



Soo Line Railroad Company
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September 28, 1982

File: 352 - Soo Acquisition of
Rock Island Trackage

TO: J. T. Hartnett
FROM: Ray H. Smith *rh*
RE: Access to Rock Island industries at Des Moines and
other competitive Rock Island stations.

I would appreciate your help in working with Joe Darling to firm up our plans for access to industries at competitive points.

Each competitive station should be analyzed with information developed as to Rock Island industries, industries on competitive lines, the potential of each, including hard numbers for their productivity via Rock Island or Soo Line from the 1978 revenue tapes.

Concurrently, with the identification of this potential, arrangements will have to be made for interchanges at each terminal in order to reach those industries served by other lines but open to reciprocal switching.

I would suggest that you and Joe put together several itineraries to accommodate "across the table" discussions with industries served by competing lines and to make an on-the-ground physical inspection of facilities available for accessing such industries through reciprocal switching. From such travel you should develop an inventory of potential business for the Soo, if it requires Rock Island, for each industry. I would think you would want to develop some sort of a fact sheet for each industry included in the survey.

I expect that the revenue projection which you developed from 1978 data, both Rock Island and Soo, and forming the base for our offer to the Rock Island Trustee, includes participation in traffic to and from industries not directly served by Rock Island, and in order to solidify those revenue projections, it is essential that we capitalize on those opportunities.

In addition to competitive stations on the main line, you should also review competitive stations on the branch lines, including Belmond, Garner, Emmetsburg and Goldfield, etc.

Also, in anticipation of our working something out with the Trustee, I don't think it is too early to commence an inventory or tabulation of the value of each station, identifying from the 1978 data, by station, the number of cars forwarded and received, and commodity. In other words, we now need, anticipating a sales blitz against the potential, the traffic as identified from 1978 data susceptible to Soo penetration. This is the base on which our revenue projection

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Memo R. H. Smith to J. T. Hartnett

Re: Access to Rock Island Industries

September 28, 1982

and, in turn, our offer to the Trustee is based. These opportunities must be identified and set up for a sales campaign to be sure that the revenue projection is, as a minimum, completely fulfilled.

Copy to: J. D. Darling

KANSAS CITY TRIP

Week of September 27, 1982

The MKT Glen Park Yard, located at Figure No. 30 on the map, is a small yard located in the vicinity of 7th Street. 7th Street passes over the west end of the Glen Park Yard. There's a very large Bunge grain elevator located immediately east of 7th Street and just on the south side of the Glen Park Yard. This appears to be the main yard of the MKT inasmuch as there is a one-stall engine house and fueling station as well as a turntable and a sand tower. The yard tracks appear to be only about 20 car lengths long, possibly 30 on the longest tracks. It appears to be about two groups of ten tracks each. A switch tender located near the west end of the yard indicated that during normal times they work two engines at each end of the yard on each shift, making a total of six assignments for the day. However, at the moment, the engines are not working at the east end of the yard, so they have a total of three engines per day.

Frisco (Burlington Northern) Rosedale Yard, Figure 28 on the map. This yard is full of what appears to be bad order cars or stored cars. Most of the tracks are rusty--there does not appear to be activity of any kind at this time. The east end of the Rosedale Yard is located under the 7th Street Viaduct and extends east of the 7th Street Viaduct with a few of the tracks a distance of about a $\frac{1}{4}$ of a mile. There is an old switch tender's shanty near the east end of the yard with the windows broken out of it, indicating it is not in service. There appears to be one clear track through the yard used as a running track currently. This yard consists of really about three or possibly even four yards from what we can see near the east end. There appears to be about three switching leads near the east end and there must ten to twelve tracks on each lead. The tracks in this yard appear to be about 30 to 40 car lengths long, some are possibly longer. The rail appears to be very good, heavy steel for yard tracks. The rail appears to be between 90 pounds in some places and 112 pounds in others. It appears there could even be some 115 pounds. The main line appears to be two main tracks in good condition, both being used--well tied and ballasted, running along the south side of the yard and just north and parallel to the MKT tracks. At the west end of the Frisco Yard is a nice two-story brick building with a blacktop paved parking lot. We note there is one light on, it's now about 6 p.m. Although the building is apparently in service with someone, there appears to be a car shop building with four tracks through the car shop, however quite a little grass has grown up in the lead area, so it appears this car repair facility is not in service at this time. Adjacent to the car shop building is a brick one-story structure which was, no doubt, the welfare facilities and so on for the car department. This brick building was also, no doubt, the materials and stores building to support the car shop. The building appears to be in the final stages of cleaning out of material from the building. There do not appear to be tools or parts of any extent in the car shop building itself, and we note there is a pile of steel cabinets which formerly held parts outside. I suspect the material has been moved or is being moved to another location in Kansas City. The only use being made of this yard at the present is for the storage of cars. There is a very large grain elevator located on the south side of the yard near the west end and right near the car shop area. The car repair shop is long, it has only four tracks, but each of the tracks will hold about 10 to 15 cars. The car shop office area is obviously being vacated. There are towers at each end of the yard, one at each end of the yard, having lights which appear to be adequate to light the leads only.

Frisco-Rosedale Yard (continued)

Near the west end of the yard and just east of the two-story brick building are four steel buildings which appear to be sectionmen's shanties, all in good condition from the outside.

MKT Yard. We next drove down to the east end of the MKT Yard, and we noticed a piggyback terminal. I see a portable ramp--there's an MKT yard office which is a one-story brick building, and really quite a number of trailers stored around. I notice MKT tractors for pulling the trailers. It appears the business end of the MKT Yard is the east end. The yardmaster is on duty at the yard office in the area of the piggyback operation, and as we stand here now, the Burlington Northern is pulling in with a switch engine which appears to be an interchange to the MKT. We note that it's not all trailers in the TOFC area, there are a large number of containers on chassis. The initials on some of the containers are: TOLU, CONU, CTI, LYKU, UFCU, and I see chassis with the initials LYKZ, TSHI, and one ZIM.

There's another huge grain elevator just east of the Glen Park Yard, apparently on the MKT main line. I'm unable to note a name on the elevator. There is an elevated track that appears to be a new track--the steel appears new and it's on concrete pillars which start ascending from a short ways east of the east end of the MKT Yard and curves up and on to the elevated track of the Kansas City Terminal Railroad. This new track appears to be Kansas City Terminal also. At the time, we are in the vicinity of the Kansas City Terminal Roundhouse--we note six wooden cabooses and three switch engine type locomotives. Also, there are about 30 or more small covered hoppers which are Morrison-Knutson cars apparently stored on the property of the Kansas City Terminal. There is a maze of tracks in all directions under the elevated Kansas City Terminal line. I note about four main lines which come from the vicinity of the Frisco Yard and the MKT Yard that curve around and it appears that two tracks go towards the west, a couple of them split, and I note three main tracks going north. Also, there are four main tracks running east and west under the bridge. There appears to be about a dozen power switches which appear to be Kansas City Terminal switches. The tracks are all heavy rail, mostly 115 pounds, and are in good condition. Some of them have been recently ballasted. I note a sign on the bridge with a name "State Line Interlocking." A short ways west of this, we find a three-story brick building having a name "Santa Fe Junction Interlocking." This is located a short ways east of the west end of the bridge over the river. We notice a Kansas City Southern engine with a drag of cars coming from the north and going across the bridge at the lower level. The KC engine with the drag of cars has quite a few covered hoppers of Cotton Belt ownership. I suspect it might be a transfer going over to the SP Yard. I note it does not have a caboose. There does not appear to be lights on in the Santa Fe Junction Interlocking Building. Although it appears to be in good condition, I suspect the signals are being operated from some other location. A short ways west of the tower, we note the two main tracks of the Kansas City Terminal lower line going west and crossing them are two main tracks of the Santa Fe in very good condition. It appears to be CTC territory. The rail on both the Kansas City Terminal and on the Santa Fe is 132 pound rail at the diamond. There's another diamond about 100 feet west of the first one, which is a track leading into another yard which parallels the Santa Fe main line and which appears to be used for the storage of cars only. There are a few cars in the yard--the tracks are rusty and somewhat grown over with weeds.

There are two main tracks that come from the south on the Santa Fe and curve around to the lower level of the bridge. So, apparently the Santa Fe can cross under the Kansas City Terminal Bridge at the lower level. While we're at the crossing, we note a CNW switch engine with a drag of cars coming from the north and heading south toward the Santa Fe. It's a pretty good drag, and I note several cars of British Columbia Railway lumber. It appears the CNW is headed for the Santa Fe with their interchange. They have about 35 cars--some of it is lumber, there are some CNW box, some GATX tanks, a few ADM covered hoppers, some Winchester and Western hoppers, a Halliburton covered hopper which is a short car (HWCX 40990), the caboose is a very freshly painted, good looking CNW caboose of recent vintage. A short ways north of Santa Fe tower and just a short ways north of the high-line bridge, we have the two main lines of the Santa Fe and also what appears to be two main lines of the Kansas City Terminal coming from the east and swinging north. There's an absolute maze of power switches, and as I look north I see four main tracks going north and south and there are two main tracks which curve starting from the north moving southwest toward the lower level of the bridge over the river. So, it appears then, that there are probably two main tracks of the Kansas City Terminal plus the two main tracks of the Santa Fe with connections from the Kansas City Terminal tracks which are on the east, crossing the Santa Fe mains, and over to the lower level of the bridge as I described earlier. These are all equipped with power switches. Just to the east of this and also running north and south are two more tracks which have not been used for a long time. The easterly of these two mains has a spur into the Jorgensen Steel Company which appears to be a small steel fabricator of some kind. The two main tracks mentioned above are found to stub end along the Kansas City Terminal main line in the vicinity of the State Line Interlocking. Obviously there have been some track changes here in recent years which took these two tracks out of service at the east end.

As we again approach the interlocking at State Line, we note a Santa Fe movement of two locomotives and about a dozen cars coming from the east over what we believe to be the Kansas City Terminal trackage. Included in the drag were three (?) cars of wire in Missouri Pacific gons, so they may be making a pull from the MoPac somewhere north of here. In describing the movements which can be made on the upper level, we note there are two tracks that go towards the east towards the Union Station and one track that swings to the south toward the old Frisco Yard and the MKT Yard.

As we return to near the east end of the bridge at the location called "Frisco Crossing Interlocker" where the upper level splits and we have three main tracks going north, we notice a Burlington Northern movement with three big locomotives coming north--apparently from the area of the Frisco Yard and probably going north to the BN Yard. They have three Burlington Northern locomotives and one Frisco locomotive--two SD 40s, one GP 38, and I didn't catch what the Frisco was. Most of this drag of cars seems to be loads--they're weighing heavy on the springs. There is quite a conglomeration of cars on the train. We note a number of Southerns, we note quite a number of mechanical refrigerators which appear to be loaded (some of which are running), some PFE insulated cars, some piggybacks, some Frisco cars, (We note one hobo got off the train with his traveling bag. He's actually carrying a suitcase which seems rather unusual for a died-in-the-wool hobo type!) Here are more cars off the L&N--its a rather long train. We think the train had about 160 cars. Burlington Northern caboose.

As we review the map, the small yard immediately south of the Santa Fe Junction Tower is called Rex Mill Yard on the Santa Fe. The map shows a crossing on the Santa Fe just west of that, but right along the edge of the river and that crossing is no longer there.

KCT Mill Street Yard, Figure 1 on the map.

The KCT Mill Street Yard appears to be an active yard, there is a cement block yard office or shanty at the east end of the yard. There appears to be a split lead with about 10 to 15 tracks on each lead and two main tracks or running tracks around the north end of the yard. This is light rail and is currently being used. The tracks extend from about 7th Street on the east end to near 12th Street at the west end, and we have only one main track from a point just west of 12th Street to the west. This yard does not appear to be a classification yard but rather an industry car holding yard. We note there are quite a few tank cars in the yard, a few empty box, and that's about it. There is a North American Car shop just to the south of the yard, and we note some gondolas with wheels in them. It would be difficult to bring a big train into this yard from what we can see, due to the number of short tracks.

Kansas City Southern-Armourdale Yard. It appears some tracks have been removed from between the KCT Mill Street Yard and the KCS Armourdale Yard, as there is a roadway down between them and only a few tracks in the KCS Armourdale Yard. It appears to be only three tracks and a main line and the three tracks are probably 20 car lengths long. Here again, this appears to be simply a holding point for industry cars. It appears there were additional tracks to the south of the existing three tracks, and probably an additional main line or running track south of that. There are a few pieces of rail and so on to the south and also what appears to be an old grade. I'm not sure, however, I believe Earl Hare mentioned the Cotton Belt interchanges with the Kansas City Terminal at the KCT Mill Street Yard and it appears on the map that it would also be possible for the Cotton Belt to interchange with the KCS at the Armourdale Yard, however, due to the few tracks and the location, it is probably not done.

The yards in the vicinity of the Fairfax Bridge across the Missouri River, namely the UP DOP Yard and the UP West Yard are heavy industry with the UP DOP Yard being an automobile plant (we understand to be General Motors). The UP West Yard--we note some grain elevators plus a big iron and metal company. The entire area from Quindaro Yard north appears to be warehousing for a number of industries--General Electric, Goodyear Tire, etc. There appears to be a large bakery called Sunshine Biscuits, an International Harvester Parts Distribution Center, there's an Owen's Corning Fiberglass Warehouse, International Paper Warehouse, a large lumber warehouse, a large coal-burning municipal electric plant. The grain elevator is huge, we did notice some barges on the river just to the north of the grain elevator. The coal for power plant is brought in by rail. The car initials are WAFX.

As we move over to the east of 7th Street, or Hallock Road, we note a Union Pacific drag with a train of auto rack cars coming from the south going north to the UP BOP Yard. We note a Westvaco Container Division Plant, National Fire Sprinkler Corporation, Kendell Motor Oils, A.E. West Petroleum Company, Olin Water Treatment for Industry, an RCI plant (which I believe is a chemical company), a large Owens-Corning Fiberglass Plant, a Simmons Company Plant, a General Motors Assembly Plant.

This complex is an extremely large industrial park area. This area must generate a great deal of rail traffic as well as a great deal of truck traffic. There's a large Phillips Petroleum Company Oil Refinery served by the Union Pacific in the south end of the airport area. There's a Williams Pipeline either storage facility or refinery--I can't tell if it's one refinery or two. There's a large plant called Midwest Conveyor, another one called Union Asphalt. The entire area is served by the Union Pacific Railroad.

From Polo, Missouri, to Birmingham are two main tracks--the west of which belongs to the Rock Island, the east of which belongs to the Milwaukee Road. When we reach Birmingham, then the two tracks continue but under joint ownership. As we proceed farther south, we reach Freight Line Junction which is located south of the Missouri River Bridge (Harry S. Truman Bridge); and at Freight Line Junction, we have three tracks diverging to the right or southwest. At this time, the most westerly track is obviously in service and in relatively good condition. The middle track is not in service at this time, the dual-control switch being spiked. The easterly of the three main tracks is in service. If all tracks are in service and all dual-control switches operative, movement can be made to diverge from the southbound track to the KCS Yard on the most westerly track, from the northbound main to the KCS Yard via the middle track, and from the northbound main to the KCS Yard via the most easterly of the three tracks. In other words, the two easterly of the three tracks going into the KCS Yard have crossovers extending to the northbound main or the most easterly of the two main tracks. The Harry S. Truman Bridge is single track across the bridge. There's a tower located at the west end of the wye tracks called West Wye Tower. A two-story brick building which is, of course, at the KCS Yard. The easterly of the three tracks goes into the KCS Yard itself south of the tower. The westerly two tracks go into the two running tracks or main tracks on the north side of the West Wye Tower which appears to be main tracks along the north side of the KCS Yard. From all indications, this would be the most handy arrangement for us. It would be a direct forward movement into the KCS Yard and similarly a direct movement out of the yard. In addition, as we reflect upon the zone charges which will be assessed for taking our cars anywhere west of this location and then the prospect of again paying zone charges to bring them back to various roads which are this side of, for example, the Cotton Belt.

Kansas City Yard Review

The double track of the Milwaukee Rock Island ends at Airline Junction. If for some reason we were unable to gain access to the KCS Yard or if it were too expensive, it seems a possible alternative would be to obtain operating rights from the KCS to enter their running tracks at the north end of their yard, then make a reverse movement in a south easterly direction toward Airline Junction continuing the reverse movement on the KCS Railway as indicated on the map until the engine was clear of the KCS main line. Then move forward into the Missouri Pacific Yard and turn the train over to them. This would require upgrading of the KCS track which is east of the main line as according to Joe Darling the track is in poor condition and it would require construction of a crossover from the KCS line to Independence to the Missouri Pacific Railroad at some point east of the KCS North-South lines. The assumption here is that we would be able to make a deal with the Missouri Pacific for them to handle our cars. It seems highly advantageous for us to guard our train at the KCS yard or at the Missouri Pacific yard from a time standpoint and also from the standpoint of the lease possible cost in moving cars to connections across the city of Kansas City. A variation of the above would be to a pull-in to the KCS running tracks then back through the Kansas City Southern line to Independence which apparently needs upgrading for only a short ways and then cross over to the Missouri Pacific main line for continued reverse movement and the subsequent westward movement into the yard.

A third variation would be to construct a connection from the southbound Rock Island track to the eastbound Missouri Pacific track and then the movement would be to pull through that connection and then eastward and then make a reverse movement into the Missouri Pacific yard. The curve is quite tight but it seems as though it might be possible to do. There is a small switch shanty and some poles which might require relocation. A survey would be required by the Engineering Department. Another possible alternative would be to pull across the KCS diamond and then on over the Mo Pac diamond and then diverge on a crossover which exists over to the Mo Pac main line. Then once clear on the Mo Pac main you could back into the Mo Pac Yard making a reverse movement to the north. It appears this would be a rather hard shove on this reverse movement as it appears to be descending eastward or southward.

