

2009 Iowa's Rail System Background

Prepared by the
Office of Systems Planning
December 2010

Iowa's Rail Environment

Iowa's rail transportation system provides both freight and passenger service. Rail serves a variety of trips, including those within Iowa and those to other states as well as to foreign markets. While rail competes with other modes, it also cooperates with those modes to provide intermodal services to Iowans. In 2009 Iowa's rail transportation system could be described as follows:

Freight

Iowa's 130,000-mile freight transportation system includes an extensive railroad network, a well-developed highway system, two bordering navigable waterways, and a pipeline network as well as air cargo facilities. While rail accounts for only 3 percent of the freight network, it carries 43 percent of Iowa's freight tonnage. A great variety of commodities ranging from fresh fish to textiles to optical products are moved by rail. However, most of the Iowa rail shipments consist of bulk commodities, including grain, grain products, coal, ethanol, and fertilizers. The railroad network performs an important role in moving bulk commodities produced and consumed in the state to local processors, livestock feeders, river terminals and ports for foreign export. The railroad's ability to haul large volumes, long distances at low costs will continue to be a major factor in moving freight and improving the economy of Iowa.

Iowa's rail system and service has been evolving over time relative to its size, financial conditions, and competition from other modes. Changes in Iowa's freight transportation system and service over the last 25 years can be characterized as follows:

Key 2008 Facts

- 3,945 miles of track
- 18 railroads
- 49.5 million tons shipped
- 39.7 million tons received
- 2 Amtrak routes
- 6 Amtrak stations
- 66,286 rail passenger rides

Key Rail Trends

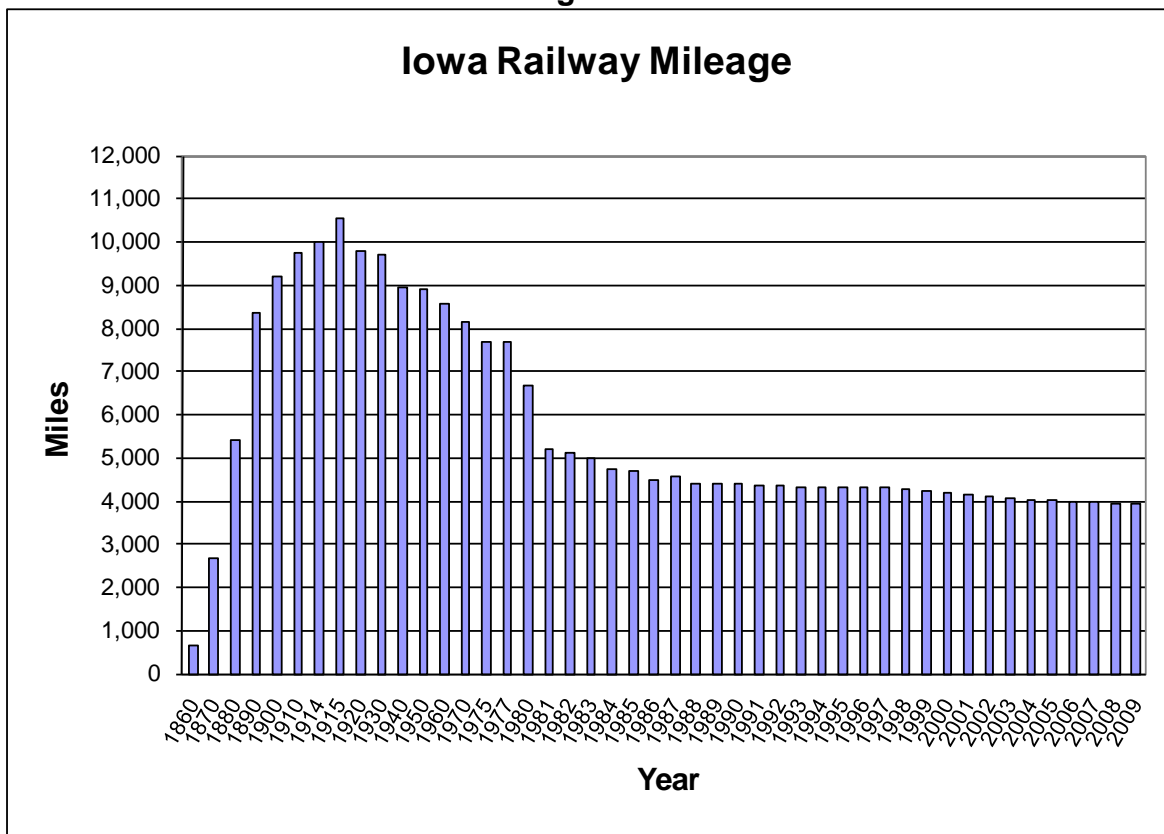
- slightly fewer miles being operated;
- railroads serving Iowa has remained the same;
- more rail freight traffic;
- more tons hauled per car;
- higher average rail rates per ton-mile since 2002;
- more car and tons hauled per locomotive; and
- more ton miles per gallon of fuel consumed.

