<b>Loan</b>	<b>Total</b>
<b><i>Branchline Assistance Projects</i></b>			
CRANDIC Smith-Dow	\$0	\$360,000	\$360,000
Sub Total	\$0	\$360,000	\$360,000
<b><i>Industrial Service Projects</i></b>			
Cascade Lumber	\$214,000	\$320,000	\$534,000
Marco Group	\$22,500	\$0	\$22,500

Iowa Cold Storage	\$120,000	\$259,500	\$379,500
Ajinomoto Heartland	\$18,000	\$0	\$18,000
Metzler Automotive	\$60,000	\$0	\$60,000
Ryerson & Son, Inc.	\$30,000	\$0	\$30,000
BJR Mount Pleasant	\$18,000	\$0	\$18,000
Dunkerton Co-op	\$18,000	\$0	\$18,000
Sub Total	\$500,500	\$579,500	\$1,080,000
<b>Bio-Energy Projects</b>			
Absolute Energy	\$246,000	\$254,000	\$500,000
Iowa Renewable Energy	\$168,000	\$132,000	\$300,000
Green Plains Renewable	\$126,000	\$154,000	\$280,000
Sub Total	\$540,000	\$540,000	\$1,080,000
<b>Industrial Park/Economic Development Projects</b>			
Eastern Iowa Ind. Center	\$450,000	\$310,791	\$760,791
Lincoln Way Railport	\$90,000	\$229,209	\$319,209
Sub Total	\$540,000	\$540,000	\$1,080,000
<b>PROGRAM TOTALS</b>	<b>\$1,580,500</b>	<b>\$2,019,500</b>	<b>\$3,600,000</b>

The Railroad Revolving Loan and Grant Program was established by the Legislature in 2005 for the purpose of providing funding assistance for the improvement of rail facilities that support economic development and job growth. Existing loan repayments and appropriations fund the program. The Iowa Railway Finance Authority, an independent board staffed by the Iowa Department of Transportation, administers the program.

Applications are now being accepted for approximately \$1 million in loans or grants through the Railroad Revolving Loan and Grant Program in fiscal year 2007. Applications are due by October 20, 2006.

### Welcome, Iowa River Railroad

Iowa has a new railroad! On June 16, 2006, the Union Pacific Railroad sold their line from Marshalltown to Steamboat Rock to the Iowa River Railroad. Iowa River Railroad has also acquired the rail-banked portion of track from Steamboat Rock to Ackley from the North Central Railway Association. Track that has been rail-banked is not in operation, but the corridor, including track and ties, remains intact for future use. Principals of the Iowa River Railroad are the Pine Lake Ethanol plant, United Suppliers and Prairie Land Coop, which has a facility at Union. The new railroad is in the process of hiring employees, and restoring the formerly rail-banked track between Ackley and Steamboat Rock. The railroad interchanges with Chicago, Central & Pacific Railroad (owned by Canadian National) at Ackley and Union Pacific in Marshalltown.

In the late 1980s, shippers on the line (including United Suppliers and Prairie Land Coop) purchased the track from Steamboat Rock to Hampton, which was a former Chicago & North Western mainline. Their original vision was to create a railroad from Mason City to Marshalltown and retain rail service to the shippers on the line. Over the years, interest in preserving the rail-banked track north of Geneva died and that track is now gone. The segment of track from Ackley to Geneva remains under ownership of the North Central Railway Association and operated by Chicago, Central & Pacific. Just a few years ago, the Iowa DOT built a bridge over the rail-banked track that will return to operation on the new alignment of U.S. 20. Hats off



to United Suppliers, Prairie Land Coop and Pine Lake Ethanol for translating their vision into railroad reality!

## Industry News

### Hawkeye Express Here to Stay

The Hawkeye Express is back and better than ever. Rather than fight the traffic on football game days in Iowa City, hop on the Hawkeye Express and enjoy a leisurely ride to the game. But this year, lots of changes are afoot, with different equipment, a bright new Hawkeye paint job and a permanent home in Iowa.

For the last two seasons the Hawkeye Express has provided train service from Coralville to Kinnick Stadium for the University of Iowa's home football games using a leased 11-car Ski Train from Colorado. It was no easy task to make this happen. It took the cooperation of Iowa Interstate Railroad (the train operator and track owner) the University of Iowa, and Union Pacific and BNSF Railroads (who moved the train from Colorado to Iowa City free of charge).