Another possible alternative would be to pull across the KCS diamond, then across the Mo Pac diamond to a connecting track which is located in the southeast quadrant and connect the KCS main to the Mo Pac main in the southeast quadrant. Here again it appears it would be a hard shove from the south to the east to make this reverse movement. From the looks of the rail on this connecting track it appears as though someone is making some heavy reverse movement through this connection at this time, because the outside rail of the curve is very badly curve worn and there are metal chips and filings all along the high side of the curve indicating something is pressing very hard against that curve and has been for some time. The rail is very shiny. This Mo Pac - KCS diamond is a very busy location. While we were there watching a Mo Pac train went east, a Santa Fe train went east and a C&NW train went north. The C&NW train was delayed for some time waiting while the Mo Pac train was stopped with the crossing blocked. With the North Western stopped waiting for the Mo Pac crossing they also had the Kansas City Terminal crossing blocked which is located just south of the southwest junction and is called Big Blue Crossing Interlocking. It is evident there would be difficulty at times in making the movement to get down on to the Kansas City Terminal main track if we wish to go toward the west side of Kansas City via this route.

Blue River Yard

The Blue River Yard of the Kansas City Terminal No. 2 on the map is a small yard adjacent to a large Armco Steel Plant. On this date the yard was about empty and appeared to be five or six track of about 15 or 20 cars long, maybe longer. If we wanted to give our train to the Kansas City Terminal Railroad it would be physically possible to pull into the Blue River Yard. Joe looked at this on a prior trip and found that the wide connections are not in so it would become necessary to install the connections again and in addition place diamonds over the Armco Steel Company tracks. It might not be worthwhile due to the size of the yard. We did not have time to figure out a way to get down into the yard to get a close look at it.

Lawson, Missouri

At Lawson, Missouri we have the Milwaukee Road main line only. This segment was a Milwaukee Road Station. At this station we see a siding which is in place but has not been used for some time with the exception of serving a small fertilizer plant on the west side of the siding off a spur. On the east side of the main line there is a house track and grain elevator having about six round bins which are about 20 feet across and 40 feet high. It is signal territory, either CTC or automatic block. The siding has not had ties or ballast for some time. The main line is 115 pound jointed rail with fair ballast. The Rock Island main line is at the west end of town approximately $\frac{3}{4}$ of a mile west of and parallel to this track. We did not get over to Lawson on the Rock Island but it appears that at Lawson Junction about a mile and a half north of Lawson where the Milwaukee Road and Rock Island mains come close together there is a siding on the Rock Island.

Polo, Missouri

The Milwaukee Road swings in toward the Rock Island at Polo, Missouri which is the beginning of the double track between the two roads. As we come in to Polo, Missouri on the Rock Island there is a siding on the left hand side or east side and the east switch or south switch of the siding would be at the junction of the Milwaukee Road as it comes in from the left. There is a crossover from the Rock Island main to the siding about a hundred feet north of the junction so that you could cross from the Rock Island main on a southbound movement over to the siding and then continue on the Milwaukee Road or the left hand main on toward Kansas City. I cannot see the west switch or north switch of the siding so am unable to determine at this point how long it is. Just after reaching the junction switch we find another crossover from the Milwaukee Road main or the left hand main to the Rock Island main. So, Milwaukee Road trains or Rock Island trains could operate on either track in either direction through Polo. The switches are all power switches. It does not appear they can be operated by hand. There are two old section shacks on the Rock Island and one old section shack on the Milwaukee Road and all of this is out of the little town of Polo by about $\frac{3}{4}$ of a mile. I note one Spur Track leaving the Rock Island to the west. It extends westward about 20 car lengths or so to what appears to be an old gasoline storage tank facility and could now possibly take anhydrous ammonia. I noticed some anhydrous ammonia distribution tanks on trailers. It appears there is probably little business.

Trenton, Missouri

At Trenton the siding extends a long distance south of town. The siding is on a high fill and is full of box cars at the present time. The main track is in good condition and is 115 pound jointed rail. Ballast is slag ballast in good condition. At present the siding is being used only for the storage of cars. West of the stored cars the rail is very rusty. The main line is in a cut siding about 15 car lengths south of the road crossing near the south end of town right near the location of the signals. As we stand at the south end of the classification yard just south of the first crossing we have a dual control switch from the main to the siding, another dual control switch at the siding end of that crossover, another dual control switch from the south end of the crossover on the siding to what I will call No. 1 track and then hand throw switches from there on. No. 1 track appears to be the running lead for switching or could be and stub ends at a point about 8 car lengths south of the street crossing. Diverging from the No. 1 track to the south and east is a track going to an industry which appears to be a rather large fertilizer plant. There is a large round storage tank and a rather large building that looks to be 50 or 60 feet high. The switch to this track is right at the south edge of the street crossing. There is another spur going to the same industry and the switch to that spur is about a car length north of the street crossing. There is a small wooden telephone booth near the south end of the yard and a small solid concrete structure which appears to contain signal equipment. It is locked with a master lock, has a small horn like device and a light attached to the side of the building which could possibly be some kind of detector equipment although I see nothing at track side at this location. There are yard lights along the lead at the south end of the classification yard. I note about six lights on wooden poles. At the south end we have the main line, the siding and four yard tracks. The yard is obviously not being used a great deal at present as the tracks are quite rusty. Some tie renewal is necessary on the lead as well as some ballast. We find 90 pound, 100 pound and 120 pound rail in the yard. Other than the crossing at the extreme east end which I mentioned there are no other crossings in the yard as near as I can see from the south end. A street does pass overhead on a bridge. It appears to be at least 50 to 60 car lengths from the south end to a signal near the north end. The fertilizer operation is the Grace Agricultural Products. The area south of town and east of town appears to be a flat, low area, not marsh but it could be during wet times and apparently the railroad siding was build on this high fill to get up out of the low area. As we go down to the east end of this extremely long siding we see a station sign called Lake. There is a dual control switch, a telephone booth, metal bungalow with signal equipment and three headed signal for movement to the north and high mast two headed signals for movement to the south. The area to the west of the right of way extends for a half mile or 3/4 of a mile and is extremely flat. It appears it could have been a lake at some time in the far distant past. About a half mile south of the east switch at Lake is a large bridge. It is a four span steel girder over a shallow river about three hundred feet wide. In checking the timetable we note the distance is 3.4 miles from Trenton to Lake and it is shown as two main tracks Lake to Trenton.

As we proceed further into the yard we note an additional classification track and an additional track to the outside of the yard making a total of six when they pass under the overhead bridge. Also there are several spur tracks leading to various small industries. Additionally it is evident there would be room to add two or three more tracks for classification purposes for a portion of the distance. There are several crossovers in the yard some of which have had the frogs or switch points removed. As we stand on the bridge looking north there appears to be a grain storage facility near the north end of the yard and also

a combination fertilizer and grain storage facility at another location. I also see an older type grain elevator off to the right and I am not sure whether that is on track or not. Just to the south of the bridge on the east side of the yard we notice a Farmers Elevator. They have some grain storage and it looks like a grain and feed operation. There is an under track unloading device which extends away from the track a ways and trucks are unloading grain at this location now. There is an old roundhouse but no tracks leading to it from the turntable side. There is also an old turntable which has not been used for a long time but could conceivably be returned to service. Up near the west end of the yard we notice a steel building which is an engine shed having two tracks into the building. At this time there is a North Western locomotive in front of the building and a caboose at one side. There is also a cement block yard office building which seems to be in good repair and we notice a North Western crew apparently waiting to go on duty in front of the building. They also have a radio based station antenna on a pole at the yard office building. To the east of the north end of the yard is a very large factory, apparently the Carnation Milk Company. We noticed leased cars in the yard leased to the Carnation Company and stenciled to return to Trenton, Missouri. As we look at the plant we note there are two tracks going in to one side of the plant, apparently the loading dock area on the north side of the plant and also two tracks on the south side of the building. On the extreme south side of the building there are two loading tracks. The north track has four spots for loading or unloading and the south track has two spots. That is a total of six tracks in to the plant itself. The two at the north end of the building appear to be for loading, the two at the south end for loading and the two in the middle are for unloading of mill supplies, etc. There are also numerous truck loading docks. The North Western switch engine has just started to move apparently going on duty at 10:30 AM. There is an old brick Rock Island freight house building which appears to be in fairly good repair north of the yard office near the north end of the classification yard. Judging by the looks of the rail at most of the industries it appears we are not getting a lot of rail business from the miscellaneous small elevators and fertilizer plants at this time however, we could be getting considerable business from the Carnation Company which is a very large plant. It appears, however, that there is not enough work to fill the day of a switch engine at this location alone. The engine has pulled one car presumably a load from one of the elevators then picked up ten covered hoppers, doubled to his caboose and shoved the caboose and hoppers back into the yard. Possibly this assignment could be a road switcher although at this point we don't know where he would be going to. Looking north from the overhead bridge at the north end of the yard we see a crossover from the siding or northbound main to the eastbound main having dual control switches at each end of the crossover and there appears to be a third overhead bridge up about 3/4 of a mile north of the middle one. Both tracks extend beyond it. We note the double track extends north of Trenton and the timetable indicates the track extends to Cobb so this would mean we have a total of about 5.6 miles of double track from Lake extending through to Cobb. Just north of Trenton there appears to be an industrial park having a number of industries including the Modine Plant, a grain elevator with about four large steel tanks and a couple of other miscellaneous small manufacturing concerns. However, the trackage leading out to the industrial park appears to be very rusty indicating they have not been doing rail business. Tindall, Missouri is a very small town and there is one spur track leading to a small fertilizer facility operated by MFA.

At the town of Spickard which is a very small town we have a spur track with a switch at the south end. Track is about 440 feet long and there is a rather small grain elevator having two steel bins about 10 feet in diameter and 20 feet

tall and two small steel bins about 10 feet in diameter and 10 feet tall. Actually it looks as though it hasn't been used for awhile inasmuch as the piping is all rather rusty. There is a street crossing over the spur track and the crossing is full of gravel and black top.

Mill Grove

The timetable shows a station of Mill Grove having a siding 7,031 feet long. There is a little village of Mill Grove and a grade crossing over the track however, there is no siding evident as we view from the crossing. So, evidently the siding is somewhere outside of town. The town is only about a half dozen houses.

Princeton

Near the south end of the city of Princeton is an elevator. There are about eight steel bins being about 20 feet in diameter and probably 30 feet tall plus one larger steel bin being probably 30 feet in diameter and 10 feet tall. We note several covered hoppers spotted at the facility as we viewed it from a distance of about a mile. As we view the track from an overhead bridge we note main track, a siding and a spur track off the main track having a switch at the north end serving the elevator mentioned above and also a second track which serves a fertilizer facility. The first track is a house track as opposed to a spur inasmuch as it has a switch into the main track again at the south end of the facility. Most of the siding, and the main line of course, is in a cut. Princeton is located at the top of a hill in a rather hilly general area. There is obviously some station switching to be performed here. At Mercer, which is a small town of probably three or four hundred people there is a siding, the south end of which is right in the town and the timetable indicates the siding is 6,069 feet long. There is an old broken down depot with a "For Sale" sign on it. The spur track is apparently off the siding and serves a little feed store which doesn't appear to require a great deal of service.

At a point north of Mercer which appears to be milepost 379.8 we note a ribbon rail along side the main line of which was apparently going to be installed and was not. As we look at the rail on the main line we see that the rail on the east side is 131.28, Illinois 1947; while the rail on the west side is 115.25, Illinois 1948. So, apparently they were removing the jointed 1948 115 pound and going to relay with the ribbon 131.28, 1947 rail. It is ribbon rail as far as I can see from this location on the east side and jointed rail as far as I can see on the west side. The ribbon which has not yet been installed is the 131.28. In checking at milepost 379 we note the ribbon rail has been installed on both rails. At Lineville, Iowa we find a spur track with a switch at the south end and a second spur leading off of it. There is a large concrete elevator which looks relatively new having about 4 or 5 concrete silos plus a large steel bin and device for loading hopper cars. Also on the spur is a fertilizer facility and apparently they do a big business in anhydrous ammonia inasmuch as there are many small anhydrous tanks on trailers. Apparently this facility which is an MFA plant does a considerable fertilizer and grain business. It appears we would have some local business from this station. At the small town of Clio there is a spur track 545 feet long which leads to a very small anhydrous ammonia fertilizer facility. It doesn't appear they do a great deal

of business at this location and the town seems very quiet. There is a grain elevator in the town, steel bin type and apparently all the business is done by truck.

Allerton

At Allerton we have a siding which is 15,600 feet long. At the moment it appears the siding is not being used, however. At the town of Allerton we find a depot structure which appears to be in quite good condition. It is a wood frame building with a relatively new roof. We note there is a pole with an antenna so apparently there is a radio base station in this building. We see a few vehicles alongside the building so perhaps it is a section headquarters. Also at this location we find some containers on flat cars and there is a company called the Allerton Manufacturing Company which is apparently doing some export business. We note nine old Rock Island cars which presumably still belong to the trustee on one of the tracks in Allerton. At this point the Rock Island line turns north after having been running east for a ways and the old line of the Rock Island towards Chicago goes straight east. The line to Chicago is being torn up and we find a huge pile of tie plates, spikes, angle bars and some rail near the east end of town at Allerton. There are dual control switches governing movement through the crossover from one line to another. The CTC ends at this location. The rail line to the east towards Chicago has been torn up and removed including most of the ties. There is a dual control switch machine at the location of what was once the east end of the connection. There is also a signal at that location, apparently the L. B. Foster Company who performed the salvage was not to take any of the CTC equipment. We took a look at the Milwaukee Road main line a few miles west of Seymour and found at least at one crossing the weight of rail was 115.25. There had been some ballast placed in the recent past and there had been a tie renewal program, it appeared that about every other tie had been replaced with creosoted ties. The first crossing of the Milwaukee that we looked at was just south of a point called Kniffin. Next we stopped at a crossing about a mile east of that location and found the tie condition was not as good as it was at the first location. There were a few ties that had been placed new within the last few years but not very many and we found quite a few ties that require replacement. We found the rail the same, 115 pound and the surface appeared quite good. There was mud pumping at the crossings and the ballast conditions were generally good, however. The ballast being a sort of porous limestone material. The first crossing west of Seymour is just about the same as indicated above.

Corydon

At Corydon we see a spur into an elevator which has a couple of steel type bins and there is also a small fertilizer storage warehouse. The rail looks pretty rusty to indicate they have not been doing any great amount of shipping. This track extends out to the main track with a switch on the south end.

There is a very large grain elevator of steel bins and buildings having about a dozen steel bins about 20 feet in diameter and 30 feet high plus about a dozen steel buildings other than bins but the track does not extend to these

buildings. There is a location on the house track, however, which appears to be a spot where they do drive to the track for possible loading at that point. There is a small concrete platform at that location and there is some indication they probably unloaded fertilizer at that spot also. It appears this is the only track in town that has a switch on each end.

Millerton

At Millerton we have a siding which appears to be out of service. The rail is rusty, it is overgrown with weeds, the ties are completely shot and there hasn't been ballast on it for years. The rail, however, is in place as near as we can see. There is a house track having a switch at each end and the only industry on it is a fertilizer warehouse which is a wood frame building about 40 by 60 square feet, one story high. There appears to be a section shanty. The little town looks to have died some time ago but has not yet been buried.

Chariton

At Chariton the Rock Island passes under the Burlington Northern. There is no track connection. The BN is double main track in very excellent condition. There is a house track at Chariton to the west of the main and off of the south end of the house track there is a switch back to an old gas plant but the switch and frog has been removed and there has not been service on that switch back for a very long time. As a matter of fact there does not appear to have been any service anywhere on the house track for a very long time. There is another spur with a south facing point to an LP gas tank location but this is all grown up with weeds and it appears there has not been a car spotted in here in a very long time. The tie condition on the house track is very poor. It appears there were probably other tracks parallel to the house track at some time in the past. The city streets pass under the Rock Island tracks at a couple of locations. There is a very nice old brick building which was the Rock Island Depot. It is a red brick building with red clay tile roof. There is a wood platform or dock adjacent to the station platform which is in relatively good condition. It appears the sectionmen use this building for a shelter. We note still another underpass for a street crossing just north of the depot.

Williamson

At this location we have a long siding which is east of the main track and it does not appear to have been used for some time except possibly to run a maintenance of way machine or something through it. It has grown up with grass but something has been over it rather recently and knocked some of the grass down. On the west side of the main there is a house track having a switch on the south end only and it has not been used for a long time. There is a ramp built of very heavy timbers and in good condition which appears to be designed so that trucks could back up the ramp and dump material into gondola cars. There are some coal screenings under the dock to indicate that possibly at

some time or other coal screenings were loaded at this location.

Melcher

At Melcher we have a siding a little over 4,000 feet long and it is entirely grown up with weeds and has not been used for a long time. I am unable to see what the tie condition or the ballast condition is at the siding because it is completely covered with weeds. There is a nice neat brick depot building which is boarded up, roof is in good condition. There is a grain elevator having about four huge concrete silos and another under construction. The switch at the north end of the house track has been removed but the switch at the south end is in place. There is a lot of bridge material piled between the house track and the main line, some creosoted wood bridge timbers and some concrete. It appears there is enough material here for bridge renewal of a complete bridge including piling, so there must be a bridge near here that needs renewal. Near the north end of the house track is one ammonia tank and an unloading facility so anhydrous ammonia could be received by rail. It appears this could be a good loading station and if some additional track were provided he could probably load 25 car units. It would require extension of the house track north. The name of the industry appears to be the Coop Feed Service Center. The town of Melcher appears to be a rather nice small town and very much alive.