Iowa Rail Mileage

Iowa railroad mileage peaked in 1915 at approximately 10,500 miles. Today, Iowa has 3,945 miles, 2 miles less than 2008. The current miles are 38 percent of the peak mileage (See Figure 1). The current rail system evolved from massive restructuring in the early 1980s, partly as a result of the financial failures of the Rock Island and Milwaukee Road. In the late 1980s and 1990s, rail line abandonments and new short-line creations slowed considerably. Since 1985, Iowa's rail mileage has remained fairly stable with only 737 miles being abandoned over this 25-year time period.

However, railroad service in Iowa continues to evolve as railroads seek to lower transportation costs and improve efficiencies. Currently, there are 29 miles being considered for abandonment in Iowa.

Figure 1



Iowa Railroads

Railroads serving Iowa have declined since 1985 (See Figure 2). Class I railroad declined from 9 in 1985 to 5 in 2009. The number of Class III serving Iowa has remained basically the same at 11. Class II railroads increased from 1 in 1985 to 2 in 2009.

Rail service in Iowa is privately owned and operated by 18 railroad companies operating 3,945 miles of track (See Table 1). Five of these railroads are major national companies and operate 66 percent of Iowa's total miles. The remaining 13 railroads consist of regional linehaul carriers and local switching companies. Of the 13 smaller railroads serving Iowa, 8 operate only within Iowa.

Figure 2

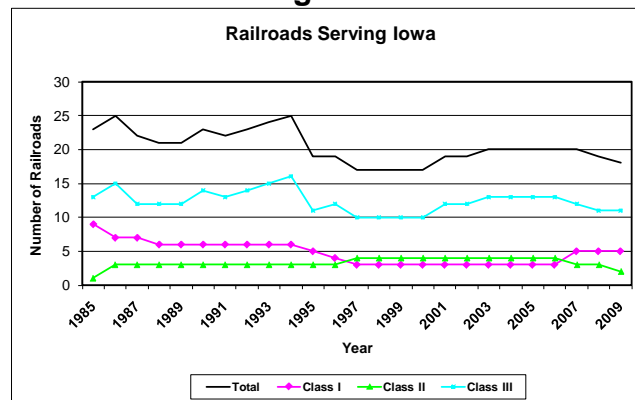


Table 1
Rail Miles Operated in Iowa by Railroad
December 31, 2008

| Railroad Companies | | | Total Miles Owned/ Leased | Percent Of Total | Miles Operated Under Trackage Rights* |
|--------------------|-----------------|--|---------------------------|------------------|---------------------------------------|
| Class I | BNSF | BNSF Railway | 635 | 16.10 | 38 |
| | CC | Chicago Central & Pacific Railroad ** | 538 | 13.64 | 0 |
| | CEDR | Cedar River Railroad** | 83 | 2.10 | 0 |
| | NS | Norfolk Southern Railway | 7 | 0.18 | 37 |
| | UP | Union Pacific Railroad | 1,341 | 33.99 | 94 |
| | Subtotal | 2,604 | 66.01 | 169 | |
| Class II | DME | Dakota, Minnesota and Eastern Railroad | 650 | 16.48 | 106 |
| | IAIS | Iowa Interstate Railroad | 334 | 8.47 | 27 |
| | | Subtotal | 984 | 24.94 | 133 |
| Class III | APNC | Appanoose County Community Railroad | 35 | 0.89 | 0 |
| | BSV | Boone & Scenic Valley Railroad | 2 | 0.05 | 0 |
| | BJRY | Burlington Junction Railway | 5 | 0.13 | 0 |
| | CBEC | CBEC Railway | 6 | 0.15 | 0 |
| | CIC | Cedar Rapids & Iowa City Railway | 60 | 1.52 | 0 |
| | DAIR | D & I Railroad | 0 | 0.00 | 39 |
| | DWRV | D& W Railroad | 19 | 0.48 | 6 |
| | IANR | Iowa Northern Railroad | 134 | 3.40 | 35 |
| | IARR | Iowa River Railroad | 43 | 1.09 | 0 |
| | IATR | Iowa Traction Railway | 13 | 0.33 | 0 |
| | KJRY | Keokuk Junction Railway | 1 | 0.03 | 0 |
| | Subtotal | 318 | 8.06 | 80 | |
| Other | | State of South Dakota | 39 | 0.99 | 0 |
| | Total | 3,945 | 100.00 | 382 | |

*Trackage Rights –rights obtained by one carrier to operate over another carrier's tracks. South Dakota owns the tracks that D & I operate under trackage rights.

**Subsidiaries of the CN Railway.

Share of Rail Operations

Rail service in Iowa is dominated by the five Class I carriers. In 2009, they operated 66 percent of Iowa's mileage and generated 91 percent of the ton-miles and 85 percent of the freight revenues. The Class II and III railroads often provide feeder service to the Class I carriers. In fact, many of them were created when the Class I railroads downsized in the 1970s and 1980s by selling off their unprofitable and light-density lines. Because of lower operating costs, these smaller carriers have been able to create more local customer-oriented operations. The Class II railroads operated 25 percent of the mileage and generated 8 percent of the ton-miles and 12 percent of the freight revenues in 2009. Class III railroads consist of two separate operating categories--linehaul and switching. Switching railroads operate in urban areas, facilitating the interchange of rail shipments among the railroads, usually Class I railroads. The 11 Class III carriers operated 9 percent of the mileage and generated 1 percent of the ton-miles and 3 percent of the freight revenues in 2009 (See Table 2).

