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**Iowa rail assistance: self-
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IOWA RAIL ASSISTANCE

Self Help That
Works



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SELF HELP THAT WORKS

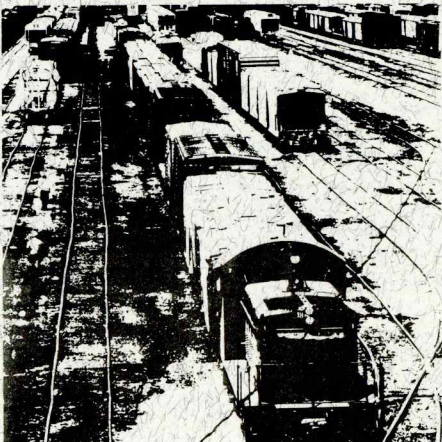
The State funded Iowa Railroad Branch Line Assistance Program is a unique program which gives railroads a chance to rehabilitate deteriorating branch lines with the help of the State and shippers along the lines.

Established in 1974, the program has made possible the upgrading of over 700 miles of the state's 4,000 mile branch line system.

The program is surprisingly simple and free of red tape. The State, shippers and railroads each demonstrate commitment to preserving a branch line by sharing the cost of rehabilitation. For most upgrading projects, the state usually contributes about a third of the cost with shippers and railroads each paying a third. Funds contributed by the State and shippers is an interest free loan to the railroad to cover the cost of upgrading.

The railroad company which owns the line does the actual work. Once the line has been upgraded, the railroad repays the State and shippers at a rate based upon the amount of traffic moving over the line.

This unique self-help approach has stretched limited State appropriations to provide significant improvements and preserve a vital transportation service.



CANDIDACY

How does a line become a candidate for rail assistance? Requests for assistance in upgrading a line come from interested shippers or railroads themselves.

Shippers who are planning to request branch line rehabilitation assistance should consider forming a non-profit corporation or association. Few individual shippers have the financial resources to initiate a rehabilitation project alone. It is also easier for the Department of Transportation to work with a small group of association officers rather than a large number of individual shippers. Shippers will also find it simpler to borrow funds as a group if a loan is needed for upgrading.

PRIORITIES

When the Department of Transportation receives a request for branch line assistance, a large amount of data on the line is collected from the shippers and railroad.

The Department's Railroad Division then evaluates the upgrading projects and ranks them in order of priorities according to three criteria: 1) Potential economic viability 2) Shipper participation 3) Railroad participation.

Potential economic viability is a benefit/cost ratio which indicates the rate of return that can be expected for upgrading a branch line. The higher the benefit/cost ratio and the more funds shippers and railroads contribute, the higher the priority points are for the line. Projects that score above 50 priority points on a 100 point scale are eligible for State funding under the assistance program.

Priority Scale

Potential Economic Viability	0 - 6 0
Shipper Participation	0 - 2 5
Railroad Participation	0 - 1 5
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Total Priority Points =	100 maximum

THE CONTRACT

Once the basic terms of a project are settled, the Railroad Division negotiates the final agreement between the railroad, shippers and State. The contract must be approved by all three parties. The seven-member DOT Commission is responsible for granting final approval of the contract for the State.

Provisions of the contract indicate to what level the line is to be upgraded and maintained and terms of repayment to shippers. Once the shippers have been paid in full, the State is then repaid according to the increased traffic generated by upgrading the line. Money repaid to the State is used as a grant to the railroad for additional upgrading projects in Iowa.

The Railroad Division conducts field reviews during construction and has the project audited upon completion of construction. The upgraded project is then inspected at least once annually to assure that the project meets contract class standards.

For additional information about the Iowa Railroad Branch Line Assistance Program, please contact:

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