Beech

This is a very small town and all there is here on the railroad is a siding which is quite long and appears to receive very little use. I note tie conditions is extremely poor in some locations. As a matter of fact, it looks like it is not even safe to run a train over it because the ties are all rotten in at least one spot. There is a house track off the siding and there is an anhydrous ammonia facility on the house track. There is only one storage tank but I note he does have 15 or 20 portable tanks on wagons so he does do some business. I am not sure it is rail business however, as there is not a stand pipe near the track. It is possible he might be able to reach the track side with hose, however. The house track has a switch on the east end also. A group of about 20 homes.

Indianola

At the end of the line at Indianola is a very large elevator. It is the Laverty Elevator, Inc. There are about 10 or more large concrete silo type elevators reaching about 75 feet into the air. In addition they have a large open storage area in which they presently have filled and covered with tarpaulin. The Laverty Elevator is actually located on a looped spur track which leads from a small yard area. There is also another long spur from this same area that leads to an area which could be used for team track unloading. It is a rather long track but there are no industries located on it at the present time. The little yard I mentioned above is really only the main line plus a siding or run around track having a crossover between them. The Laverty Elevator Company has

a track mobile so it can perform some of their own switching. Indianola is a nice clean small town. I would guess the population is probably 7 or 8,000 people.

Carlisle

There is an elevator at Carlisle that consists of about four steel silos about 30 feet in diameter and 50 feet high and one steel bin about 50 feet in diameter and 50 feet high. There is an old wooden depot in very poor condition but it appears to be used by the sectionmen for tools and supplies. There is a short spur track about three car lengths long near the depot. The elevator is served by a spur track having a switch on the west end off the branch. The north end of the branch at the junction with the main is used as a siding. In other words you diverge from the main track onto the branch and then after you get in on the branch about 20 car lengths there is a switch off the branch diverging to a track that goes back toward the main line and this forms the siding at Carlisle.

Avon

At Avon we have a main track and on the east side of the main a siding and two tracks on the west side of the main. There is a spur to Agri Industries which leads from the first track west of the main into the industry. This is a huge grain elevator similar to those found in Duluth. It is a concrete structure and in addition there are several large metal bins. The track into this industry is about 40 car lengths long. There are actually four tracks leading into the plant and some additional track which leads to a car shop area which they operate. We understand they own a large fleet of private cars. I note markings on the cars of ALEX. We note they have a track mobile and on this date we also note a locomotive. The locomotive is an old Algoma Central No. 151. Algoma Central has been painted out and the initials are DAWX. The car shop is a large metal building and I presume they can make most any car repair there. We note some wrecked cars returned to them on flat cars awaiting unloading. I also note a fifth long track, the switch to which is inside the yard. All tracks are nearly full of cars except one.

Also at Avon is a second industry which is a very large concrete elevator structure. We understand this is a General Mills Flour Mill. There are two tracks serving what appears to be the grain storage elevator, that is one spur leading off the westerly most track of the yard into the fenced in elevator property area and then a second track off the first one just inside the fence. Then about 200 feet to the north of this is another spur track which leads off the westerly most yard track into the plant area and proceeds a distance of about 40 car lengths to the area which appears to be the flour loading area. There appears to be at least three tracks in the vicinity of the plant itself. In going through the yard at Avon I find that the siding is full of empty hoppers with various private markings. There are also about 15 or 20 covered hoppers on No. 1 track all empty. No. 2 track has about 20 or 25 loads, nearly all of which are the Agri Industries markings ALEX and up toward the north end of No. 2 track are a few empties and then about 5 C&NW covered hoppers loaded. The car movement appears to be from the south end of the yard inasmuch as the west end

of tracks 2 and 3 are somewhat rusty, it appears there might have been a recent derailment up near the west end and quite a little local gravel has been dumped. The ties appear to be in very poor condition on these two tracks near the north end. Most of them are covered with this new gravel but I see broken ties sticking up in a few places and I can see the ends of some ties which look somewhat skewed. There are also tie plates scattered about, a few truck springs, etc. This track should be repaired before it receives extensive use. As I near the north end of the yard I note the tie condition on the main track is very poor. It appears we have had a derailment with cars off between the main line and No. 1 track and it is torn up tie ends and broken ties for about 3 car lengths with some damage for a distance of about 5 car lengths. It appears the car went off at the crossing at the north end of the yard. As I near the north end I see that No. 1 track and No. 2 track stub end just south of the crossing. The north 30 to 35 cars of each of these tracks is not being used a great deal, and the north 15 car lengths or so of each of these tracks has not been used for at least this past year. There would be room to extend tracks 1 and 2 another 3 or 4 car lengths to the crossing and also beyond if desired. There is this grade crossing at the north end of the yard and it is evident the tracks 1 and 2 did tie back into the main just north of this grade crossing. The switch ties, etc. remain in place. There is a bridge just about 3 car lengths north of the grade crossing so if yard tracks were to be extended north of the crossing it would be necessary to build a bridge to accommodate them. Also, a great deal of fill would be required. The bridge is a wooden tressle and appears to have been renewed within the last year or so. It has new creosoted piling and concrete caps. As we drive around to the back side of the General Mills plant we note there are 3 tracks which go through a brick building, presumably a loading area, and there are 2 tracks which go through a brick building adjacent to the concrete silos which is apparently the unloading area then next door at Agri Industries we note a locomotive painted their colors buried down in the yard and there are 5 tracks at the back side of Agri Industries so in total thus far we have seen three forms of motive power.

with head room and doubling in unless the DM has operating rights with the BN to provide this head room. The Rock Island Yard at the east of the north-south line is a very large yard, having at least 30 tracks, has a roundhouse, nice yard office and tower facility. It has an elevated foot walk over the width of the entire yard. We note a great many C&NW locomotives stored. There are quite a few cabooses in the yard all freshly painted. It appears to be a well layed out flat yard, very straight forward in design, and there is a great deal more facility than they appear to require at this time. The tracks appear to be at least 50 car lengths long. With some receiving tracks, which are longer.

The Fort Dodge in Des Moines has a yard the south end of which is a ways north of Washington Street and extends northward from there. This is a pretty good sized yard which appears to be used for the storage of cars and for cars for industry north of the yard. The A. E. Staley Company has a huge soy bean facility at about Ovid Street. It appears it would be possible to use this FDDM Yard as a base of operations if a crossover were built from the CRIP main to the FDDM main at some desirable location near the north end of town, or north of town and come in to town on the FDDMS main. At this particular point in time, it appears there is no local switching to be performed in the City of Des Moines other than the interchange with the other carriers and with the A. E. Staley Company. About a mile north of town, there is a spur into a fertilizer plant. The spur is about a half mile long and, near the south end of it which is about a half mile away from our track, is a rather large fertilizer storage building, and there are two tracks right at the building for loading. There is no activity at this time, although this date there are some empty hoppers shoved in on that track, either for loading or for storage. There is another spur track a short ways west of that fertilizer warehouse which is completely buried in weeds but, conceivably, some day there might be business there. Just north of

end of tape

we go past a small yard of the DMU with very short tracks, which is located between the fertilizer warehouse and a large elevator of Agri Industries, both being located west of the north-south route of the Rock Island and a point just west of 18th Street. We passed the east switch of the Y, then the west switch of the yard, then the west switch of the Y, then a switch to a connection to a yard of the Iowa Terminal Transfer Railway Company, then we cross a diamond which is the main line of the Keokuk and Des Moines Railway, then we cross another diamond which is the main line of the old Chicago Great Western, then in 100 feet or so another diamond which is a crossing with the original Rock Island main line, and we note that that main line is rusty and is not being used at all at this point in time. We will then walk over toward the yard of the Iowa Terminal Transfer Railway which Joe informs me is not an operating company but simply owns the track used for interchange between the various roads at this time. The Iowa Terminal Railway Company is owned by the C&NW, the Burlington Northern, the Rock Island, the Des Moines Union and Carl Hussey. We understand Carl is sort of an owner in Trust, or something of that nature. There are about 14 or 15 tracks in the main yard; all are short - and there are 3 or 4 more tracks which appear to be stub-end tracks just to the north of the main yard. There are only two cars in the yard at this time; however, it is evident that the tracks are being used on a current basis. All the rails are shiney, the yard appears to be in quite good condition, very clean and entirely serviceable. The old DMW, Des Moines and Western, which was a subsidiary of the Fort Dodge, Des Moines and Southern, is still in place but is covered with weeds, has not been used for many, many years and, as a matter of fact, it is hard to find a rail in some places. At the west end of the D&M yard, the lead runs into what appears to be the Burlington Northern; from the extreme west switch of the yard through the connection with the BN looks like about two car lengths, so about all you could do would be get your engine out from the top end. There could be a problem

this time, and there is a sign on the side of the building indicating it is for rent. There are connections in all four quadrants at Shortline Junction where the two main tracks of the Rock Island, that is the north-south line and the east-west line cross at grade. This is controlled by an interlocking, presumably manual control from a tower located at Shortline Junction. We noted a C&NW train operating from the south, traveled northward and then took the Y connection from the Rock Island main into the yard to the east. We also noted that the piece of railroad between the Y connections on the north-south line did not appear to be used a great deal, indicating the movement by the Northwestern is generally into the Rock Island Yard and then we presume when the northward trip continues, the movement would be through the Y connection in the northeast quadrant. Therefore, the segment between the Y connections is not used a great deal. This is just the impression we received as we view the top of the rail. The east-west line consists of two main tracks. The southerly track is the old Keokuk and Des Moines Railway Company which is now owned by the Rock Island, and the second main is the old Rock Island's main line between Chicago and points west of Des Moines. The C&NW is currently operating the east-west line only a short ways out of town to the east, and similarly to the west serving industries in the Des Moines metropolitan area. The old Rock Island line between Des Moines and Chicago is being operated by the Iowa Railroads, a private organization struggling along with minimal crews, etc. The old Keokuk and Des Moines is currently operated only as far as Pella which Joe feels is approximately 50 miles east of Des Moines. Joe feels that the C&NW is operating their northbound trains on the Rock Island line from Kansas City to Des Moines, and on the old Great Western, on the movement southward from Des Moines to Kansas City, there is a Y located just west of 18th Street on the Des Moines Union Railway, and the track extends back to the vicinity of the Swift Company which is a large active packing plant. As a matter of a point of reference, as we proceed westward from the Rock Island north-south route on the DMU Railway,

Avon - continued:

Thus far we have seen three forms of motive power, those being the track mobile in the repair shop area, another larger track mobile in what appears to be the grain unloading area, and a full size switching locomotive in the yard near the west end of the plant. Then also there is the full sized GP-9 locomotive which was formerly an Algoma Central engine, and now has the private markings on which I mentioned earlier. With all this power, it is obvious they are capable of performing their own switching.

Des Moines.

As we come into Des Moines from the south, there is a spur leading to a brick yard which is south of the river. We did not get to see this, but Joe indicates the brick yard is not active at this time. We crossed the Des Moines River at which location we were also unable to get to because of time constraints. Then as we proceed northward, we cross the Burlington Northern which is the old CB&Q line to Ottumwa. This is simply a crossing - there is no connection between the two lines. As we proceed north, there is a track diverging to the northwest in the vicinity of Scott Street, and this track ends short of Scott Street. At one time, it did extend through to a connection near 14th Street but apparently the building construction intermediate caused the trackage to be removed. As we proceed north still further, we encounter a crossing with the Des Moines Union Railway. It is owned jointly by N&W and Milwaukee Road. The Des Moines Union is a switching line within the City of Des Moines. The Milwaukee Road now operates into Des Moines, but the Des Moines Union performs the terminal switching for the N&W. There is a big Armstrong Rubber Company tire plant just to the east of this diamond, and the Des Moines Union Railway has access and the C&NW has access also. There is a fertilizer warehouse located on a spur track in the northwest quadrant between the DMU main line and the north-south line of the Rock Island. The fertilizer plant appears to be inactive at

We find the LeRoy L. Wade & Sons automotive distributorship. There are about five tracks into the plant, and although there is very little activity right now, apparently there are times he does receive inbound automobiles in auto-rack cars. This would require switching if he was doing any business. This is in the area known as Swanwood. There is also a plant which does something with corncobs. Joe indicates it was formerly owned by General Mills, but is no longer. We note a very large pile of corncobs piled outside, and there are three hoppers at the plant, one being loaded with some substance at this time. There is a short run-around track of about ten car lengths, or possibly longer - we can't really see the other end of the track.

At Enterprise, we find a siding 5,987 feet long and a spur track with a switch at the south end serving an elevator of very good size. It has steel bins; there are at least a dozen steel bins of various sizes - the largest being probably 40 feet across and 60 feet high. This should be a very good loading station.

Elkhart is a small town and a house track 1,050 feet long with a rather small elevator located on the house track. He has one steel bin about 20 feet in diameter and 40 feet high, plus a couple Quonset buildings and one old, probably wood elevator with steel siding. It does not look like a very large operation. There is a small town at this location; I would guess it's perhaps 300 to 400 people and, getting back to Enterprise, there was no town at all at Enterprise - just the elevator operation.

At Cambridge we see an east-west line of railroad, and a very large elevator located on a spur track or house track of that railroad. The main line is on a fill; there were many NAHX covered hoppers spotted on the elevator track. The elevator is a concrete structure 50 or 60 feet in the air, having about six silos. We drove up on the fill and found that the line of railroad has

been abandoned. Joe says this is the old Milwaukee Road. Ties, ballast and rail have been removed and, as we look south on the Rock Island property, we note the north end of the siding which is 4,492 feet long is just south of the switch to the east-west track which swings over to the elevator we just mentioned. The time table indicates there are 3,100 feet of track other than the siding, and as we look to the north from the overhead bridge on the fill, we see additional trackage. The switch to the big elevator is facing point south and the switch north of us is facing point north. The tracks mentioned before are two spur tracks - one extends to a small brick building that is apparently loading something in a mechanical reefer. The other extends to a grain elevator that has about a half dozen steel storage bins and then beyond it to a small anhydrous ammonia unloading facility. It appears Cambridge has the potential to give us considerable business.

The town is quite small; I would guess 400 or 500 people.

Shipley.

There is a house track at Shipley which is all grown full of weeds and appears has not been used for a long time. There is a wrecked car loaded on a flat car spotted near the east end of the house track at Shipley. There is a small elevator which is of the small North Dakota variety. He does have four Quonset steel buildings which appear to be for grain storage, plus three or four round bins and some of them are relatively new. It does not appear, however, that he has been doing any rail business. There is no town; simply a wide spot in the road. There are three residences and an old schoolhouse, or what appears to be an old brick schoolhouse about three stories high and pretty good size has apparently been converted to offices for some company named Illis Company.

Nevada. This appears to be a rather modern small town. There are many new

homes. The streets are paved. There is a substantial bridge at the south end of town. We note an old depot building. The depot is a big old wood frame building which is in need of repair. There is a siding 2,826 feet long, and a house track off the siding, and also another track off the main line. The track off the main line serves an old elevator, and the one off the siding appears to serve another old elevator which has some additional storage and possibly an anhydrous ammonia plant. In the vicinity of the depot, we have a track which has a fertilizer warehouse and we note there is fertilizer on the ground and about three cars spotted for unloading. The elevator along the main line is the Dawson Elevator Company, and we now see that they have a couple more silo type buildings and two large steel buildings which are presumably used for grain storage as well. So they do have quite a little capacity. The one on the siding side doesn't really appear to be in service for grain, but is being used for fertilizer. The anhydrous ammonia plant is the Gerlach Supply Company. We note there is a sizable pile of steel pipe about six inch in diameter and twenty feet long, as well as other iron and steel articles, and we note there is a company called the Nevada Distributing Company which apparently manufactures or distributes. We suspect this supply company does not require rail service. But the other companies in town have the potential of providing substantial business.

There is a hybrid seed corn company called Crows Hybrids located near the north edge of Nevada, which appears to do quite a little business. It is not on track. Just north of Nevada, we see the east-west line of the C&NW Railroad. A short ways north of Nevada, we find three wrecked cars laying on their side along a right-of-way, just south of where the Rock Island goes under the C&NW. There is no track connection, only a grade separation.

Fernald. We see an elevator called Fernald Grain Company on a house track and they have one building which is rather old and small, but they have

another building which consists of several silos, steel silo structures, and one of them is very good size, being about 40 feet in diameter and 40 or 50 feet high. There is also a Quonset type building that is apparently used for grain storage, and near the north end of town we see what appears to be an anhydrous ammonia facility having two horizontal tanks, and it appears to be an Amoco concern so he also has some gasoline storage tanks. The town is rather small, probably 100 people.

McCallsburg. This appears to be a rather neat little town of probably 400 to 500 people. We have a siding 4,492 feet long according to the time table and other trackage amounting to 3,100 feet. We see a grain elevator having one older structure, probably wood construction with steel siding, and one rather large steel round building about 50 feet in diameter and 50 feet high, and another steel structure 50 feet high and 20 feet wide. There is also an anhydrous ammonia facility and a fertilizer warehouse, medium size, located on the house track.

Garden City. At Garden City we have a siding 3,012 feet long, and other tracks of 1,250 feet according to our time table. As we approach, we see a very large structure that appears to be a very recent construction - concrete silos - there are about a dozen large concrete silos. This appears to be the Felco (Farmers Elevator Company) facility. They also have a rather large outside storage facility which still in the stages of construction. There is also an older structure which is pretty good size also. There is also a fertilizer storage warehouse and also an anhydrous ammonia unloading facility. There were approximately a dozen PLCX cars spotted near the elevators. It appears they realigned the center of the siding so that it would be near the newly constructed elevator facility so he will have the capability of loading multiple loads and moving them down the siding. The village has about 50 homes.