Use

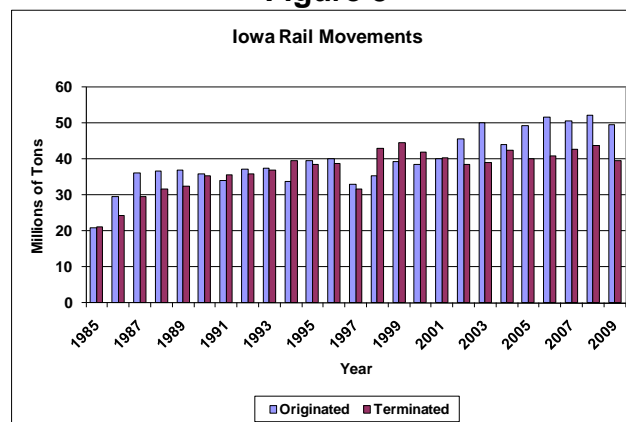
While rail mileage in Iowa has slowly declined during the last 25 years, Iowa rail traffic levels have generally continued to increase (See Figure 3). In 2009, railroads originated 49.5 million tons and terminated 39.7 million tons in Iowa, compared to 52.3 million and 43.7 million, respectively, in 2008. In 1985, railroads originated 20.9 million tons and terminated 21.2 million tons.

Table 2

2009 Share of Rail Operations in Iowa

| | Class I | Class II | Class III |
|---------------------|---------|----------|-----------|
| Number of Companies | 28% | 11% | 61% |
| Miles Operated | 66% | 25% | 9% |
| Tons Originated | 64% | 24% | 12% |
| Tons Terminated | 75% | 18% | 7% |
| Ton-Miles | 91% | 8% | 1% |
| Revenues Earned | 85% | 12% | 3% |

Figure 3



Type of Commodity

A variety of freight commodities are moved by rail, ranging from mail, textiles and furniture to lumber, plastic pellets and automobiles. However, a majority of Iowa rail traffic involves bulk commodities. Farm and food products account for 66 percent of the Iowa originations, totaling 32.8 million tons in 2009. In 2008, these same two commodities accounted for 68 percent.

Three commodities—coal, farm products, and chemicals—comprised about 82percent of all freight terminating in Iowa in 2009 compared to 79 percent in 2008. In 2009, 32.4 million tons of these commodities were terminated in Iowa (See Table 3).

Table 3
Commodity Types

| Year | Originated Tons in Millions | | | Terminated Tons in Millions | | | |
|------|-----------------------------|------|-----------|-----------------------------|------|----------|-----------|
| | Farm | Food | All Other | Coal | Farm | Chemical | All Other |
| 1985 | 10.2 | 7.2 | 3.5 | 10.5 | 4.4 | 2.3 | 3.7 |
| 1986 | 16.2 | 8.7 | 4.6 | 10.1 | 6.6 | 2.6 | 5.1 |
| 1987 | 22.0 | 8.8 | 5.2 | 11.8 | 9.4 | 3.0 | 5.3 |
| 1988 | 21.9 | 9.1 | 5.8 | 12.7 | 9.8 | 3.2 | 6.0 |
| 1989 | 21.7 | 9.4 | 5.7 | 13.2 | 11.1 | 2.9 | 5.1 |
| 1990 | 20.2 | 9.7 | 6.1 | 15.1 | 11.2 | 3.1 | 6.0 |
| 1991 | 16.8 | 10.4 | 6.9 | 16.6 | 9.9 | 2.8 | 6.3 |
| 1992 | 19.3 | 11.2 | 6.7 | 15.2 | 11.3 | 3.1 | 6.4 |
| 1993 | 17.9 | 12.0 | 7.5 | 17.1 | 10.3 | 3.1 | 6.6 |
| 1994 | 14.7 | 11.8 | 7.4 | 18.2 | 10.2 | 3.3 | 8.0 |
| 1995 | 21.4 | 11.7 | 6.6 | 18.3 | 9.4 | 3.0 | 7.1 |
| 1996 | 20.9 | 12.3 | 6.9 | 20.2 | 8.4 | 2.9 | 7.2 |
| 1997 | 14.2 | 11.9 | 7.0 | 18.2 | 6.3 | 3.1 | 7.7 |
| 1998 | 13.1 | 14.0 | 8.4 | 22.7 | 6.8 | 3.7 | 8.0 |
| 1999 | 15.8 | 14.8 | 8.8 | 24.4 | 7.8 | 3.7 | 8.6 |
| 2000 | 15.4 | 14.8 | 8.4 | 22.1 | 7.0 | 3.9 | 9.0 |
| 2001 | 17.5 | 16.0 | 6.7 | 22.8 | 5.5 | 3.8 | 8.2 |
| 2002 | 22.0 | 16.0 | 7.7 | 21.9 | 4.7 | 3.4 | 8.6 |
| 2003 | 23.4 | 17.3 | 9.3 | 22.8 | 3.7 | 3.6 | 8.9 |
| 2004 | 18.8 | 16.1 | 9.3 | 24.2 | 4.4 | 3.7 | 10.3 |
| 2005 | 20.8 | 18.3 | 10.2 | 21.9 | 4.3 | 4.1 | 9.7 |
| 2006 | 20.4 | 19.1 | 12.1 | 23.5 | 4.1 | 4.0 | 9.4 |
| 2007 | 18.0 | 17.9 | 14.7 | 26.4 | 3.1 | 4.4 | 8.9 |
| 2008 | 17.3 | 18.5 | 16.5 | 27.6 | 2.7 | 4.2 | 9.2 |
| 2009 | 13.4 | 19.4 | 16.7 | 25.4 | 3.8 | 3.2 | 7.4 |