Now, the Hawkeye Express has a home right here in the Hawkeye state. Dan Sabin, president of the Iowa Northern Railway Company, has purchased six former C&NW/Metra Chicago bi-level commuter cars and a former Amtrak F-40 locomotive. The new equipment will allow for more passengers, as well as smoother entry and exit at station points because the cars were designed for heavy commuter use. Sabin, who has helped manage the project since it began, and the University of Iowa have signed a five-year contract for the equipment to run as the Hawkeye Express.

The Hawkeye Express was originally conceived to help relieve traffic congestion on game day from the already congested Iowa City area roads. For the last two years, ridership of the Hawkeye Express averaged around 3,000 persons per game, diverting many cars from the Kinnick stadium area. Some passengers even rode the train simply to take advantage of the unique experience, with no plans on attending the game.

### Iowa Interstate Expands in the Bluffs

Iowa Interstate Railroad (IAIS) has purchased the Great Western Railway of Iowa (also known as Council Bluffs Railway.) As a terminal switching carrier, the Great Western operated 30 miles of yard and industry tracks, and provided rail-car storage and repair services. The acquisition will allow IAIS to expand its intermodal operations and create greater capacity in its Council Bluffs terminal. Customers on the line, including a trans-load facility and grain elevator, will be served by IAIS.

IAIS is a subsidiary of Railroad Development Corporation, a privately held Pittsburgh-based company with operations in Iowa and six other countries. Great Western Railway is owned by OmniTRAX, which operates over a dozen railroads in the United States and Canada.

## Safety News

### Crossbuck Improvements

Over the next months, Iowans will begin to see improvements in the signage at passive highway-railroad grade crossings. A passive grade crossing is one that is not equipped with a warning device, such as lights or lights and gates, which are activated by the approach of a train. Passive crossings have only a standard railroad crossing sign, called a crossbuck.

Many railroads throughout Iowa will be installing new, highly reflective crossbuck signs to replace those that are worn or have poor reflectivity. The X-shaped crossbuck is reflectorized on both sides to be visible to drivers approaching from either direction. Additionally, a 4-inch strip of reflective white material will be installed the full length of the support post, on both the front and back, to increase visibility at night. The cost of materials for many of the upgrades is provided through federal-aid safety funds administered by the Iowa DOT.



In addition to the crossbuck improvements, an emergency notification sign will be posted at highway-railroad passive grade crossings. The sign will be visible to motorists stalled or disabled on the railroad tracks, and provide clear and simple instructions for reporting grade crossing emergencies.

In Iowa, there are approximately 2,700 passive highway-railroad grade crossings. Union Pacific has completed the upgrades at most of their crossings, and some other railroads have begun work on the improvements. Many more will be upgraded as the year progresses. Regulations require all passive crossings to be upgraded by 2011.

### **Keeping Safety on Track**

"Keeping Safety on Track" was the theme of the 2006 Midwest States Highway-Rail Safety Meeting in Minneapolis on May 7 through May 10.

The conference featured speakers and break-out sessions on all manner of rail safety concerns including:

- quiet zone implementation;
- use of Stop or Yield Signs at highway-railroad crossings;
- crossing inspections and investigations;
- trespassing and suicide prevention;
- blocked crossings;
- Operation Lifesaver;
- pedestrian issues; and
- research topics.

Co-hosted by the rail offices of the Iowa and Minnesota departments of transportation, the conference provided representatives from seven states, federal authorities, railroads, rail associations, and railroad suppliers the opportunity to share concerns, new developments and learn from one another.

The Iowa Department of Transportation hosted two well-received break-out sessions. The descriptions of those sessions are provided below.

- A newly developed process to prioritize safety improvement projects for funding based on a benefit-cost ratio will target funding to those crossings that have the highest benefit in relationship to cost. The new selection process also incorporates calculations that help identify crossings most likely to have a serious crash, and is projected to save five lives over a 10-year period. More detailed information on this process is available on the Iowa DOT Office of Rail Transportation's Web site at [www.iowarail.com/funding/130selection.asp](http://www.iowarail.com/funding/130selection.asp).
- A program unique to Iowa rebuilds crossings on the Primary Highway System for increased life and rideability at high-traffic crossings. The program is based on a partnership that involves cost sharing between the Iowa DOT's Office of Rail Transportation, DOT district highway offices and railroads. The partnership takes advantage of the strengths, abilities, available equipment, and expertise of each party. The best practices for highway-railroad surface reconstruction that have been learned through the life of the program were shared with attendees.