Sherman. There is not a siding, but there is 1,100 feet of other track at Sherman. It appears part of the trackage has been removed, and we have remaining a spur track with the switch on the south end. There is not a village at Sherman. There is just a spur track and a small elevator.

Sherman - continued:

There is also a small fertilizer storage facility at Sherman, and there are about three homes near the elevator but no other village or town.

Buckeye. At Buckeye we have a siding of 6,171 feet, and we have 6,511 feet of other track according to the time table. As we approach Buckeye, we see a rather large elevator having about 10 large concrete silo type storage bins, about 50 feet high, and a couple of steel storage bins in addition. This elevator is a big operation. We have the main line, then west of that the siding, and west of that three tracks serving the elevator. They are off a lead which is off the siding, and then it appears the house track continues south of the elevators for a ways. In addition to the elevator operation he has a feed service center which is a small feed elevator, and also a fertilizer operation. He can load trucks on one side of the cement silos and rail cars on the other. As we get closer, we note that we have the main line, the siding, the house track and one of the elevator tracks which extends south of the elevator. So we have the house track and the elevator running track which extends south of the elevator, probably 30 car lengths, so empties can be spotted south of the elevator on both tracks and then run by the elevator for loading and into the three tracks north of the elevator after they have been loaded. This operation could give us quite a little business. The six silos appear to be relatively new. We note he has about a dozen of the Agri Industries' covered hoppers here. The initials are ALEX. This is a small town of about 30 homes.

Soo Line Railroad Company



Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

JOE
SENT 3 YEARS OF R-1's
+ WORKSHEETON "2ND MAIN"

September 27, 1982

Mr. Norman Burns
Iowa Department of
Transportation-Railroad
Division
800 Lincoln Way
Ames, Iowa 50010

Dear Mr. Burns:

Per our conversation of this date, enclosed
is the information which we discussed.

Sincerely,

LARRY D. STROMBERG
Manager Budgets & Costs
Operations

JMZ

Encl. (4)

Soo Line Railroad Company



8
Soo Line Building
Box 530
Minneapolis, Minnesota 55440
(612) 332-1261

September 24, 1982

Mr. Michael C. Burkart
Buchanan Hall-Room 6169
Iowa State University
Ames, Iowa 50012

Dear Mr. Burkart:

I have received your letter of September 21, 1982.

The efforts of you and Mr. Stoffer have been of considerable value to us in our studies. I also appreciate your offer of further assistance. Should negotiations proceed favorably, we may very well call on you to assist us in formulating detailed operating plans.

For the time being, I will ask that you be added to our mailing list for news releases concerning this project, so that you may be kept up-to-date directly.

Thanks again for your assistance.

Sincerely,

JOE D. DARLING
Director, Special Projects

JDD/jmz

Encl. (1)

8

September 24, 1982

TO: J. T. Hartnett

FROM: J. D. Darling JDD/jmz

RE: Rock Island Study

The attached letter from Mr. Michael C. Burkart mentions a decline in traffic for Winnebago Industries at Forest City. While this may have resulted from factors other than service, you may wish to determine their requirements should our operation become eminent.

JDD/jmz

Att. (1)

September 24, 1982

TO: D. M. Cavanaugh

FROM: J. D. Darling JDD/jmz

RE: Rock Island Study

Here is another apparently well qualified former Rock Island employee who has not asked for a job but perhaps should be contacted at the appropriate time.

JDD/jmz

Att. (1)

Buchanan Hall - Room 6169
Iowa State University
Ames, Iowa 50012

Mr. Joe Darling
Soo Line Railroad
Soo Line Building
Box 530
Minneapolis, Minnesota 55440

Dear Mr. Darling:

It was with great pleasure that I heard of your offer to purchase portions of the former Rock Island Railroad. It is my sincere hope that you are successful in this endeavor.

I was recently approached by C. J. Stoffer to assist in compiling some information on the former Rock Island. I was able to furnish C. J. with information on train operations, speed restrictions and unit grain train operations which he has forwarded to you. It would be my pleasure to assist you with any other information that would simplify the start up of operations over this trackage.

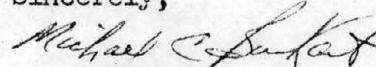
I am sure you have made traffic studies to determine the volume of traffic available. I feel you should know that there is potential for additional traffic that the Chicago & Northwestern is not handling. As an example, there was sufficient traffic volume in the Forest City, Iowa vicinity for the Rock Island to maintain a road switcher. The CNW chose not to furnish this service and as a result most traffic for Forest City and primarily Winnebago Industries has shifted to truck. The Rock Island had a large volume of motor home chassis which are now being handled by truck. This is not an isolated case as there are many more horror stories of lack of service.

You may be interested in motive power requirements, deployment of mechanical personnel, winter operations and items of this nature. I feel qualified to discuss these items as I have served as Trainmaster at Manly and Estherville, Iowa and as Assistant Division Superintendent for the former Rock Island. In these capacities I was responsible for the operations of all the trackage north of Des Moines that you are interested in. While never directly supervising the territory from Des Moines to Kansas City I am fully aware of the operations of this segment through positions as a Transportation Supervisor and later as Assistant Manager Train Operations in the Operations Control Center of the Rock Island located in Kansas City.

I am currently a student at Iowa State University working toward a BBA degree with a major in Transportation. Until returning to school full time I worked as an extra train dispatcher for the CNW in Mason City, Iowa which enabled me to stay current with operations and track conditions of the former Rock Island.

Should I be able to assist you in any way please feel free to contact me at the above address or by telephone at 515-294-6755 during the week or at 238 Bosworth, Manly, Iowa 50456 phone 515-454-2114 on weekends.

Sincerely,



Michael C. Burkart

September 24, 1982

TO: R. H. Smith

FROM: J. T. Hartnett *JH*

Re Access to Rock Island Industries at Des Moines and other competitive points.

Our present plan for serving Des Moines does not provide for the acquisition of terminal trackage at Des Moines and other competitive points unless there is access from the main line. I am concerned that we may be missing the opportunity of serving some valuable industries with this approach. In my opinion, a survey should be made to evaluate the potential of Rock Island industries at these points so that we will know the economics of acquiring selected pieces of Rock Island track.

I would be glad to work on such a survey with Joe Darling or, if you prefer, this could be handled by Bob Anderson or someone else but it should be done to be sure we are not missing any opportunities.

CC: J. D. Darling

9/24/82 4⁰⁰PM Dick Lane

9/24/02 2:30 PM

CJ Stoffin

10 mph with any grain trains

R. D. BIRT
MANAGER, FIELD INSTALLATIONS



UNION SWITCH & SIGNAL DIVISION
AMERICAN STANDARD INC.
SWISSVALE, PA 15218 (412) 273-4000

Form F-36
Soo Line Railroad Company



Date 9-23-82

To: DMC

From: DB

- ☐ Please note and return.
☒ For your information.
☐ Please reply directly to attached.
☐ Please give me your recommendations.
☐ Please draft reply for my signature.
☐ Please handle.
☐ Would like to discuss with you.
☐ Proposed draft attached for your review
 and suggestions.
☐ Comments?

*Suggest you call and discuss
 what you want re RI
 Communication/signals system.
 He sez controls not a problem
 to move.*

IOWA NORTHERN RAILROAD COMPANY

C. J. STOFFER
GENL. FREIGHT AGENT
NORTHERN DIVISION
P. O. BOX 640
GREENE, IOWA 50636

OFFICE
1-515-823-5870

HOME
1-515-454-2118



800 Lincoln Way
Ames, Iowa 50010

Railroad Division

Harvey E. Sims
Rail Operations Manager

515/239-1054

September 23, 1982

TO: D. M. Cavanaugh
C. C. Leary
W. B. Peterson

FROM: J. D. Darling JDD/jmz

RE: Rock Island Study

Attached is additional information from C. J. Stoffer, Iowa Northern Railway Company, regarding speed restrictions, tonnage ratings, siding capacities, and Rock Island and CNW operations.

I am concerned with the 10 mph speed restriction imposed by the CNW on branch line trains handling 25 or more carloads of grain. Apparently, the CNW imposes this speed restriction on their own branch lines as well. To my knowledge, we do not generally do this on our grain gathering branch lines. Would we be faced with such an operation in Iowa?

JDD/jmz

Att. (1)

Manly, Iowa
Sept. 20, 1982

Mr. Joe Darling
Operations Consultant
Data Systems Dept.
Soo Line Building Box 530
Minneapolis, Minn. 55440

Dear Joe,

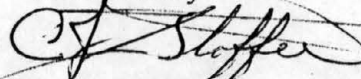
Attached please find some of the information you requested.
I tried to get this information as accurate as possible.
If you should need any additional information please feel
free to contact me at any time.

As I stated in our telephone conversation on Friday, both CTC
boards for the trackage you have offered to buy are located in
the old Rock Island depot at 4th & Vine Streets in Des Moines.
If you are not going to use this building in Des Moines the
south CTC board could be located in the former dispatchers office
in Trenton. The North board could be located either at Manly
or in the Rock Island office building in Mason City. The north
end could handle the track from Short Line Jct to Minneapolis and
the Iowa Falls branch lines. Also there is a standby board located
in the tower building in Albert Lea. This board is used in case
of CTC failure and will operate all signals and switches from
West Yard Manly to North switch at Faribault.

I would like to have the opportunity to become an employee of the
Soo Line. I feel my knowledge of the railroad, employees and shippers
would help me become an asset to your company.

Again if I can be of further assistance to you please give me a call
at any time.

Sincerely

A handwritten signature in dark ink, appearing to read "C J Stoffer", with a stylized flourish extending from the end.

C J Stoffer

PERMANENT SPEED RESTICTIONS

SHORT LINE JCT TO MANLY

20 MPH MP 147 Pole 11 to MP 147 Pole 35 at Iowa Falls

10 MPH MP 191 Pole 1 at Iowa Terminal Crossing

MANLY TO INVER GROVE

20 MPH MP 252 to MP 252 Pole 22

15 MPH Over street Crossings at Northfield

20 MPH Over main street Crossing Farmington

TURNOUT SPEEDS

25 MPH Curtis

25 MPH Comus

25 MPH Rosemount

SIDING TURNOUT SPEEDS

10 MPH North and South end Kensett

10 MPH North and South end Gordon

10 MPH North and South end Albert Lea

10 MPH North and South end Clarks Grove

25 MPH North and South end Ellendale

25 MPH North and South end Owatonna

25 MPH North and South end Kasper

TONNAGE RATINGS MANLY TO INVER GROVE 1500 HP ENGINES

Northward

Manly to Albert Lea 3000 Tons

Albert Lea to Inver Grove 2770 Tons

Southward

Inver Grove to Northfield 2000 Tons

Northfield to Albert Lea 2500 Tons

Albert Lea to Manly 2850 Tons

TONNAGE RATINGS SHORT LINE JCT TO MANLY 1500 HP ENGINES

Northward

Short Line Jct to Argon	2200 Tons
Argon to Mason City	2400 Tons
Mason City to Manly	4000 Tons

Southward

Manly to Mason City	4500 Tons
Mason City to Argon	2370 Tons
Argon to Short Line Jct	2500 Tons

A Rule of Thumb

Add 200 Tons for 2000 HP Engines
Add 400 Tons for 3000 HP 4-Axle Engines
Add 1000 Tons for 3000 HP 6-Axel Engines

CAPACITY OF SIDINGS

Manly to Inver Grove

Manly Yard 750 Car Capacity no road crossings
Kensett 4084 feet 1 Road crossing
Gordon 6076 feet 1 Road crossing
Albert Lea 4888 feet 1 Road Crossing
Clarks Grove 7109 feet No Road crossings
Ellendale 6155 feet 1 Road crossing
Owatonna 6210 feet 2 Road crossings
Kasper 5988 feet 1 Road crossing
Comus 4363 feet No Road crossings Located on MILW RR
Northfield 4701 feet No Road crossings Located on MILW RR
Castle Rock 2618 feet No Road crossings Located on MILW RR
Farmington 4282 feet No Road crossings Located on MILW RR
Rosemount 3263 feet 1 Road crossing Located on MILW RR

Short Line Jct to Manly

Enterprise 5967 feet No Road crossings
Cambridge 4492 feet No Road crossings
Nevada 2826 feet 1 Road crossing
McCallsburg 4438 feet 1 Road crossing
Garden City 3012 feet 1 Road crossing
Buckeye 6171 feet 1 Road Crossing
Purina 4103 feet 1 Road crossing
Argon 4191 feet 1 Road Crossing
Bradford 4007 feet No Road crossings
Hampton 2660 feet No Road crossings
Sheffield 6111 feet 1 Road crossing
Flint 4780 feet No Road crossing
Manly Siding 10,000 feet 1 Road crossing Located on CNW RR

OPERATIONS AND SPEED RESTRICTIONS ROCK ISLAND TRACKAGE

Kansas City to Des Moines

Two main tracks from West Wye Tower to Polo which are operated by the Milwaukee Railroad. North or Number 1 track owned by the Rock Island. This is a distance of 41.6 miles. Speed restrictions are not immediately available but they are believed to be overall speed of 25 MPH with various 10 MPH restrictions. This is a CTC operation controlled by Milwaukee operators at West Wye and Drawbridge under direction of Milwaukee train dispatcher. CNW currently operates between 3 and 4 Northward trains between Kansas City and Des Moines daily. Southward trains are operated over CNW trackage Des Moines to Kansas City. In addition, the CNW maintains a switch engine at Trenton. The CNW takes over train operations at Polo M.P. 460.4 and handles trains to Allerton, Iowa M.P. 365.0 on the old Kansas City to Chicago line, then from Allerton M.P. 0.0 to Des Moines M.P. 73.6. There are 2 main tracks in the Trenton area from M.P. 413.7 at Cobb to M.P. 417.4 at Lake with Track Number 1 being the North track and Track Number 2 being the South track. Track from Polo to Allerton is CTC controlled by CNW train dispatchers located in the former Rock Island train dispatcher's facility in Des Moines. Track from Allerton to Carlisle, Iowa is ABS. Track from Carlisle to Des Moines is CTC controlled by train order operator at Des Moines under supervision of train dispatcher at Des Moines. In addition to through trains, the CNW operates a switch run daily to service AGRI Industries and General Mills at Avon and the Indianola branch line. This operation for the Kansas City to Des Moines segment is almost identical to the operation of the Rock Island.

The CNW has a maximum speed of 40 MPH from Polo to Des Moines. This is a distance of 169.6 miles comprised of the following speed restrictions.

10 MPH - 20.9 miles
30 MPH - 109.0 miles
40 MPH - 39.7 miles

Following is an individual listing of recent CNW speed restrictions

	Location	Miles
30 MPH	MP 364.8 to MP 384.0	19.2
30 MPH	MP 404.1 to MP 404.2	.1
30 MPH	MP 413.7 to MP 415.7 No. 2 track	2.0
10 MPH	MP 415.2 to MP 417.4 No. 2 track	2.2
30 MPH	MP 413.7 to MP 414.7 No. 1 track	1.0
10 MPH	MP 415.2 to MP 415.7 No. 1 track	.5
30 MPH	MP 415.7 to MP 417.4 No. 1 track	1.7
30 MPH	MP 417.4 to MP 421.7	4.3
30 MPH	MP 431.0 to MP 456.2	25.2
10 MPH	MP 456.2 to MP 460.5	4.3
10 MPH	MP 0.0 to MP 2.0	2.0
30 MPH	MP 2.0 to MP 31.4	29.4
10 MPH	MP 31.4 to MP 32.8	1.4
30 MPH	MP 32.8 to MP 52.0	19.2
10 MPH	MP 52.0 to MP 64.0	12.0
30 MPH	MP 64.0 to MP 72.9	8.9
10 MPH	MP 72.9 to MP 73.6	.7

The Rock Island used a crew change point at Trenton, Missouri. The CNW utilizes this only when necessary preferring to operate with one crew from Kansas City through to Des Moines. The CNW is successful all but about 25% of the time. The trains that do tie up on the hours of service between Kansas City and Des Moines have normally been delayed on the Kansas City Terminal leaving Kansas City.

Des Moines to Manly

This section is ABS for 116.9 miles from Des Moines to Flint (south edge of Mason City) then over CNW owned trackage to Manly. The CNW operates one through train each direction daily plus a local which operates twice a week on the following cycle. Des Moines to Iowa Falls, tie up; Iowa Falls to Mason City to Iowa Falls, tie up; then Iowa Falls to Des Moines. One switch engine is utilized at Iowa Falls for industrial switching. The CNW has for the last six months been striving to dry up Iowa Falls. Traffic for the Rock Island Northwest Branches is handled on CNW trackage Des Moines-Ames-Eagle Grove instead of through the Iowa Falls gateway. Likewise, loaded grain moves either in reverse of this route or from Eagle Grove to Fort Dodge. For the Rock Island, Iowa Falls was a major point handling all traffic for the Northwest Branches.

The track segment from Des Moines to Flint has a maximum speed of 40 MPH comprised of the following speed restrictions.

10 MPH 24.4 miles
30 MPH 76.1 miles
40 MPH 16.4 miles

Following is an individual listing of recent CNW speed restrictions.