Total Rail Movements

Total rail movements in Iowa decreased by 52 million tons from 2008 to 2009. Since 1985, total movements have increased by 181.4 million tons (See Figure 4). Total rail movements consist of what originates and terminates in Iowa as well as what passes through the state.

In addition to the 49.5 million tons originated in Iowa and the 39.7 million tons terminated in Iowa, another 219.5 million tons of rail freight merely passed through Iowa in 2009, 45.2 million tons less than 2008. Through traffic during the last 25 years has increased 158 percent from 85.2 million tons in 1985 to 219.5 million tons in 2009 (see Figure 5). The majority of this traffic, consisting of coal, intermodal shipments and food products, traverses the state on the Union Pacific's east-west main line located in central Iowa and the BNSF Railway's east-west main line located in southern Iowa.

Car Size

Railroads continue to focus their attention on heavier axle load freight equipment on longer, heavier trains to lower their costs. This trend has led to the current use of 110-ton cars moving in unit trains of bulk commodities where the benefits are the greatest. Over the last 25 years, the average tons moved per car have slowly increased by about 18 percent. In 2009, originating traffic in Iowa averaged 96.1 tons per car while terminating traffic averaged 101.8 tons per car (See Figure 6). This compares to 95.3 tons per car originating and 101.8 tons per car terminating in 2008.

Figure 4

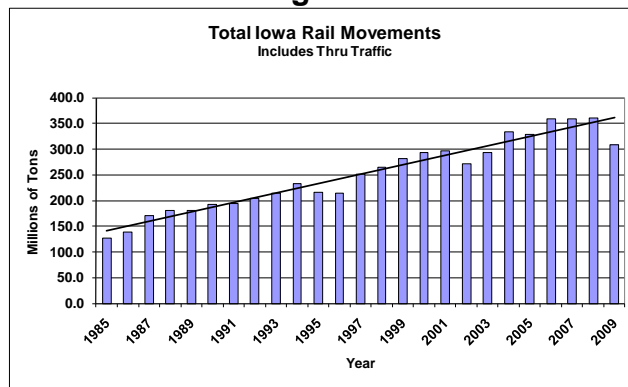


Figure 5

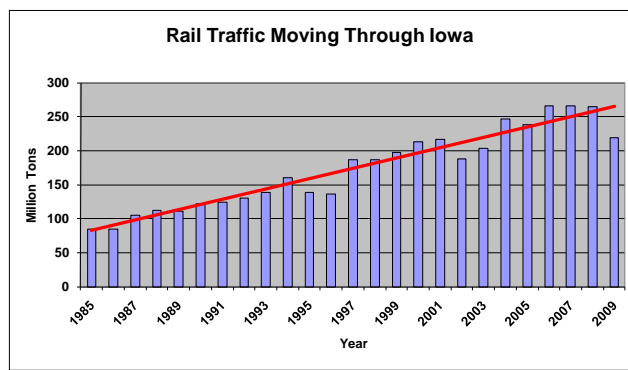
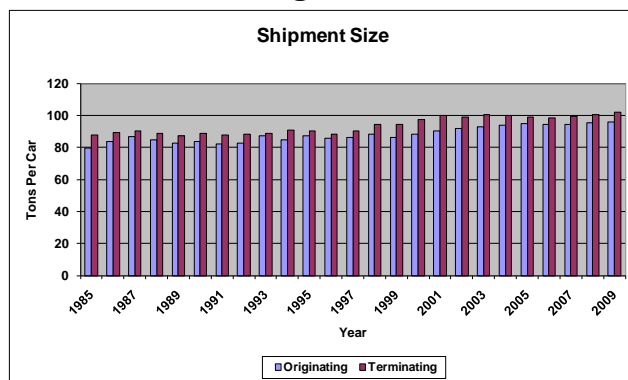


Figure 6



State-to-State Movements

The total freight shipped and received by Iowa rail users in 2006 was about 86.7 million tons based on the most recent waybill sample. Of this total, 4.8 million tons (6 percent) involved intrastate shipments (transported between points within the state). The remaining 81.9 million tons were shipped between Iowa and other states. While the tons of freight moved over Iowa's rail network have increased from 35.7 million tons in 1985 to 86.7 million in 2006, the relative proportion of intrastate movements has remained relatively stable during the 1980s and 1990s at 15 to 20 percent (See Figure 7).