The 2007 Midwest States Highway-Rail Safety Meeting will be hosted by the Nebraska Department of Roads in Omaha May 6 - 9, 2007.

### **Safety by the Numbers**

Both train and motor vehicle traffic in Iowa are increasing. That creates more opportunities for tragedy where the railroad tracks and highway meet. But, the good news is that crashes at highway-railroad crossings are not increasing, but trending down when put into the context of the increasing traffic.

A comprehensive report on 2004 rail safety statistics (the most current final data) is now available on

the Office of Rail Transportation's Web site at [www.iowarail.com/pdfs/2004\\_safety\\_report.pdf](http://www.iowarail.com/pdfs/2004_safety_report.pdf). The report looks at derailments, highway-railroad crossing crashes and trespassing casualties, both historically and as they relate to the changes that have occurred in the transportation system.

Preliminary Iowa statistics for 2005 are even more encouraging with a significant drop in both derailments (from 85 to 57) and highway-railroad grade crossing crashes (from 77 to 70).

### Iowa Railroads Honored for Safety Records

Working in the rail industry was once considered one of the more dangerous professions. That reputation is changing because the industry is making safety a priority.

The American Short Line and Regional Railroad Association honored five Iowa railroads for their 2005 safety records. To be honored the railroad must have no FRA-reportable injuries or accidents for the calendar year. Honored were Appanoose County Community Railroad, Burlington Junction Railway, Cedar Rapids & Iowa City Railway Co., D & I Railroad Co., and Great Western Railway of Iowa.

Among the larger Class I railroads, Norfolk Southern, which operates through a trackage agreement on rail lines in southeast Iowa, won the highest safety honor, the E.H. Harriman Safety Award from the Association of American Railroads. Norfolk Southern has been the recipient of the award for the past 17 years, demonstrating a real commitment to safety.

BNSF Railway was honored with the second place award and received a commendation for continuous safety improvement. The Harriman awards are based on the lowest casualty rate per 200,000 employee-hours worked.

## Passenger Rail Corner

### An Easier Way

Amtrak has announced two new technology enhancements that provide customers more options and information

- Amtrak's Web site ([www.amtrak.com](http://www.amtrak.com)) now features an interactive map called the "Route Atlas". Passengers can search the map by station or route, and plot different itineraries and routes between stations.
- Travelers now can make, cancel or review reservations, and check on train status directly from their Web-enabled PDA or cell phone. Amtrak's Web site says, "It's the nation's railway system in a convenient, handheld package."



### Funding Update

The U.S. Senate Appropriations Subcommittee has voted to include \$1.4 billion for Amtrak in FY2006. The bill must now go to the full committee and onto the full Senate for action.

The U.S. House of Representatives appropriations committee recommended a \$900 million appropriation for Amtrak., but an amendment raising the allocation to \$1.114 billion was introduced and passed when the full house acted on the bill. Ultimately, differences will have to be worked out by a Joint House-Senate conference committee.

Amtrak requested \$1.6 billion (up from FY2006's \$1.3 billion appropriation.) The Bush Administration's budget request was for \$900 million. Amtrak contends that an appropriation of \$900 million would force it to shut down operations. It appears as though it will be another lively year of debate on the future of Amtrak.

Many organizations are interested in the outcome of this issue. Their opinions can be viewed at the following Web sites:

<a href="http://www.s4prc.org">www.s4prc.org</a>	States for Passenger Rail Coalition
<a href="http://www.fra.dot.gov">www.fra.dot.gov</a>	Federal Railroad Administration
<a href="http://www.narprail.org">www.narprail.org</a>	National Association of Railroad Passengers
<a href="http://www.miprc.org">www.miprc.org</a>	Midwest Interstate Passenger Rail Commission

Prior issues of *Iowa Railroad Ties* are available on the web at  
[www.iowarail.com/newsletter/archive.asp](http://www.iowarail.com/newsletter/archive.asp)