<u>Location</u>	<u>Miles</u>
10 MPH MP 73.6 to MP 75.0	1.4
30 MPH MP 75.0 to MP 79.8	4.8
30 MPH MP 82.8 to MP 86.4	3.6
30 MPH MP 92.0 to MP 95.5	3.5
10 MPH MP 103.3 to MP 107.6	4.3
30 MPH MP 107.6 to MP 110.0	32.4
10 MPH MP 110.0 to MP 150.0	10.0
30 MPH MP 150.0 to MP 156.4	6.4
10 MPH MP 156.4 to MP 158.4	2.0
30 MPH MP 158.4 to MP 170.3	11.9
10 MPH MP 170.3 to MP 176.0	5.7
30 MPH MP 176.0 to MP 179.8	3.8
10 MPH MP 179.8 to MP 180.8	1.0
30 MPH MP 180.8 to MP 190.5	9.7

After leaving the yard limits of Mason City, the speed is 45 MPH to Manly. The CNW utilizes Manly as a crew change point much as the Rock Island did.

Manly to Inver Grove

This section is CTC controlled by the former Rock Island dispatcher in Des Moines from Manly to Comus, then CTC over Milwaukee from Comus to Rosemount handled by Milwaukee dispatcher, then CTC from Rosemount to Inver Grove handled by the CNW operator at South St. Paul under the supervision of the dispatcher at Des Moines. The CNW operates one train each direction daily plus a local twice a week on the following cycle. South St. Paul to Owatonna, tie up; Owatonna to Albert Lea to Owatonna, tie up; Owatonna to South St. Paul. The Rock Island operated 2 trains each way with an occasional local.

The Manly to Inver Grove segment has a maximum speed of 40 MPH comprised of the following speed restrictions.

10 MPH	18.8 miles
30 MPH	36.1 miles
35 MPH	11.2 miles
40 MPH	35.9 miles

25 MPH 27.0 miles over the Milwaukee from Comus to Rosemount.

An individual listing of speed restrictions on this 119 mile segment is as follows.

<u>Location</u>	<u>Miles</u>
35 MPH MP 225.4 to MP 236.6	11.2
30 MPH MP 250.0 to MP 251.1	1.1
10 MPH MP 251.1 to MP 251.7	.6
10 MPH MP 253.8 to MP 267.2	13.4
30 MPH MP 267.2 to MP 283.7	16.5
10 MPH MP 283.7 to MP 288.0	4.3
30 MPH MP 288.0 to MP 306.5	18.5
25 MPH MP 306.5 to MP 333.5	27.0 (Milwaukee Railroad)
10 MPH MP 333.5 to MP 334.0	.5

The CNW has been working in the Owatonna area and recently removed some 10 MPH orders. Since then, they have been putting in some ties and have unloaded 40 cars of ballast within the last week. They are working in the area of MP 283.7 to MP 288 presumably to remove this 10 MPH order before winter.

Northwest Branches

Individual speed restrictions for trackage in the Northwest Branches is not immediately available, however, the timetable maximum speeds are as follows.

Iowa Falls to Estherville	40 MPH
Dows to Forest City	30 MPH
Estherville to Ocheyedan	30 MPH
Estherville to Rake	30 MPH
Palmer to Royal	30 MPH

The CNW is very conservative on speed in grain territory and as such imposes 10 MPH speed restrictions on trains handling 25 or more cars of grain in these territories with only a few minor exceptions. For all practical purposes since this is grain train territory, the CNW operates at 10 MPH. All of this track has been retied under the Iowa branch line program. Some ballast has been dumped and some rail laid. More ballast and resurfacing would hold this track until rail relays could be done. Under the Rock Island operation, trains were run on an as needed basis on all segments except the Iowa Falls-Dows to Forest City line. This was handled by a tri-weekly local originating at Iowa Falls. The CNW operates this territory with crews headquartered at Eagle Grove whereas the Rock Island operated crews from Estherville. The CNW operates a tri-weekly local Eagle Grove to Goldfield on the CNW then Goldfield to Estherville on the Rock Island. There is a local that operates twice per week from Eagle Grove to Belmont on the CNW then Belmont to Forest City. This same local also operates twice per week from Eagle Grove to Goldfield on the CNW then Goldfield to Iowa Falls and return on the Rock Island. This Iowa Falls local will make sidetrips as necessary from Dows to Rowan on the Dows to Forest City line. The CNW built a transfer from the CNW to the Rock Island at Belmont and the CNW does not now operate between Rowan and Belmont utilizing Rock Island trackage.

The CNW utilizes a switch-road crew at Estherville to handle all traffic on the lines from Estherville to Ocheyedan and from Estherville to Bricelyn. Almost all of the grain from the vicinity of Estherville moves from Estherville to Bricelyn then on CNW from Bricelyn to Mason City. The Rock Island either moved the grain through the Iowa Falls gateway or to Albert Lea utilizing the line segment from Bricelyn to Albert Lea which is not now being operated by any carrier. The CNW operates the Palmer to Royal line with a switcher based at Laurens and works these lines as needed. The Rock Island operated over Milwaukee track to reach this line segment, however, it is my understanding that this line of the Milwaukee has been torn up. The only alternative for the Soo Line to handle this track is to operate over the Illinois Central Gulf from Iowa Falls to Manson and then on former Rock Island track from Manson to Palmer. The 7 plus miles of track from Manson to Palmer has been abandoned but at last report, the track is still in place.

September 23, 1982

TO: T. M. Beckley
D. M. Cavanaugh/
D. J. Boyer
J. C. Bergene

FROM: J. D. Darling JDD/jmz

RE: Rock Island Study

Attached are several newspaper articles that were sent to me by C. J. Stoffer, General Freight Agent, Iowa Northern Railway Company.

JDD/jmz

Att. 1

Soo Line lacks North Western's access: shipper

RAILROAD

Continued from Page One

the segments in Superior, West Bend and Rake.

The amount of its bid has not been disclosed, but a number of reports have put it in the range of \$75 million to \$100 million.

The North Western, Iowa's largest railroad, has been operating the Rock's main line and the branch lines under a lease arrangement with the railroad's bankruptcy trustee. The North Western has had its eye on acquiring those tracks, too, but two years of negotiations with the trustee have not been fruitful.

Transportation analysts in Iowa believe the Soo Line stands a better chance of succeeding because it goes into the negotiations in better financial health than the North Western.

Analysts said the Soo Line's debt ratio is about one-third of the North Western's, and the Soo Line turned a \$6 million profit during the first quarter of this year while the North Western posted a loss of more than \$7 million.

And that financial strength is one of the attractions the Soo Line holds to people like Summa, Matheson, McKim, and officials of the Iowa Department of Transportation, which has been working since the Rock's demise in 1979 to find a buyer for the so-called "spine line."

"Our goal is to get a strong carrier who has the financial resources to upgrade the line, keep it maintained, and provide an adequate amount of equipment," said Les Holland, director of the DOT's rail division.

"We don't want to have to go through this again in five or 10 years."

Between \$10 million and \$20 million probably will have to be spent on rehabilitating the Rock's branch lines northwest of Iowa Falls, according to DOT estimates.

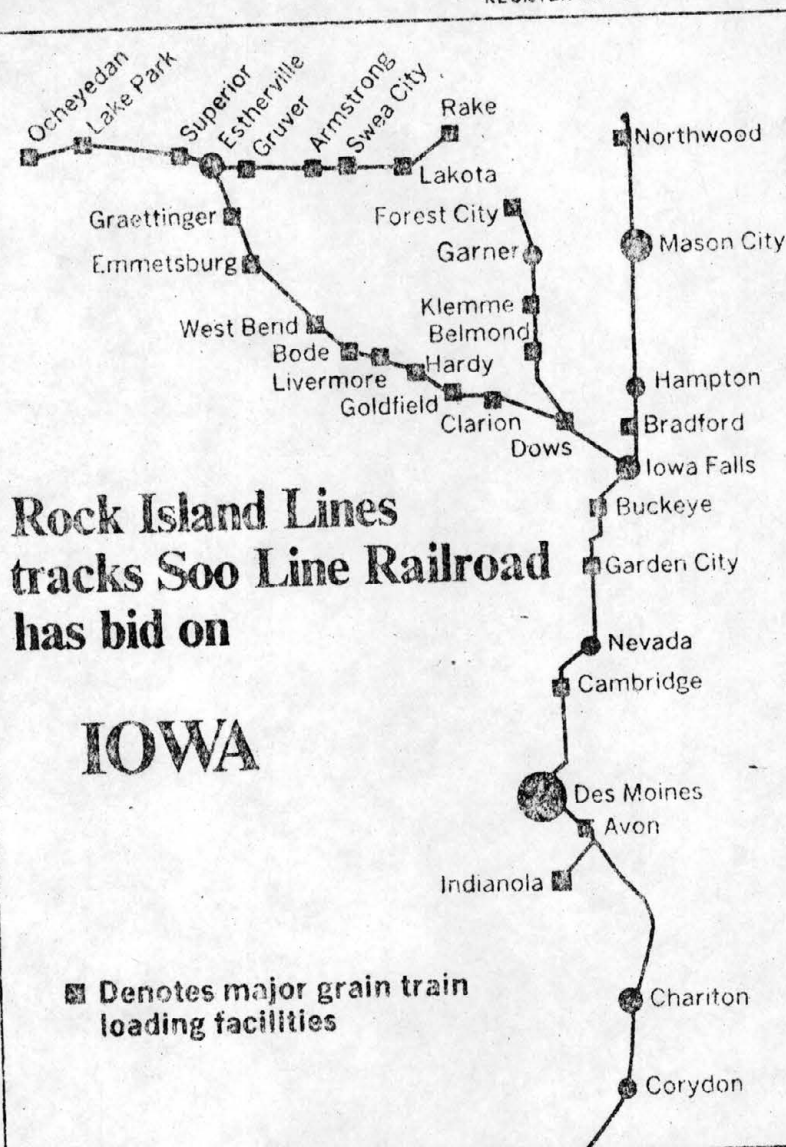
In spite of the Soo Line's resources and reputation, some shippers were cautious last week about expressing support for its bid because they knew little about the company's rates or how committed it would be to carrying their grain.

"In reality, you can have a gold-plated railroad out here and not be

Rock Island Lines tracks Soo Line Railroad has bid on

IOWA

■ Denotes major grain train loading facilities



able to afford its rates, so maybe you would be better off with a tin-plated railroad that you could afford and that would make you money," said McKim, the West Bend businessman and one of the shippers who are publicly remaining neutral for now.

Thomas Williamson, vice president for transportation at AGRI Industries Inc., the West Des Moines-based firm that is Iowa's biggest grain marketer, was another of those not willing to express a preference yet between the

North Western and Soo Line.

"The thing we are looking for is access to grain markets," he said. "It's no secret, I don't think, that the Soo Line doesn't offer the access that the North Western does."

He added, however: "At this stage of the game, they both offer some pluses and minuses."

But back in Superior, Ivan Summa remained adamant: "I think this is a tremendous opportunity for Iowa to have competitive rail service."

Soo Line bid cheers Iowa grain dealers

Rail firm offers to buy
north-south 'Rock' artery

By RANDY EVANS

Register Staff Writer

This year has not produced a bumper crop of good news for Ivan Summa, the man who presides over the huge grain elevator that is the skyline of the Dickinson County town of Superior.

The sickly economy and bargain-basement grain prices have sent business reeling at the Superior Cooperative Elevator Co., which Summa manages, and at the dozens of other grain-marketing facilities that dot the rich farming country of northwest Iowa.

But last week, Summa said he had cause to jump for joy: The Soo Line Railroad offered to buy the tracks beside his elevator. And if the sale comes to pass, he said, a worrisome headache for him and his counterparts in the grain business will be removed.

Those tracks are a lifeline for the grain elevators, and the line's future has been of considerable concern to Summa for 10 years, he said. He watched the present owner, the Rock Island Lines, fall ill and slowly die; he watched the tracks deteriorate while negotiations with one prospective buyer seemed to go nowhere; and he did not want to watch that prospect, the North Western Railway, buy the line because he feared that the freight rates he pays might rise out of control.

"The way it is now, we don't have competition," Summa said last week. "We've just got the North Western. We're at the mercy of the North Western on rates, and we're at the mercy of the North Western on service."

But Summa added: "We're overjoyed to have a competing railroad coming in with a bona fide bid and cash to spend. We'll welcome them with open arms."

Ralph Matheson, manager of the Farmers Cooperative Elevator Co. at Lake, agreed, if not quite so effusively: "Some 70 percent of the grain in Iowa already moves on the North Western. I think we need competition. As long as it's a reputable railroad, I don't care who it is."

"Regardless of what the railroad's name is, we need two railroads in northern Iowa to handle the grain business," added Fred McKim, whose West Bend Elevator Co. ran up a \$7 million rail freight tab last year.

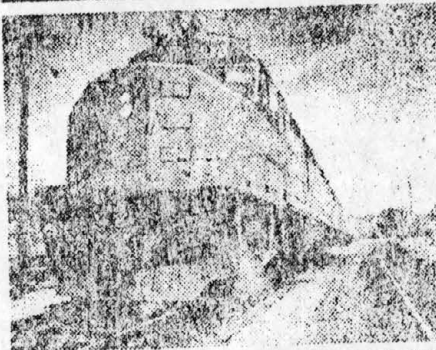
The Soo Line, an American arm of Canada's largest corporation, Canadian Pacific Ltd., offered to buy the Rock Island's north-south main line through Iowa, between Minneapolis and Kansas City, Mo., and 200 miles of branch lines in central and northern Iowa, including

RAILROAD

Please turn to Page 6B

Offer by Soo for Rock track

The Soo Line has offered to buy the defunct Rock Island Lines' main trackage and some branch lines through Iowa. Details: 5B.



THE WEATHER

Mostly cloudy through Thursday. Highs both days in mid-50s to low 60s. Lows tonight mostly in 40s. Sunrise: 6:54; sunset: 7:24. Details: Page 3C.

ions, price 25 cents

Dow Jones Industrials
closed Tuesday at 923.01
UP 4.32

Soo Line offers to buy Rock trackage in Iowa

By LARRY FRUHLING

Register Business Editor

Soo Line Railroad Co. said Tuesday that it has offered to buy one of the main remnants of the defunct Rock Island Lines — the north-south main line from Minneapolis to Kansas City and 212 miles of branch lines in northern and central Iowa.

Soo officials refused to disclose how much the railroad offered for the old Rock Island trackage, which now is being operated under a lease arrangement by the North Western Railway.

The North Western also is trying to buy the Minneapolis-Kansas City main line, which cuts through the middle of Iowa, and the Iowa branch lines included in Soo's bid.

William Gibbons, the Rock Island's bankruptcy trustee, said in Chicago he would not reveal the amount offered for the properties by either railroad. Gibbons also declined to say which bid appeared to be the better deal for the Rock Island's creditors.

He did say, however, that the Soo's bid will further extend his negotiations for disposing of the Rock Island properties in Iowa. The Rock collapsed in January 1980.

The principal owner of Soo Line is Canadian Pacific Ltd., a major transportation company. Soo Line is one of the most profitable railroads in the United States.

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Get Prices Register and Tribune Company

more than 4,400 miles of line, mostly in Minnesota, Wisconsin, Illinois and North Dakota. Soo now has no trackage in Iowa.

Some state officials and shippers have repeatedly expressed concern about the growing strength of the North Western in Iowa, saying the railroad, already with more trackage than any other in the state, could be moving toward a virtual monopoly in much of Iowa that could result in much higher shipping rates.

For its part, North Western is operating an intensive public-relations campaign for the support of Iowa shippers.

In addition to the Minneapolis-to-Kansas City main line, Soo also offered to buy northern Iowa branch lines from Iowa Falls through Estherville to Ocheyedan and Rake, and from Dows to Forest City. It also made an offer for the branch line from Carlisle to Indianola in central Iowa.

Iowa Department of Transportation officials said the Soo also is seeking trackage rights to operate over the Milwaukee Road's branch line from Hartley to Emmetsburg.

Thomas Beckley, president of Soo, said in a statement that the railroad has the ability to absorb the additional traffic demands the acquisition would bring as well as "a service record that I believe would make Soo an asset to shippers who were served in the past by the Rock Island."

Beckley said Soo also would carry out an "accelerated" program to overhaul the tracks as soon as possible after the proposed purchase was approved by Gibbons.

Beckley also said: "Soo service would be strengthened by a Kansas City gateway which would open new direct and shorter routes for our customers and give Soo the ability to interchange traffic with several railroads not presently reached."

"Soo's access to corn and soybean growing areas of Iowa would preserve and strengthen competition for movement of these farm products," the statement said.

One major Soo segment now goes from Minneapolis to the Great Lakes ports of Chicago. The company also has connections with Canadian railroads at four points

Two railroads woo Iowans for Rock line

By RANDY EVANS

Register Staff Writer

WEST BEND, IA. — The top brass from two railroads that are vying for an important Iowa grain-hauling line came to this northwest Iowa farming town Monday afternoon to win the support of the officials who run the area's grain elevators.



Representatives of each of the companies made it clear that they think their railroad can do the best — and cheapest — job of hauling the some 70 million bushels of corn and soybeans that move out of the region by rail each year. That bounty holds considerable value to the railroads because it represents tens of millions of dollars in annual business.

At day's end, however, most of the elevator operators still remained neutral, at least publicly, in the bidding war that developed last week when the Soo Line Railroad submitted an offer for the same tracks the North Western Railway has been trying to buy, too. The tracks belong to the defunct Rock Island Lines railroad and include its north-south main line through central Iowa and 212 miles of branch lines northwest of Iowa Falls.

Neither railroad's offer for the trackage has been disclosed.

The gathering of rail shippers at the offices of the West Bend Elevator Co. was unusual because it included the president and three vice presidents of one railroad and later the assistant to the president, a vice president, and a rates manager for the other.

Officials of both companies laid out their plans for the lines and for rehabilitating them, and answered a variety of questions from the elevator officials who were concerned about such matters as the availability of locomotives and plans for certain sidings.