Of the rail shipments into Iowa, most of the tonnage comes from Wyoming, followed by states around Iowa including Illinois, Minnesota, and Nebraska. Freight traffic originating in Iowa has more widespread destinations, with Texas receiving the largest amount followed by Illinois, California, Louisiana, Oklahoma, Arkansas, Arizona, Minnesota, and Missouri. Intrastate traffic within Iowa is also a major movement of freight that consists principally of moving farm and food products to Iowa processors and barge terminals.

Ton Miles

While Iowa's rail miles have remained stable, the amount of tonnage moving over the Iowa network has been increasing (See Figure 8). Between 1985 and 2009 ton-miles increased 189 percent while rail miles fell by 16 percent. This translates into Iowa's rail system being used more on a ton-mile basis. Ton miles for 2009 totaled 60.3 billion, 6.8 billion less than 2008.

Figure 7

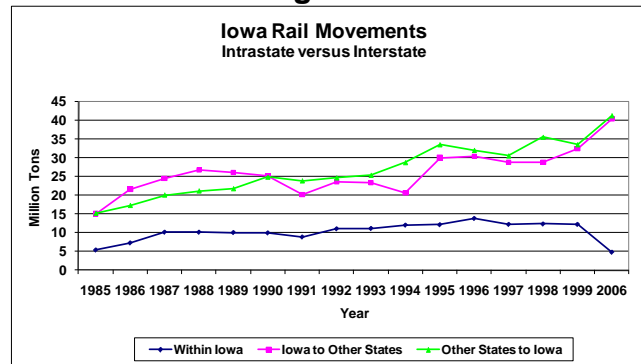
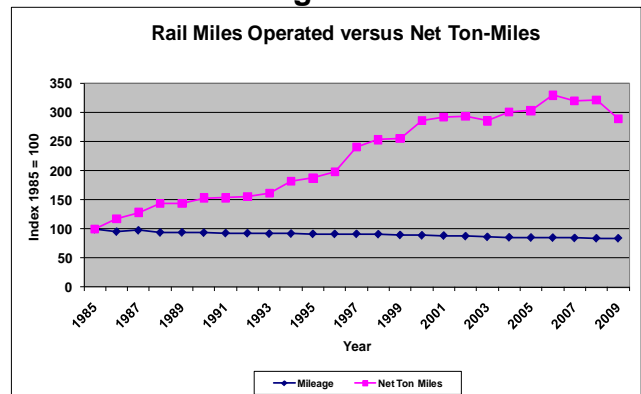


Figure 8



Density

The activity on individual rail lines is measured in terms of density or gross ton-miles per mile (gtm/m). Average rail line density has nearly tripled over the last 24 years primarily as a result of the increased through traffic moving over Iowa's main lines (See Figure 9). As of 2009, the average rail line density in Iowa was 26.82 million, compared to 30.42 in 2008 and 10.28 in 1985. Traffic density for individual line segments ranges from 0.01 million gross ton-miles per mile to more than 100.0 million.

Miles by Density Category

Density reveals the relative use of each component of the state rail system: the higher the density, the more heavily the line is used. The Federal Railroad Administration classifies lines that carry more than five million gtm/m as main lines while those carrying less than five million gtm/m are considered branch lines (See Table 4).

One-fourth of Iowa's rail miles carried a majority of the rail traffic in 2009. Only 1,066 miles (27 percent) carried 88 percent of the ton-miles hauled in the state in 2009. Conversely, the remaining 2,906 miles (73 percent) accounted for the other 12 percent of the ton-miles.

As shown in Figure 10, since 1985, both A Main Line and A Branch Line miles have increased while both B Main Line and B Branch Line miles have decreased. This further illustrates the increasing traffic volumes and the elimination of little used lines. The miles shown in Figure 10 are based on the density categories from Table 4.

Figure 9

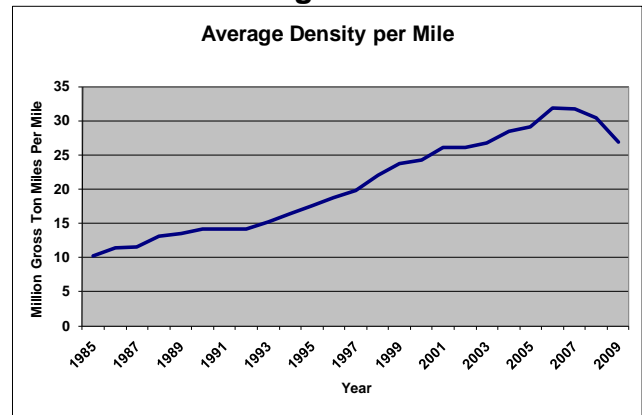
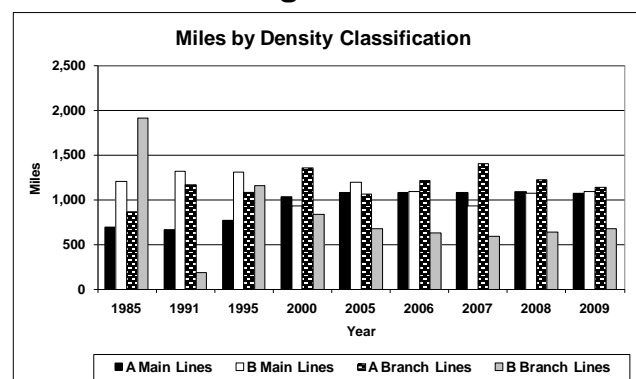


Table 4
FRA Density Classification

| Category | Density (gtm/m) |
|---------------|-------------------------|
| A Main Line | Over 20 million |
| B Main Line | 5 million to 20 million |
| A Branch Line | 1 million to 5 million |
| B Branch Line | Less than 1 million |

Figure 10



Operating Revenues

In 2009, operating revenues earned in Iowa totaled \$1.5 billion, a decrease of \$0.2 billion over 2008. Since 1985, operating revenues have increased 165 percent in current dollars and by only 10 percent in constant dollars when inflation is considered (See Figure 11).

