



**How Railroads In Iowa Support the State &
How the State Supports the Railroads**

AASHTO Talking Freight Webinar – Oct. 16, 2019



Railroads in Iowa

- The first RR operated in Iowa 160 years ago
- By 1890, there were 8,366 miles of rail network
- Within the first 50 years of statehood, Iowa became a major rail transportation crossroads
- Rail mileage peaked at 10,018 miles in 1914 and freight rail served all 99 counties

Railroads in Iowa

- Changes started in the 1920s with automobiles providing affordable travel
- In the 1960s hundreds of miles of rail line were abandoned
- A wave of rail bankruptcies, abandonment of rail and regulatory changes in 1975 made a lasting impact on the network in Iowa
- Today the network is approximately 3,851 miles
- There are currently five Class I and 12 operating short line and regional railroads.

How Iowa Ranks

- Iowa ranks in the top 15 among state for:
 - Total miles of rail (11th)
 - Rail tons originated (12th)
 - Rail carloads originated (15th)
 - Rail tons carried (7th)
 - Rail carloads carried (7th)
- Iowa also ranks highly among states for rail movements
 - Food products (1st)
 - Chemicals (4th)
 - Farm products (7th)

Economic Benefits to Iowa

- Directly Employed by railroads = 3,520 (passenger and freight)
- Rail Related Employment = 219,380 jobs
- Represents 10.8% of the 2 million jobs statewide
- This equals \$13.8 billion earned which represents 13.6 percent of Iowa's total labor income
- Value-add impact is \$24.2 billion and users represent 14.7% of the state's Gross State Product (GSP)

IOWA RAIL TOOLKIT

2019



 IOWA DOT

Rail Toolkit

- Iowa DOT and Iowa Economic Development Authority collaborated to assemble Iowa's first Rail Toolkit in 2014
- The toolkit has been subsequently updated and almost 2,000 toolkits have been distributed not to mention all the folks who have viewed it electronically
- The information included is to help make shipping in Iowa easier and more understandable
- Chapters have been assembled to provide current information on the benefits of rail transportation and basic explanations of how to access our rail network



Railroad Revolving Loan and Grant Program



Railroad Revolving Loan and Grant Program

- Created by legislation in 2005
- Purpose: To provide loans and grants for railroad related improvement projects to benefit Iowa.
- Funded by loan repayments and appropriations by the Iowa Legislature, and is available to cities, counties, economic development organizations and other non-profit organizations through an application program.

RRLG Funding:

- **Funding:** Funding levels vary each year, generally between \$2-4 million per year.
 - FY 2016: \$1.3 Million
 - FY 2017: \$4.6 Million
 - FY 2018: \$2.6 Million
 - FY 2019: \$3.1 Million
 - FY 2020: \$3.9 Million

*Repayments from previous rail loans are combined with appropriations to establish overall funding levels.

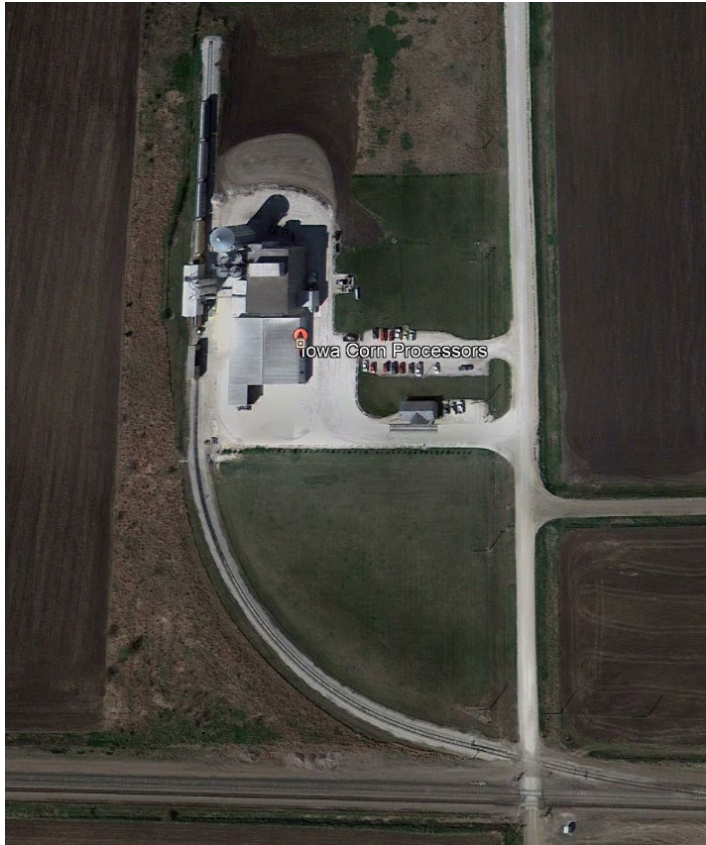
RRLG Application Process

- Applications can be submitted at anytime throughout the year
 - Eligible applicants include both public and private entities and any other entity interested in rail development.
 - Three RRLG categories to which applicants can apply
- Applications reviewed in the summer by DOT Staff
- Funding recommendation is prepared
- Transportation Commission Action (Fall)
- Applicants letter of acceptance
- Agreement administered by Iowa DOT staff (*18-36 months for project completion*)