North Western President James Wolfe pulled no punches during his hour-long presentation to the 100 elevator officials: "I think it's important to realize that if the North Western becomes the owner of your tracks, you are going to have access to every market this country can offer: the Gulf, the Great Lakes, the Mississippi River, the Pacific Coast. I don't believe you are going to have the diversity of markets, the diversity of opportunity, if the Soo Line becomes the owner."

Wolfe said his railroad had the best chance for making money operating the old Rock tracks, and that should be an important consideration to the elevator operators, he said.

"You have the best chance of getting a revitalized railroad that can move your grain with the North Western, and that's what you want," he said. "If anybody other than the North Western comes in here, their economics are going to be just like the Rock Island's."

with the giant Canadian Pacific Ltd. give his company a stability that other railroads envy and that benefits shippers who depend on good rail service.

The North Western is the largest railroad in Iowa, and some elevator operators have expressed concern about a virtual North Western monopoly on grain hauling if the Rock Island purchase goes through. The Soo Line would be a newcomer to Iowa and would be expanding into the Kansas City, Mo., market for the first time with the Rock purchase.

It is uncertain when both companies' negotiations with the Rock Island's bankruptcy trustee will be concluded, but Wolfe predicted that a sale could be consummated by year's end.

Ray Smith, vice president of the Soo Line, responded indirectly to Wolfe's comments during his appearance before the group later. And Smith tried to allay concerns that his railroad would offer shippers fewer markets for their grain.

"I don't see that Soo ownership imposes any geographical disadvantages on you," he said. "It will do us no good to acquire these lines unless we have a competitive rate structure."

He added, "We think we are responsive, and that is how we've made our living. . . . I guess our best recommendations for the Soo Line comes from our customers."

Smith told the crowd that the Soo Line's strong financial record — \$33 million in profits last year and a record of profitable operations every year since 1959 — and its affiliation

INSIDE THE REGISTER

North Western, Soo woo Iowans

Representatives of the North Western and Soo Line railroads present their cases to Iowans in an attempt to take over Rock Island trackage. Details: 5B.



New offer for 'Rock' lines

Iowa farmers and shippers who worry about a near-monopoly of rail transportation in northern Iowa if the Chicago & North Western acquires tracks of the bankrupt Rock Island Lines had cause for cheer last week. The Soo Line announced that it wants to buy the Rock's Kansas City-Des Moines-Minneapolis mainline and 200 miles of northern Iowa branches.

The "who" line? a lot of Iowans may ask. The Soo, which operates mainly in Wisconsin, Minnesota and North Dakota, is a prosperous, well-maintained member of the giant Canadian Pacific family. Its purchase of Rock Island track probably would ensure a first-class operation, and the competition could have a moderating effect on grain freight rates.

Like the North Western, the Soo could carry Gulf-bound grain only as far as Kansas City and would have to turn it over to one


of several other railroads there. However, it has access to the Great Lakes and, through its Canadian Pacific affiliation, to Pacific and Atlantic coast ports.

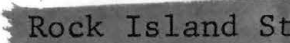
The Rock Island's trustee is obliged to accept the best offer for the property, without regard for which arrangement would be the better for Iowa or anyplace else. The best offer might not be the highest dollar amount; terms of payment and possibility of default could be factored into his decision and that of the federal judge who must approve any deal.


When the courts and regulatory agencies approve the sale of the Milwaukee Road to the Grand Trunk Western (a U.S. affiliate of the Canadian National), and if the Soo Line gets some of the Rock Island, Iowa would be in a situation few could have imagined a decade ago: extensively served by Canadian railroads.

September 23, 1982

TO: D. M. Cavanaugh ✓
C. C. Leary
W. B. Peterson

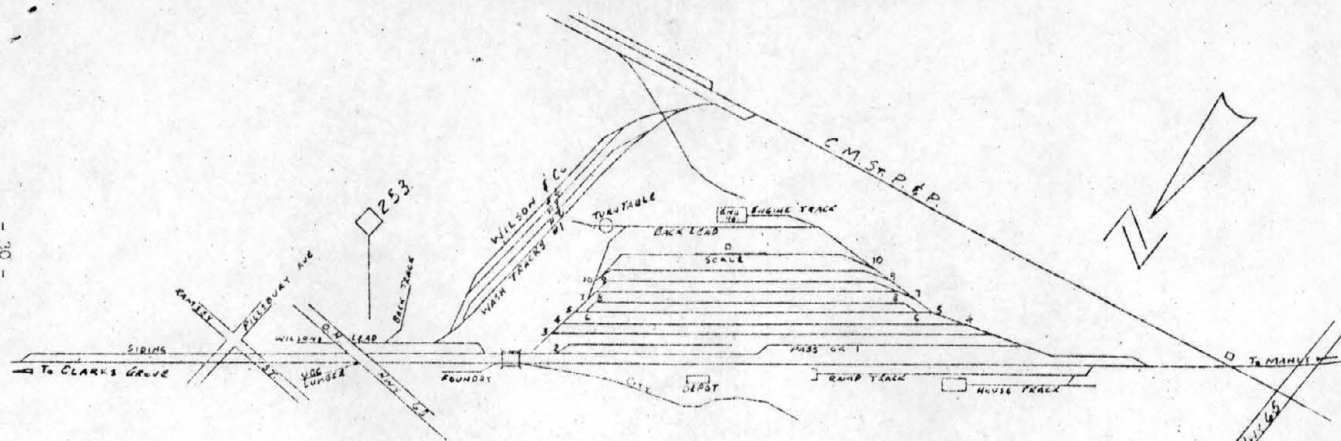
FROM: J. D. Darling 

RE:  Rock Island Study

Attached are  schematic diagrams of the principal yard facilities
furnished by C. J. Stoffer, General Freight Agent, Iowa Northern
Railroad Company.

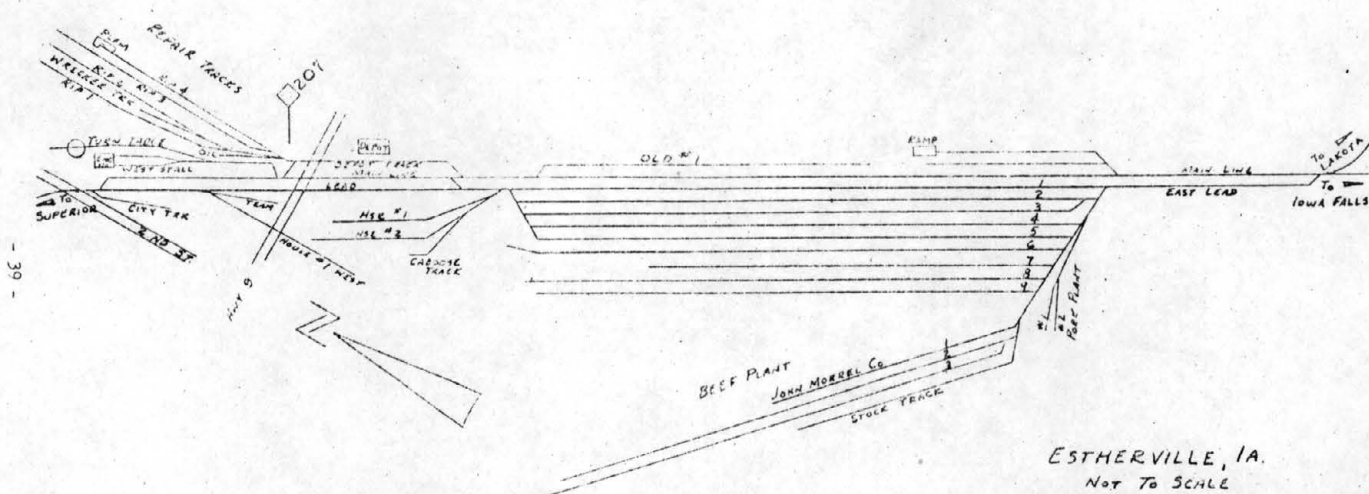
Att.

JDD/jmz



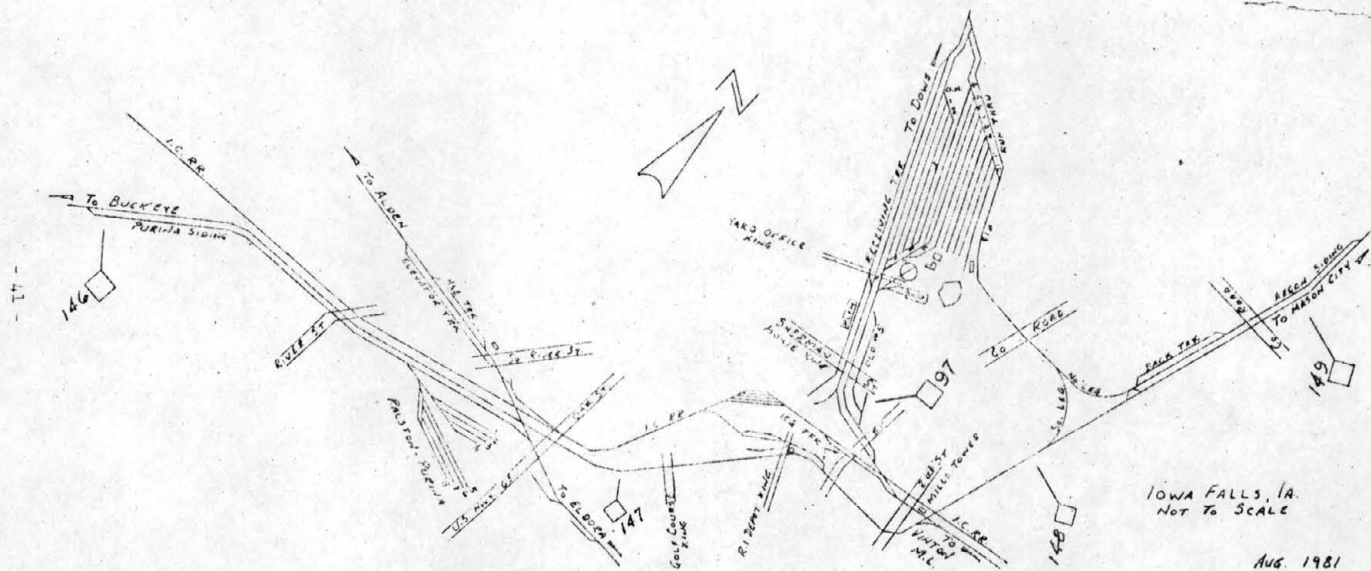
ALBERT LEA, MINN. (R1)
NOT TO SCALE

SEP 1981



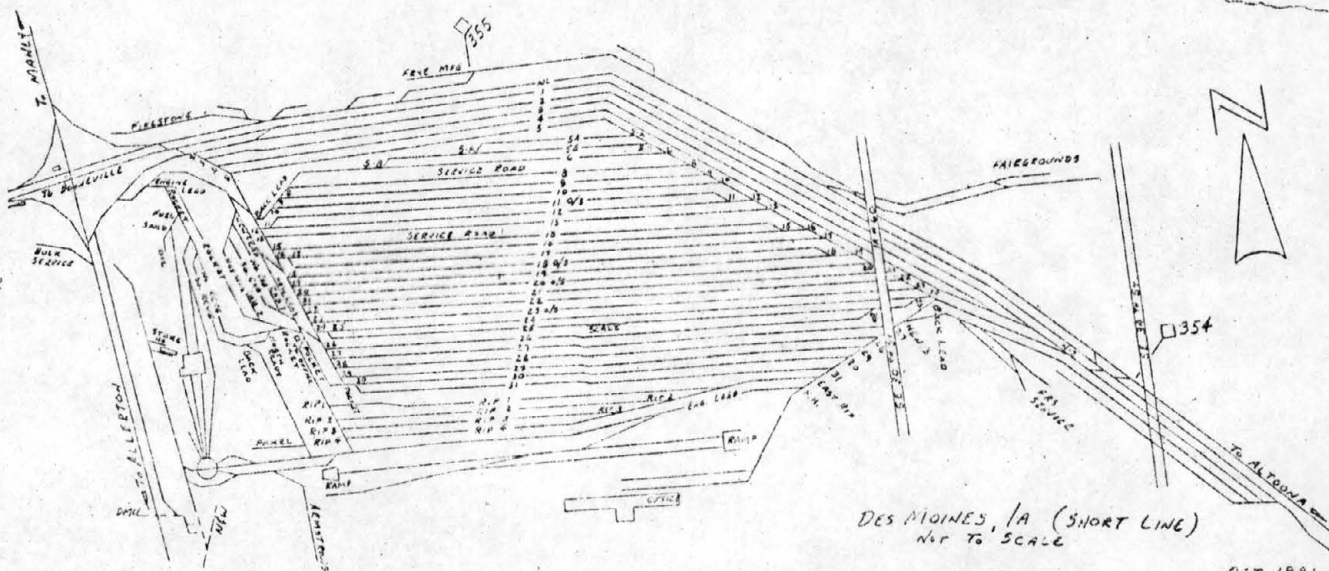
ESTHERVILLE, IA.
NOT TO SCALE

JUL. 1981



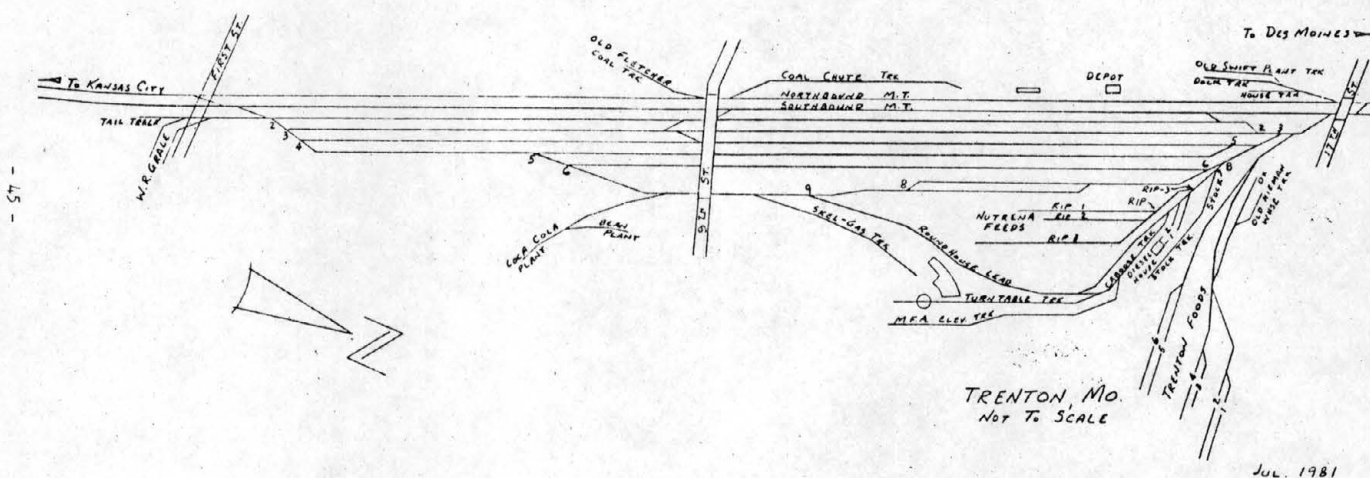
IOWA FALLS, IA.
NOT TO SCALE

AUG. 1981



DES MOINES, IA (SHORT LINE)
NOT TO SCALE

Oct 1981



September 23, 1982

TO: T. M. Beckley
D. M. Cavanaugh
FROM: J. D. Darling *JDD/jmz*
RE: Rock Island Study

In a phone conversation today, Les Holland, Director, Rail Division, Iowa DOT, stated that a former member of the Iowa Rail Finance Authority Board of Directors had had a conversation with Mr. J. H. Burdakin, President, GTW, in which Mr. Burdakin expressed continued interest in the reconstruction of the Rock Island track between Seymour and Allerton, Iowa to permit Milwaukee operation under trackage rights on the Rock Island between Allerton and Polo, Missouri. This would allow the Milwaukee to abandon over 100 miles of their line from Seymour to Polo.

Mr. Holland stated that with regard to our entry into Kansas City, he felt the Milwaukee would not be totally intractable in negotiations and his indications were that the KCS did not think so either.

JDD/jmz

9/23/82 Luskland

George
(Pete) Wilson, Governor's staff
SIS-281-3282

October 11, 12

Protocol

Governor ①

9:00 AM News
conference

Commission (DOT) ②

Board (IRFA) ③

Press interview

→ Monday evening dinner

1/2 hour
Service to state, shippers, American company

DOT Commission

9/28, 10/12, 10/26

8:30 A - 5:00 P

IRFA Board - not essential to meet
with them.
10/6

Union contacts, John Stone

Letters of support from Union, Shippers
DOT.

Shippers - one more line, not so distant
future, operating plan.

7/23/82 Lush Holland

Kansas City

IRFA Board Member former member ~~contact~~
with

Burdick GTW President

Seymour to Allerton

KCS agreed

7/23/82 George Wilson

Viewed as our request to avoid sniping

Essence of offer, intended ~~congratulatory~~

Lakeview Motor Inn

HIGHWAY 6 EAST
TRENTON, MISSOURI 64683
(816) 359-2235

September 22, 1982

Soo Line Railroad

Box 530
Minneapolis, Minnisota
55440

Dear Sirs:

We are writing you in regard to the availability of our motel to you in the future.

We have 46 ground floor units, an indoor heated swimming pool, direct dial phones, color TV, and central air conditioning. We also have a restaurant and lounge on grounds open daily.

We feel our motel would be able to serve you and your company's needs. We handled Milwaukee Railroad crews for 2 1/2 years, until the Laredo depot was no longer used for crew change.

If we can be of any service to you or your company please let us know.

We wish you much success if you take over the Rock Island line for the benefit of this town.