Rail Operation Performance

Rail service to Iowa shippers continued to show improvements during the last 24 years (See Figure 12). Since 1985, revenue ton-miles increased by 189 percent, while revenues earned in Iowa increased 165 percent in current dollars. While rail rates in terms of revenue per ton-mile have increased since 2002, the 2009 revenue per ton mile is still less than 1985. Revenue per ton-mile declined 43 percent from 2.64 cents in 1985 to 1.52 cents in 2002 in current dollars. Since 2002, revenue per ton-mile has increased 60 percent to 2.43 cents in 2009. Revenue per ton-mile was 0.16 cents less than 2008.

Rail Equipment Performance

Over the last 24 years, railroads have improved their operations through the efficient use of their locomotives and cars. Railroads are getting more car miles per locomotive. The number of cars per locomotive has increased from an average of about 23 cars in 1985 to 33 cars in 2009. As shown in Figure 13, locomotive unit miles have increased by 52 percent, car miles by 121 percent, and car miles per locomotive unit miles by 45 percent since 1985.

Figure 11

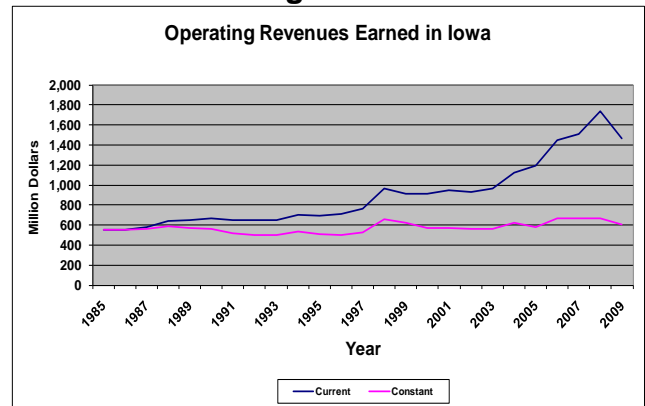


Figure 12

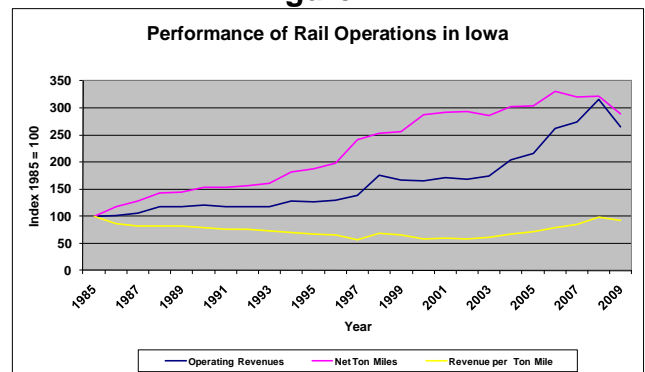
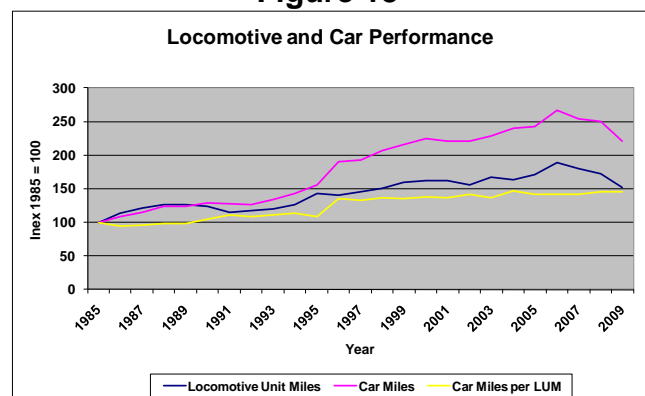


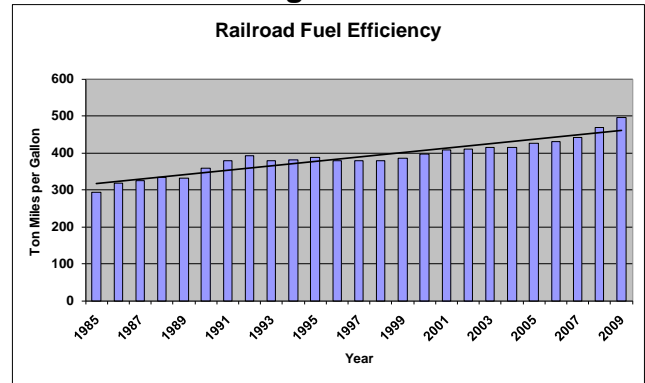
Figure 13



Fuel Efficiency

Railroads consumed an estimated 122.6 million gallons in 2009, 20.5 million gallons less than 2008 and 73 percent more than used in 1985. While railroads are consuming more fuel, they have become more fuel efficient hauling more per gallon of fuel. As a result, ton-miles per gallon have grown from 294 in 1985 to 496 in 2009, an increase of 69 percent (See Figure 14). In 2008, ton-miles per gallon totaled 469. This compares to an increase of 189 percent in ton-miles and 52 percent in locomotive unit miles.