Targeted Job Creation Projects

- Grants for rail projects associated with an immediate opportunity for job creation or retention within the State of Iowa
- Project funding is contingent on job creation and or retention
- Grants are maxed at \$12,000 per job
- Jobs must be 100% of the wage threshold.
- Grants up to 50% of the total rail cost available.
- Requires a 50% match contribution
- Job creation verification required within three years after project completion

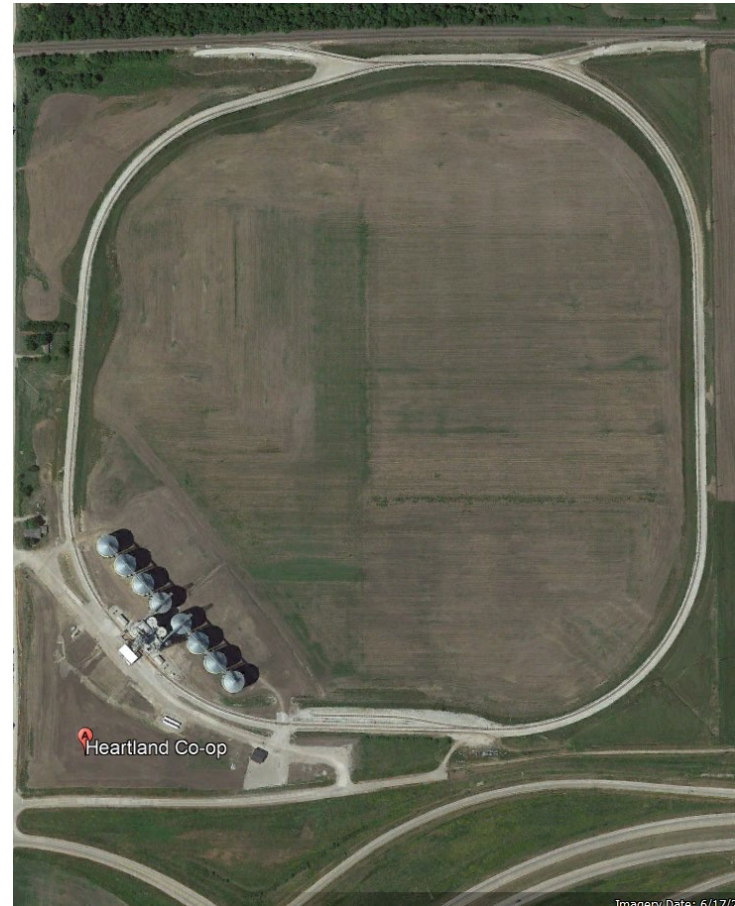
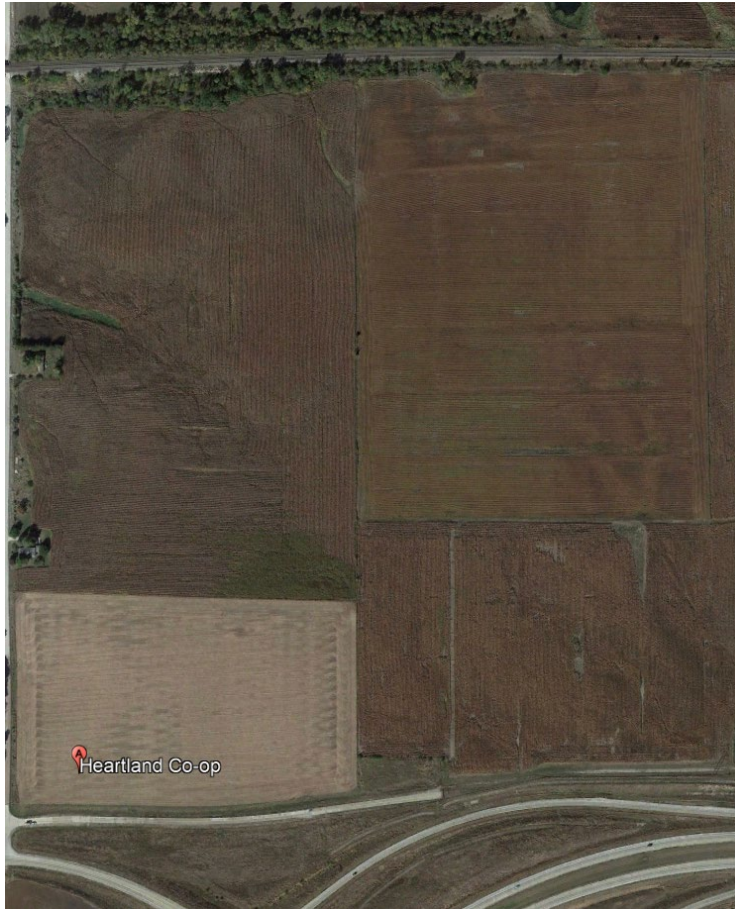
Example: Iowa Corn Processors