We are enclosing a buisness card for your future reference.

Sincerely Yours,

Judy Bookup
John Hong
owner

Enclosure
JH/jrl

September 20, 1982

TO: T. M. Beckley
D. M. Cavanaugh ✓

FROM: J. D. Darling ~~JD~~

RE: Rock Island Study

Harvey Sims, of the Iowa DOT, extended an invitation for the Soo Line to make about a 15 minute presentation on our offer to the Rock Island Trustee and our intents and purposes to the Board of Directors of the Iowa Rail Finance Authority at their meeting on Wednesday, October 6, 1982, in Ames, Iowa.

There will also be a meeting of the Department of Transportation Commission the preceding day (Tuesday, October 5, 1982), which we are invited to attend.

A written invitation and an agenda for these meetings should be received early during the week of September 20, 1982.

I have indicated that we will tentatively accept this invitation.

JDD/jmz



46 Ground Floor Units—Indoor Pool—Color-TV—Central Air-condition

Lakeview Motor Lodge & Restaurant

TRENTON, MO.

1 Mile East
Trenton, Mo. 64683
Phone 816-359-2235

P.O. Box 280
Trenton, Mo. 64683
Phone 816-359-2235

September 20, 1982

TO: D. M. Cavanaugh
FROM: J. D. Darling *JDD/gms*
RE: Rock Island Study

Attached is some information concerning abandonments by the CNW of former MSTL and CGW properties. This information was furnished by Mr. C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company. Mr. Stoffer is a former Rock Island dispatcher having worked at Des Moines and Rock Island. While he represents no labor organizations directly, he is one of the spokesmen for a group of former Rock Island employees interested in the re-establishment of railroad operations based at Manly. Mr. Stoffer has also furnished information concerning dispatching, signaling, slow orders, Rock Island and CNW operating practices, carloadings on the Iowa Falls Gateway branch lines, labor agreements, legislation, etc.

Mr. Stoffer has also introduced me by phone to Mr. John Stone, a former Rock Island engineer, whose father is a district court judge in northern Iowa. Mr. Stone would like to visit us to determine our plans and offer his assistance. I said this might be possible, but that we might rather have them meet with some of our operating people on the ground to help us formulate our operating plans. I anticipate they will be disappointed when it becomes apparent we cannot return to levels of crewing of the past or if Manly does not figure prominently in our plans. However, Mr. Stoffer has been most helpful to me to date, and they may have valuable additional insight into the whys and wherefores of operations in this area.

One item of interest Mr. Stoffer mentioned was that at one time in the recent past, the CNW looked at Manly Yard to replace part of their facilities in Mason City. This is unconfirmed and my initial reaction is that it would not have been given to serious consideration. The principle CNW yard at Mason City is on a branch angling off from the main line to the northwest. However, there are tracks along the former CGW where main line trains could set out, pick up, change crews, or meet. Moving the yard to Manly would leave the branch operations unsupported. A CNW yard operation at Manly might relieve what appears to be a cramped operation at Albert Lea, the CNW is host to the ICG at that point. Anyway, it was a tidbit of information that may have some future value.

D. M. Cavanaugh
Page Two
September 20, 1982

Mr. Stoffer also said we must have made a good offer because the Rock Island has started taking inventory. I don't know about that. They may want an update for the November 1st reorganization plan or just want to get it done before it snows. It may be part of a periodic check under a protection of property effort. In any event, it suggests there may be some existing inventory and just possibility that the Trustee expects something to happen.

JDD/jmz

In the early 1960's the Chicago & North Western Railroad merged with the Minneapolis & St. Louis Railway. At the time of the merger, the Minneapolis & St. Louis Railway consisted of approximately 1385.5 miles. A breakdown of miles by each state and the percentage of the system trackage in each state follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of system total miles</u>
Iowa	641	46.3 %
Minnesota	501.1	36.2 %
South Dakota	154.8	11.1 %
Illinois	88.6	6.4 %
	<hr/>	<hr/>
	1385.5	100 %

By early 1981, the Chicago and North Western Railroad had either abandoned, filed for abandonment, or quit operating approximately 747.7 miles, or 54 % of the former Minneapolis and St. Louis Railway. A breakdown of the number of miles in each state and the percentage of track within each state that has been abandoned, or filed for abandonment follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of state's miles</u>
Iowa	283.4	44.2 %
Minnesota	246.4	49.2 %
South Dakota	154.8	100.0 %
Illinois	63.1	71.2 %

The lines, or portions of lines used in these figures are:

Iowa: Oskaloosa to Illinois state line (Oskaloosa to Menmouth, Ill. line); Minnesota state line to Humboldt (Albert Lea, Mn. to Fort Dodge line); Terril to Minnesota state line (Spencer to Winthrop, Mn line); Denhart to Kanawha and Belmond to Hampton (Denhart to Hampton line); Minerva Jct to Roland, Newton to New Sharon; Manly to Mason City (Albert Lea, Mn to Marshalltown line):

Minnesota: Albert Lea to Iowa State line (Albert Lea, Mn. to Fort Dodge, Ia. line); Iowa State line to Winthrop, Mn (Spencer, Ia. to Winthrop, Mn line); Madison, Mn. to South Dakota State line (Morton to Watertown, S.D. line); Hopkins, Mn. to Norwood (Hopkins to Morton line); Golden Valley to Wesota (Minneapolis to Wesota line of the Minneapolis Industrial Railway co.);

South Dakota: Watertown to Minnesota State line (Morton, Mn to Watertown line); Watertown to Leola (Watertown to Leola line):

Illinois: Iowa State line to Monmouth (Oskaloosa to Monmouth line); Monmouth to Middle Grove (Monmouth to Peoria line):

In 1968 the Chicago & North Western Railroad merged with the Chicago Great Western Railway. At the time of the merger, the Chicago Great Western consisted of 11408.6 miles. A breakdown of miles by each state and the percentage of the system trackage in each state follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of system total miles</u>
Iowa	752.6	53.5 %
Minnesota	348.5	24.7 %
Illinois	178.1	12.6 %
Missouri	102.3	7.3 %
Kansas	27.1	1.9 %
	<hr/> 11,408.6	<hr/> 100 %

By early 1981, the Chicago & North Western Railroad had either abandoned, filed for abandonment, or quit operating approximately 647.7 miles, or 46 % of the former Chicago Great Western Railway. A breakdown of the number of miles in each state and the percentage of track within each state that has been abandoned or filed for abandonment follows..

<u>State</u>	<u>Miles</u>	<u>Percentage of state's miles</u>
Iowa	304.1	40.4 %
Minnesota	202.8	58.2 %
Illinois	140.8	79.1 %

The lines, or portions of lines used in these figures are:

- Iowa: Dubuque to Oelwein; Oelwein to Minnesota state line (Oelwein to Randolph line); Tripoli Branch; Coulter to Clarion; Somers to Carroll; Harlan to Council Bluffs; Manly to Minnesota state line (Manly to Austin line); and Osage to Minnesota state lines (Osage to Pine Island line).
- Minnesota: Randolph to Iowa state line (Randolph to Oelwein line); Iowa state line to Austin (Manly to Austin line); Austin to Waltham; Iowa state line to Pine Island (Osage to Pine Island line); Faribault to Mankato (Red Wing to Mankato line).
- Illinois: Chicago to Sycamore and Byron to Dubuque.

September 20, 1982

TO: T. M. Beckley
D. M. Cavanaugh✓
B. D. Olsen
D. J. Boyer

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Michael A. Teruggi, Vice President-Sales, Emons Leasing Company, Inc., was in my office on Thursday, September 16, 1982. His current interest is of course the leasing of freight cars on behalf of Emons or as an intermediary for others. Trinity was mentioned specifically.

However, Mr. Teruggi was, at one time, a member of the Board of Directors of the Oklahoma, Kansas, and Texas Shippers Association and is still active with this organization in an advisory capacity. As such, he has dealings with the Rock Island Trustee and other parties involved in the OKT transaction as well. He stated he would be willing to share his experiences with us gratis.

Mr. Teruggi also stated the OKT negotiations seemed to move forward better when the services of a disinterested third party were used between the purchasers and the Trustee. They employed Mr. Gordon Faye, Faye and Associates, Lexington, MA, (617)861-6480. Mr. Faye is a lawyer, an ICC practitioner, and a former Vice President Operations of the D&H. He is still involved in the OKT transaction, but Mr. Teruggi suggested Mr. Faye might be available to consult for a fee.

Other than learning that Mr. Gibbons also employs his daughter in public relations and the salaries of Mr. Gibbons and his family members, I did not feel I learned anything that we did not already know, but there may be questions that could be answered by these sources I have not anticipated.

JDD/jmz

September 20, 1982

TO: D. M. Cavanaugh
FROM: J. D. Darling *JDD*
RE: Rock Island Study

At this juncture, our offer to the Trustee requires that the property be conveyed free of obligation for past ad valorem taxes and other liens. This means that the Trustee would have to pay the State of Iowa approximately \$4 million in back taxes and \$1 million in unrepaid State contribution to rehabilitation projects.

It is my understanding that under the Iowa Rail Finance Authority legislation, IRFA can forgive these taxes in return for the acquisition of lines of railroad. This ability is apparently being tested in court and there is also a political problem spending it all in a small area.

I have also been led to believe that Iowa will consider that the rehabilitation loans will go with the property.

Disregarding the outcome of such issues, since it is currently our intention to acquire the property free of these obligations, perhaps we should encourage the Iowa DOT and/or IRFA to accept certain additional properties from the Trustee in leau of cash.

As the properties I have in mind have not been considered desirable by the CNW and have not yet been presented as desirable to the Soo Line, perhaps Iowa could acquire them at bargain basement prices such as \$22,180 per mile paid by the Cedar Rapids and Iowa City paid for the 7.89 mile line from Iowa City to Hills, Iowa. On this basis, the State could acquire more than 225 miles of track.

The particular track segments I had in mind, in order of priority that I would rank them based on the information to date are as follows:

Forest City to Thompson, 10.6 miles

The 1,125,000 bushel Farmers Coop Elevator Company at Thompson was a participant in the rehabilitation programs. Some work was done between Forest City and Thompson. Three hundred four (304) carloads in 1978.

D. M. Cavanaugh
Page Two
September 20, 1982

Ocheyedan to Allendorf, 5.8 miles

1,189,000 bushel N. W. Iowa Coop, 54 carloads in 1978

Allendorf to Sibley, 5.6 miles

952,000 bushel Farmers Coop Elevator Company, 872 carloads inbound, as well as outbound in 1978. Sibley is also served by the CNW.

Hayfield Jct. to Woden, 18.1 miles

950,000 bushel Farmers Coop Elevator at Woden, 277 carloads in 1978.

250,000 bushel Farmers Coop Elevator Association at Crystal Lake, 19 carloads in 1978.

210,000 bushel Formanek Elevator at Hayfield, 192 carloads in 1978.

Woden to Titonka, 6.6 miles

750,000 bushel Farmers Coop Elevator Company, 40 cars in 1978. Abandoned by Rock Island prior to cessation of operations.

Thompson to Buffalo Center, 9.0 miles

Farmers Coop Elevator Company associated with and shipping out of facilities at Lakota on the Estherville-Rake segment. 92 cars, all inbound, in 1978.

Sibley to Little Rock, 7.6 miles

Kruse Brothers Elevator Company. 390,000 bushel Langel's Inc.

215,000 bushel Little Rock Farmers Exchange.

206 cars in 1978.

Little Rock to Rock Rapids, 19.5 miles

Abandoned by Rock Island prior to cessation of operations. Some trackage in Minnesota. Connection with ICG to within 13 miles of the BN to the west.

D. M. Cavanaugh
Page Three
September 20, 1982

Iowa Falls to Vinton, 73.7 miles

Connection with the Iowa Northern Railroad.

Cedar Rapids to West Liberty, 36.7 miles

Connect Iowa Northern Railroad to Iowa Railroad.

West Liberty to Burlington, 61.4 miles

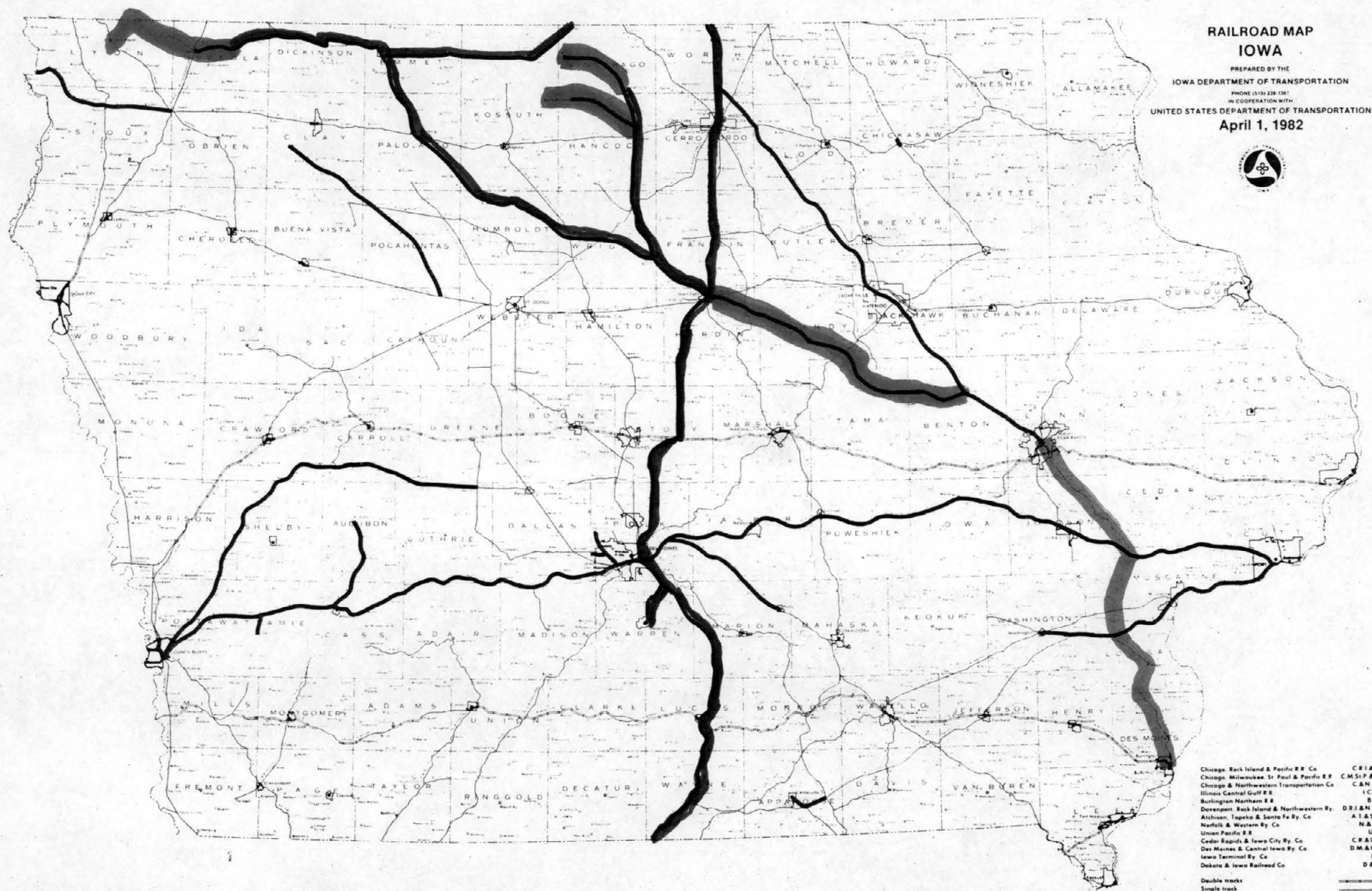
Reach the Mississippi.

The above-mentioned segments are shown in yellow on the attached map. The proposed Soo acquisitions are outlined in red. If nothing else, such a position would shift the burden of proof of the potential for resumed rail operations to the State and the local shippers.

JDD/jmz

Att. (1)

Railroad Lines Under Consideration for Acquisition



September 20, 1982

TO: D. M. Cavanaugh ✓
C. C. Leary

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Per C. J. Stoffer, the following information on Rock Island
T&E crews:

Six (6) pool crews, Manly to Inver Grove, home at
Manly

Six (6) pool crews, Des Moines to Manly, home at
Des Moines

Four (4) pool crews, Cedar Rapids to Manly, home (?)

The above-mentioned pool crews were on a common seniority
district.

Yard assignments:

2--Iowa Falls

1--Mason City

3--Manly, all cut off before Rock Island ceased opera-
tions

2--Albert Lea

3--Inver Grove

2--Inver Gove transfers

Iowa Falls and Albert Lea around-the-clock when busy.

Iowa Falls Gateway branch lines home at Estherville.

Dows to Forest City line outlying assignment off Estherville
board home at Forest City.

JDD/jmz

September 20, 1982

TO: T. M. Beckley
D. M. Cavanaugh✓

FROM: J. D. Darling *JDD*

RE: Rock Island Study

In a phone conversation on Thursday, September 16, 1982, Harvey Sims conveyed that the Iowa DOT wants the Soo Line to acquire the Rock Island between East Des Moines and West Des Moines. It is the opinion of the Iowa DOT that the CNW wants to break the east-west line of the Rock Island, as well as serve the additional industries. The Iowa DOT wants the Soo Line to have this segment, primarily to provide a friendly host to an operator of the east-west line.

JDD/jmz

September 20, 1982

TO: T. M. Beckley
D. M. Cavanaugh✓
B. D. Olsen

FROM: J. D. Darling ~~SA~~

RE: Rock Island Study

Attached is a check list of joint facility, trackage rights, railroad crossing, and interchange agreements for Exhibit B to the purchase agreement. No trackage rights in the Kansas City terminal area are included.

