



*When we were planning to build the rail-served grain terminal in Clarksville, diesel fuel was at \$1.25 per gallon. Now, it is nearly \$3 per gallon, so rail transportation is really saving us money. For our customers, this means we're more competitive, saving grain producers more than 5 cents per bushel in transportation costs. By delivering the 2.5 to 3 million bushels of corn by rail, we are saving an estimated 2,660 round trips to Cedar Rapids by truck and conserving an estimated 48,000 gallons of diesel fuel.*

Danny Shear, President  
Shear Elevator



*Recently, rail transportation has become very attractive again. From an economic development standpoint, companies looking to locate in a community are now asking if the community has rail service.*

Jeff Kolb, Director  
Butler County Economic Development

*Using the new rail financing program, Mitchell County and the state of Iowa are in a much better position to capitalize on opportunities that utilize safe, efficient rail transportation. We were pleased to work with Absolute Energy to prepare a successful application for this program in 2006. The \$500,000 grant/loan combination they received assisted in supporting a \$5.7-million improvement to the rail systems that will serve this large ethanol production facility in Iowa.*

Brenda Dryer, Executive Director  
Mitchell County Economic  
Development Commission



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# Access Rail

## Railroad Revolving Loan and Grant Program

# Access Rail RAILROAD REVOLVING LOAN AND GRANT PROGRAM

**Many of the products that lowans manufacture, grow, or use arrive or depart by rail. With more than 449 Iowa communities and 90 counties located on Iowa's rail system, access to this transportation mode can have substantial benefits – to businesses, communities and the state's economy .**

## **Railroads tie businesses to their customers**

**For businesses,** access to rail transportation can lower costs and open more distant markets, which add to the bottom line and help businesses be more profitable and grow.

**For communities,** access to a rail connection can spur job growth and development.

**For railroads,** new customers lead to higher revenues and the capability to invest in improvements to Iowa's rail system.

**For Iowa,** connections to Iowa's rail system boost the state's economy.

*The needs of shippers and railroads to expand rail access can be addressed with an innovative program now seeking your support.*

## **Railroad Revolving Loan and Grant Program**

The Railroad Revolving Loan and Grant Program was created in 2005 to spur economic development and job growth by funding rail facility improvement projects connecting Iowa businesses to the rail network. Funding for the program is provided through repayments of existing rail funding loans (revolving loans) and additional legislative appropriations.

In 2006, \$3.6 million was available through this program for loans and grants. The level of funding was substantially boosted by the early repayment of loans.

In 2007, an estimated \$1.5 million will be available, which includes the \$235,000 appropriated by the Iowa General Assembly during the 2006 legislative session.

As the title of the program suggests, assistance under this program is provided in the form of loans and grants. Loan repayments can be reinvested, helping to partially sustain the program. However, when grants are awarded the level of program funding is permanently depleted. To fully sustain the program, additional appropriations are needed.

## **2008-12 programming and funding proposals**

- Establish an annual appropriation of \$2 million for the next five years
- Reassess the program and rail investment needs after 2012
- Invest a minimum of 50 percent in loans, which will help sustain the revolving loan portion of the program

## **Dollars and sense**

### **FY 2006**

- \$3.6 million was available for awards
- \$16 million requested in 26 applications
- 14 projects awarded full or partial funding
- 3 awards declined
- 11 funded projects will improve or add rail connections
- funded projects support more than \$263 million in capital investment by Iowa's industries

### **FY 2007**

- \$1.5 million expected funding level

### **FY 2008-2012**

*(requested investment by Iowa General Assembly)*

- \$2 million per year appropriation



*The Rail Revolving Loan and Grant Program represents a significant economic development incentive to Cascade Manufacturing Company for the construction of our rail siding in Pleasantville. This rail connection will result in reduced raw material transportation costs, which will benefit both our company and customers, and lead to a significant increase in the amount of people we employ. Public benefits of this project will include a reduction in highway truck traffic, emissions, and fuel consumption. At Cascade Manufacturing Company we're very grateful for continued economic incentives for development of rail infrastructure in Iowa.*

Ray Noonan, President  
Cascade Manufacturing Company