Figure 14

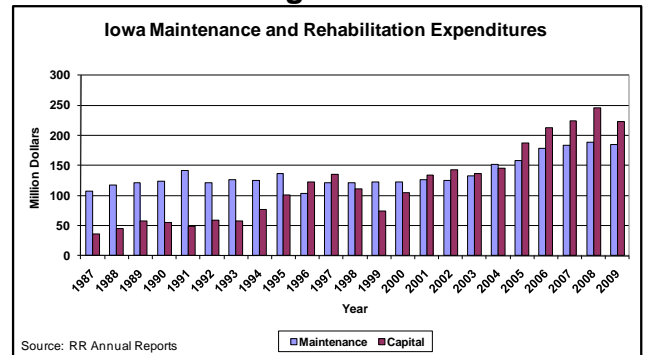


Railroad Track Expenditures

Railroads operating in Iowa spent an estimated \$408 million in 2009 to maintain and improve their rail infrastructure, an decrease of \$27 million over 2008. Iowa railroads spent an estimated \$185.1 million or an average of about 46,900 per mile to maintain the rail system in Iowa in 2009 (See Figure 15). This compares to an average of about \$23,500 per mile spent in 1987.

In addition, Iowa railroads spent an estimated \$222.9 million in 2009 to upgrade their tracks, an increase of \$186.1 million over 1987.

Figure 15



Passenger

Railroad passenger service, once the dominant mode of intercity passenger transportation in the United States, now plays a relatively minor role in moving people between cities. Iowa's 113,000-mile passenger transportation system includes two Amtrak routes and a well-developed road system as well as commercial air, intercity bus, and city and regional transit services. Rail passenger service is provided at six Iowa stops on the two Amtrak routes through southern Iowa. Rail passenger transportation in Iowa during the last 24 years can be characterized as follows:

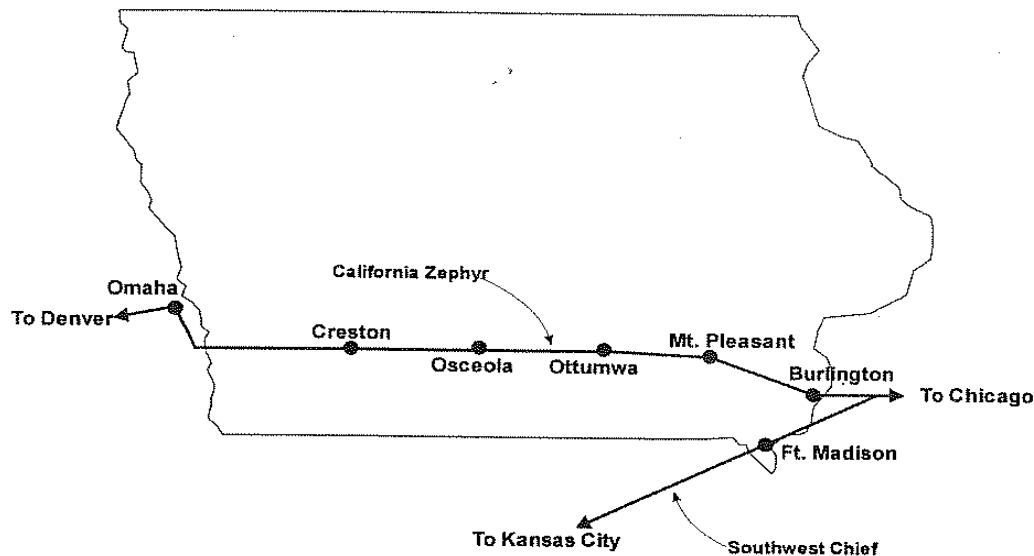
- Rail passenger service has remained the same.
- The number of Iowa rail passengers has increased in the last 7 years.

Iowa Service

Passenger service in Iowa is currently provided by the California Zephyr from Chicago to Oakland, CA, and the Southwest Chief from Chicago to Los Angeles, CA (See Figure 16). The California Zephyr operates over the BNSF Railway tracks in southern Iowa providing daily service in both directions. Stations include Burlington, Mount Pleasant, Ottumwa, Osceola and Creston. The Southwest Chief also operates daily in both directions over the BNSF tracks in extreme southeast Iowa with one stop in Fort Madison. During fiscal year 2009, Amtrak employed seven Iowa residents.

Iowa is presently pursuing additional rail passenger service in the state including service from Chicago to Iowa City and Chicago to Dubuque.