Rail Network Improvement Program

- Rail improvements that support existing or new rail structures
- No job creation/retention required
- Loans only – 0% interest for 10 years
- Loans may be up to 80% of the total rail project cost.
- Requires a 20% matching contribution
- Loan repayments help sustain the program at a minimal level, even if appropriations cease

Example: Heartland Co-op



Rail Port Planning and Development Projects

- Grants available for planning studies that enable a community/entity to make fact-based decisions concerning the location, design, or funding requirements for a rail port facility
- No job creation/retention required
- Grants only – maxed at \$100,000 per study
- Requires a 20% matching contribution from the applicant

RRLG Award History

- 2006-2019: 76 Projects awarded
- Total Awards: \$47,223,731
 - Grants: \$20,825,483
 - Loans: \$26,398,249



**Linking Iowa's Freight
Transportation System Program**



Linking Iowa's Freight Transportation System

- Fixing America's Surface Transportation (FAST) Act signed into law in 2015.
- Expands the eligibility of multimodal freight projects for federal transportation funding through the establishment of the National Highway Freight Program (NHFP)
- 10% of Iowa's NHFP apportionment may be used for freight intermodal or freight rail projects.
- Transportation Commission chose to award this funding through the administration of the LIFTS program.
- \$2.6 million in the October 2017 funding cycle.
 - This includes two years worth of funding
 - Thereafter \$1.4 million annually.

Federal Requirements

- The LIFTS program is funded through the NHFP, a federal-aid highway program administered by the Federal Highway Administration (FHWA)
- Awarded projects will be subject to all federal requirements required of highway projects:
 - NEPA, Buy America, Davis-Bacon

Applicant Eligibility

Eligible applicants:

- Transportation provider or user
- City or county
- Private company/industry
- Other entity interested in freight transportation

Private applicants:

- Eligible for **50%** grant funding

Public applicants or public-private partnerships:

- Eligible for **80%** grant funding

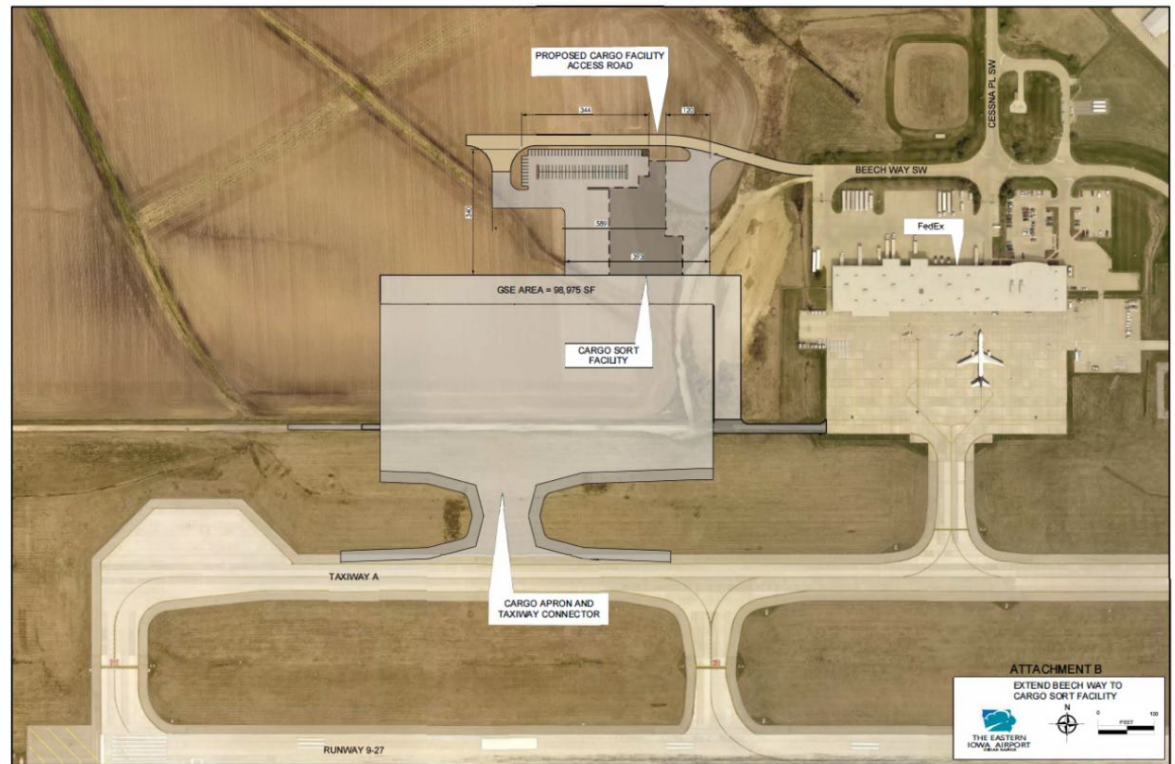
Example: Eastern Iowa Airport

Construction of a new air cargo logistics facility at the Eastern Iowa Airport consisting of cargo sorting, warehouse space with truck docks, truck doors, offices, and land side truck parking and maneuvering areas.

Total Cost: \$2,312,500

Requested: \$1,000,000

Award: \$826,000





QUESTIONS?



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