Figure 16
Amtrak Routes in Iowa



Number of Passengers

Since 1985, ridership in Iowa has remained fairly stable, averaging 54,100 riders per year. Ridership from 2005 to 2009 was above the long-term average (See Figure 17). In 2009, the total number of passengers arriving and departing from Iowa Amtrak stations totaled 66,286, an increase of 2,026 from 2008.

Ridership by Station

The total number of Iowa passengers on the California Zephyr has increased by 12,723 riders since 1985, while the Southwest Chief has lost 2,098 riders during the same period. The ridership at Mount Pleasant and Osceola increased since 1985; all other stations have fewer riders (See Table 5).

Figure 17

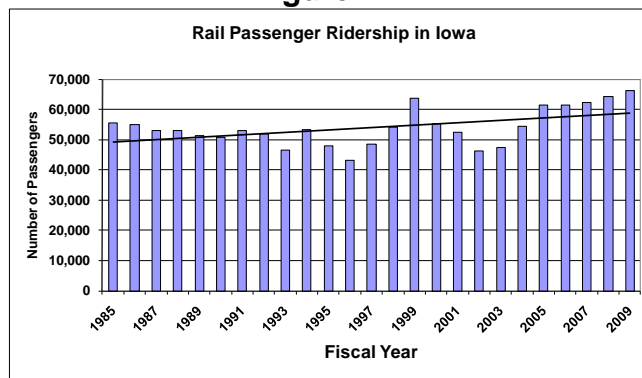


Table 5
Amtrak Ridership by Station

| Year | California Zephyr | | | | | | Southwest Chief | Total |
|------|-------------------|----------------|---------|---------|---------|----------|-----------------|--------|
| | Burlington | Mount Pleasant | Ottumwa | Osceola | Creston | Subtotal | Fort Madison | |
| 1985 | 10,850 | 8,369 | 12,838 | 8,482 | 5,211 | 45,750 | 9,911 | 55,661 |
| 1986 | 10,849 | 9,362 | 10,947 | 8,572 | 5,086 | 44,816 | 10,055 | 54,871 |
| 1987 | 11,105 | 8,773 | 10,611 | 9,704 | 4,580 | 44,773 | 8,169 | 52,942 |
| 1988 | 8,569 | 9,488 | 10,700 | 11,278 | 4,747 | 44,782 | 8,342 | 53,124 |
| 1989 | 8,955 | 8,913 | 10,055 | 11,766 | 3,973 | 43,662 | 7,640 | 51,302 |
| 1990 | 8,058 | 9,077 | 9,916 | 12,289 | 4,668 | 44,008 | 6,711 | 50,719 |
| 1991 | 9,145 | 9,459 | 10,714 | 13,301 | 3,974 | 46,593 | 6,365 | 52,958 |
| 1992 | 8,900 | 9,044 | 10,111 | 13,921 | 3,790 | 45,766 | 6,148 | 51,914 |
| 1993 | 7,365 | 8,023 | 9,433 | 13,537 | 3,259 | 41,617 | 4,986 | 46,603 |
| 1994 | 6,527 | 11,729 | 10,872 | 14,610 | 3,687 | 47,425 | 5,727 | 53,152 |
| 1995 | 6,041 | 11,333 | 9,321 | 11,897 | 3,189 | 41,781 | 6,187 | 47,968 |
| 1996 | 5,902 | 10,388 | 8,694 | 9,415 | 2,728 | 37,127 | 5,889 | 43,016 |
| 1997 | 6,263 | 11,304 | 10,294 | 10,730 | 2,956 | 41,547 | 6,926 | 48,473 |
| 1998 | 6,951 | 12,692 | 10,998 | 12,571 | 3,185 | 46,397 | 7,795 | 54,192 |
| 1999 | 12,319 | 12,954 | 11,371 | 14,292 | 3,883 | 54,819 | 8,932 | 63,751 |
| 2000 | 7,007 | 12,605 | 11,189 | 13,025 | 3,347 | 47,173 | 7,973 | 55,146 |
| 2001 | 3,857 | 12,962 | 11,334 | 13,090 | 3,402 | 44,645 | 7,758 | 52,403 |
| 2002 | 5,460 | 10,663 | 9,168 | 10,941 | 2,801 | 39,033 | 7,173 | 46,206 |
| 2003 | 5,576 | 10,075 | 9,179 | 11,490 | 3,592 | 39,912 | 7,530 | 47,442 |
| 2004 | 6,532 | 12,010 | 9,208 | 14,044 | 3,894 | 45,688 | 8,677 | 54,365 |
| 2005 | 7,087 | 13,344 | 10,840 | 16,310 | 4,341 | 51,922 | 9,496 | 61,418 |
| 2006 | 6,550 | 12,719 | 11,190 | 16,437 | 5,002 | 51,898 | 9,479 | 61,377 |
| 2007 | 6,654 | 13,239 | 10,679 | 15,976 | 5,011 | 51,559 | 10,797 | 62,356 |
| 2008 | 7,283 | 14,422 | 10,993 | 17,811 | 4,444 | 54,953 | 9,307 | 64,260 |
| 2009 | 7,487 | 15,176 | 11,556 | 19,423 | 4,831 | 58,473 | 7,813 | 66,286 |