JDD/jmz

Att. (1)

EXHIBIT B

I. JOINT FACILITIES

- A. Iowa Transfer Railway Company, Des Moines, IA
- B. Milwaukee, Polo to Air Line Jct. and West Wye Tower and at KCS Jct. at Kansas City, MO
- C. NW, Birmingham, MO Interlocker
- D. Kansas City Terminal Railway Company

II. TRACKAGE RIGHTS OF TENNANT

- A. Milwaukee, Northfield to Comas, MN
- B. CNW, Northwood to Manly, IA
- C. CNW, Manly to Clear Lake Jct. (Mason City, IA)
- D. Milwaukee, Ememtsburg to Hartley, IA

III. TRACKAGE RIGHTS AS HOST

- A. CNW, Albert Lea, MN to Northwood, IA
- B. ICG, Albert Lea to Glenville, MN

IV. RAILROAD GRADE CROSSINGS

- A. Milwaukee, Albert Lea, MN
- B. CNW, Hampton, IA
- C. ICG, Mills (Iowa Falls), IA
- D. CNW, Des Moines, IA (former CGW, 0.3 miles north of Short Line Jct.)
- E. DMU, Des Moines, IA (0.6 miles west of Short Line Jct.)
- F. CNW, Des Moines, IA (former CNW, 0.6 miles west of Short Line Jct.)
- G. CNW, Des Moines, IA (former FDDM, 0.6 miles west of Short Line Jct.)
- H. DMU, Des Moines, IA (0.2 miles south of Short Line Jct.)

EXHIBIT B

- I. BM, Des Moines, IA (0.7 miles south of Short Line Jct.)
- J. NW, Lock Springs, MO
- K. NW, Birmingham, MO
- L. CNW, Clarion, IA
- M. CNW, Goldfield, IA
- N. Milwaukee, Emmetsburg, IA
- O. CNW, Belmond, IA (former MSTL)
- P. CNW, Blemond, IA (former CGW)
- Q. Milwaukee, Garner, IA

V. INTERCHANGE

- A. Albert Lea, MN
 - 1. CNW
 - 2. ICG
 - 3. Milwaukee
- B. Manly, IA
 - 1. CNW
 - 2. Iowa Northern Railway (IANR)
- C. Mason City, IA
 - 1. CNW
 - 2. Iowa Terminal Railroad Company (IAT)
 - 3. Milwaukee
- D. Iowa Falls, IA
 - 1. CNW
 - 2. ICG
 - 3. Keota Washington Transportation Company (KWTR)

EXHIBIT B

- E. Des Moines, IA
 - 1. BN
 - 2. CNW
 - 3. Des Moines and Central Iowa Railroad Company (DCI)
 - 4. Des Moines Union Railway Company (DMU)
 - 5. Iowa Railroad Company (IRRC)
 - 6. Iowa Transfer Railway Company
 - 7. NW
- F. Lock Springs, MO
 - 1. NW
- G. Nettleton, MO
 - 1. BN
- H. Kansas City, MO
 - 1. ATSF
 - 2. BN
 - 3. CNW
 - 4. ICG
 - 5. Kansas City Connecting Railroad Company
 - 6. Kansas City Public Service Freight Operation
 - 7. KCS
 - 8. Kansas City Terminal Railway Company (KCT)
 - 9. Kansas City & Westport Belt Railroad Company (KCWB)
 - 10. Kansas and Missouri Railway and Terminal Company (KM)
 - 11. Milwaukee
 - 12. MKT

EXHIBIT B

- 13. MP
- 14. NW
- 15. SSW
- 16. UP

- I. Clarion, IA-CNW
- J. Goldfield, IA-CNW
- K. Emmetsburg, IA-Milwaukee
- L. Belmond, IA-CNW

VI. INTERCHANGE AT JOINT INDUSTRIES

- A. CNW, Milwaukee, MNS, Northfield, MN
- B. CNW, Milwaukee, Dundas, MN
- C. CNW, Albert Lea, MN
- D. CNW, Glenville, MN
- E. CNW, Northwood, IA
- F. CNW, Kensett, IA
- G. CNW, Manly, IA
- H. CNW, Mason City, IA
- I. Milwaukee, Polo, MO
- J. Milwaukee, Elmira, MO
- K. Milwaukee, Lawson, MO
- L. Milwaukee, Moseby, MO
- M. Milwaukee, Stockdale, MO
- N. Milwaukee, Liberty, MO
- O. Milwaukee, Emmetsburg, IA
- P. Milwaukee, Hartley, IA
- Q. CNW, West Des Moines, IA

September 20, 1982

TO: D. M. Cavanaugh✓
C. C. Leary
W. B. Peterson

FROM: J. D. Darling *JDD*

RE: **Rock Island Study**

C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company, has furnished the following information regarding slow orders:

Polo to Des Moines--169.6 miles

40 mph, except

10 mph, 20.9 miles (five locations)
30 mph, 10.9 miles
40 mph, 39.7 miles

Short Line Jct. to Clear Lake Jct.--130.0 miles

40 mph, except

10 mph, 24.4 miles (six locations)
30 mph, 76.1 miles
40 mph, 16.4 miles

Manly to Inver Grove

40 mph, except

10 mph, 18.8 miles (three locations)
30 mph, 36.1 miles
35 mph, 11.2 miles
40 mph, 25.9 miles

Mr. Stoffer did not know why the orders were included at 40 mph, but I suspect it is because the CNW time table lists 49 mph as the maximum speed in many areas.

Mr. Stoffer also said 40 cars of ballast and seven cars of ties were recently unloaded in the Owatonna vicinity.

JDD/jmz

September 20, 1982

TO: D. M. Cavanaugh✓
C. C. Leary
W. B. Peterson

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Reference my letter of September 15, 1982.

I have been advised by C. J. Stoffer that the CTC between Comas and Manly was originally controlled by a dispatcher at Albert Lea and that there is still a standby control panel in the town at the Milwaukee Road crossing.

JDD/jmz

September 20, 1982

TO: D. M. Cavanaugh ✓
C. C. Leary

FROM: J. D. Darling JDD

RE: Rock Island Study

Attached is a copy of a letter from C. J. Stoffer to Les Holland, of the Iowa DOT, regarding the value of Manly Yard for operating purposes. Mr. Stoffer is a former Rock Island dispatcher and is currently General Freight Agent, Iowa Northern Railroad Company.

JDD/jmz

Att. (1)

Manly, Iowa
April 12, 1982

Mr. Les Holland
Director Iowa DOT
Iowa Department of Transportation
Railroad Transportation Division
800 Lincoln Way
Ames, Iowa 50010

Dear Mr. Holland,

I would like to provide you with some information on the railroad facilities located at Manly, Iowa on the Spine Line of the former Rock Island Railroad. I have attached some information on the City of Manly, Iowa that would be of interest to a new railroad operating the Spine Line.

I am sure you are aware, Manly Yard, is an ideal switching yard. It has a car capacity of 750 cars, with a natural slope and without any public road crossings to interfere with switching. The railroad owns 13 acres to the west of the present yard that could accommodate three additional 125 car tracks. There is an additional 40 acres of farm land to the west of the railroad property that would make expansion of Manly Yard relatively easy.

Manly Yard has one of the best Diesel house facilities on the former Rock Island, and a very good yard office building. I feel Manly Yard could be very useful as a major classification yard.

Manly Yard is located 125 miles from Des Moines, 124 miles from Minneapolis, 127 miles from Cedar Rapids and 110 miles from Estherville. Considering the condition of the track at the present time, trains could be operated from connections with the BN, SooLine, and MLLW railroads at the Twin Cities as they are recieved and then switched and blocked at Manly. Connections could be worked out with the MN&S at Northfield, Mn. so a Northfield turn could be operated out of Manly to handle some of the local work between Albert Lea and Northfield.

This Northfield turn could move the traffic out of Northfield and set out Albert Lea traffic on return trip and still arrive at Manly Yard within the hours of service law.

Manly Yard could then make up a Eastbound train with the Cedar Rapids, Silvis and Chicago traffic and the Iowa Falls, Des Moines, Omaha and Kans City traffic could be switched in block. A road switcher could be operated from Manly Yard to Mason City to handle the industril switching in Mason City and return to Manly Yard with outbound traffic to move in block to Des Moines. This would make only one set out and one pick up at Iowa Falls, for southbound trains between Manly and Des Moines. This should eliminate the problem with the hours of service and still maintain a traffic pattern that would accomodate the shippers and avoid delayed car movements. A local could operate out of Des Moines to Iowa Falls to handle short work. Waterloo and Cedar Rapids traffic could be moved out of Manly Yard over the Iowa Northern Railroad connection at Manly. Also traffic coming off the former Manly to Cedar Rapids line of the Rock Island now operated by the Iowa Northern could be interchanged at Manly.

Manly Yard is in the center of operations on the North end of the spine line. A Car Dept. at Manly could handle derailments and bad orders within a 50 miles radius, eliminating the problem of carmen from Des Moines or Twin Cities driving over 100 miles to cover problems in the Manly area. Also because of being a central location a Roadmaster and two Track Supervisors could be located at Manly to cover trackage from Des Moines to Minneapolis. I also feel it would be beneficent to have Trainmaster's located at Manly to handle Yard operations and road operations from Manly to Minneapolis and Manly to Des Moines. Again because of it's central location and reputation for being a problem spot during the winter months, a Dispatchers office could be located at Manly to handle the track between Des Moines and Minneapolis, and Estherville branch lines.

There is a two story building directly across the street from the Depot at Manly that is for sale and could be turned into an office building to accommodate additional personal. I also feel there is a need for a Roundhouse force at Manly. We encounter many problems during cold weather where electrician's and machinist could save not only valuable time but also equipment.

Thank you for your attention and I hope I have expressed some of the valuable assets Manly Yard would give a railroad operating the Spine Line of the Rock Island.

Sincerely



C. J. Stoffer

September 20, 1982

TO: D. M. Cavanaugh ✓
C. C. Leary
W. B. Peterson

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Attached are CNW and Milwaukee timetable speed limits and speed restrictions on the Rock Island lines being considered for acquisition.

Att. (2)

SPEED RESTRICTIONS

CNW Timetable No. 5, May 1, 1981

M.P.H.

Main Line

South St. Paul-M.P. 253.8 (89.8)	49
M.P. 253.8-Curtis (2.1)	10
Curtis-Manly Jct. (26.3)	49
Manly Jct.-Mason City (9.2)	40
Mason City-Des Moines (119.0)	30
Des Moines-M.P. 73.1 (0.5)	10
M.P. 73.1-Carlisle (8.4)	30
Carlisle-M.P. 43.3 (21.4)	40
M.P. 43.3-M.P. 43.2 (0.1)	10
M.P. 43.2-Air Line Jct. (181.1)	40

Branch Lines

Carlisle-Indianola (11.3)	10
Iowa Falls-West Bend (71.3)	40
M.P. 126.8 CNW Crossing	20
M.P. 135.8 CNW Crossing	20
West Bend-Estherville (38.2)	10
Bricelyn-Rake (6.6)	10
Rake-Estherville (50.6)	30
M.P. 16.35-Bridge 164	10
Estherville-M.P. 209.1 (2.2)	10
M.P. 209.1-Ocheyedan (36.9)	30
When handling unit trains	10
Dows-M.P. 114.0 (0.8)	30
M.P. 114.0-M.P. 122.0 (8.0)	10
M.P. 122.0-M.P. 150.0 (28.0)	30
M.P. 127.8 CNW Crossing	STOP
M.P. 128.8 CNW Crossing	STOP
M.P. 150.0-Forest City (7.5)	10

SPEED RESTRICTIONS

Milwaukee Road

Northern Division and Southern Division

Timetable No. 1, November 8, 1981

	<u>M.P.H</u>
<u>Main Line</u>	
Northfield, all street crossings	15
Northfield-Comas (6.9)	40
Pole-Birmingham (36.7)	40
Birmingham-Air Line Jct. (4.4)	35
Drawbridge	25

8

September 20, 1982

TO: C. J. Chotkowski

FROM: J. D. Darling JDD/jmz

RE: Rock Island Study

Attached is some further information regarding labor relations furnished by Mr. C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company, Greene, Iowa 50636, (515)823-5870.

Mr. Stoffer has been most helpful in this regard, as well as many other respects. He is a former Rock Island dispatcher having worked at Des Moines and Rock Island. He does not represent any labor organizations directly, but is one of the spokesmen for an informal group of Rock Island employees particularly interested in the restoration of train operations based at Manly Yard.

Mr. Stoffer has also put me in contact with Mr. John Stone, a former Rock Island engineer whose father is a district court judge in northern Iowa.

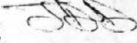
JDD/jmz

Att.

8

September 20, 1982

TO: J. T. Hartnett

FROM: J. D. Darling 

RE: Rock Island Study

Attached is a copy of a letter and some data regarding grain shipments from the Iowa Falls Gateway branch lines furnished by Mr. C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company, Greene, Iowa 50636, (515)823-5870. Mr. Stoffer is a former Rock Island dispatcher who is interested in our potential acquisition both for his present employer and for the possible re-employment of former Rock Island employees on a major carrier. These figures confirm those we had obtained from other sources.

JDD/jmz

Att.

September 20, 1982

TO: B. D. Olsen

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Attached is a draft of the Iowa Rail Fuel Tax, furnished by Mr. C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company.

JDD/jmz

Att. (1)

West Bend, Iowa
West Bend Elevator Office
9-20-82

115 people attend to Shippers present.

2:45 pm Soo accepted invitation of IFGSA to appear after Jim Wolf, President of CNUW made his presentation to the group.

Ray Smith, UP-Traffic Soo - Spokesman.

- (1) History of Soo.
- (2) Offer to Trustee of RT for 660 miles.
- (3) Review on wall map what line Soo wants and will operate.
- (4) Will Soo extend line & service North to Thompson? (beyond Forest City) (2 industries represented)
- (5) What is Soo rehab program? (6 BL 15 ML)
- (6) Is Soo offer to Trustee a reaction to CNUW?
- (7) Has Soo competitive rates with SW carriers @ KC?
- (8) ✓ ✓ ✓ ✓ ✓ Miles to river?
- (9) ✓ ✓ ✓ ✓ To West Coast Markets?
- (10) Has Soo sufficient power to operate ML and overhead traffic as well as branch lines?
What is power acquisition program?
- (11) Distinguish difference between Soo and CNUW rehab programs. Large difference-explain.
- (12) What is time schedule to complete rehab program?
- (13) Pricing question. Mileage rates on private cars-hollows?
Train size?
- (14) Does Soo offer cover all industry lines? (RE)

CC DMC
RS

Soo Line Railroad Company



Date

9-20-82

To:

DMC

From:

JDD

- ☒ Please note and return.
☒ For your information.
☐ Please reply directly to attached.
☐ Please give me your recommendations.
☐ Please draft reply for my signature.
☐ Please handle.
☐ Would like to discuss with you.
☐ Proposed draft attached for your review
and suggestions.
☐ Comments?

Revised per your
suggestions

Milwaukee Road Negotiations

Grant Saunders Connection Across SOO between DMIR and BN

Grant Milwaukee Trackage Rightsh on SOO from Waukesha to Burlington

Grant Milwaukee Trackage Rights on Rock Island, Comas to Northwood, or Owatonna to Northwood

The Milwaukee Trustee has proposed Milwaukee trackage rights on the Rock Island from Comas to Northwood and Manly to Plymouth Jct. The latter segment is currently operated by the Iowa Northern under lease from the Rock Island. Together with trackage rights on CNW from Northwood to Manly and reinstitution of operations on an idle stretch of the Milwaukee between Plymouth Jct. and Mason City, these trackage rights would allow the Milwaukee to abandon their lines from Comas to Ramsey, north of Austin, Austin to Calmar, and South Jct., south of Austin to Plymouth Jct.

Request Trackage Rights on the Milwaukee from Comas to Owatonna

The Milwaukee route may be shorter, have less bridges, a better profile, and serve more shippers than the Rock Island line. The Milwaukee line would require more rehabilitation, is not signaled, and a 5,988 foot siding on the Rock Island at Kapser would be last.

The Milwaukee Trustee has proposed trackage rights on the Rock Island from Comas to Northwood and Manly to Plymouth Jct.

The Milwaukee would benefit from rehabilitation and joint operation.

Purchase the Milwaukee Interest in the Des Moines Union Railway

The Milwaukee has withdrawn from Des Moines, but retains a half interest in the DMU with the NW. The DMU is second only to the CNW in directly serving industries in Des Moines. The DMU also has an interest in the Iowa Transfer Railway.

Grant the Milwaukee Trackage Rights from Seymour via Allerton to Polo

This has been studied by the Milwaukee in the past. FRA maps from 1975 indicate the Milwaukee lines subject to abandonment application within three years.

This would require acquiring right-of-way and relaying track over 13 miles between Seymour and Allerton, which we would not otherwise require. The additional trackage right from Allerton to Polo would be 95.9 miles, for a total of 108.9 miles. The parallel Milwaukee route is 106 miles.

Pool Milwaukee and SOO Operations into Kansas City

Combine SOO and Milwaukee volumes at Trenton, MO permitting more run throughs with connecting lines at Kansas City with increased frequency.

Grant the Milwaukee Trackage Rights from Albert Lea, Mason City, Garner and/or Emmetsburg to Polo for Unit Grain Trains Originating Only on Milwaukee Lines between Marquette and Sheldon, Calmar and Jackson, and Blooming Prairie and Minnesota Lake

Relinquish Any Claim to Trackage Rights on the Milwaukee from Emmetsburg to Hartley to Serve Elevators at Hartley

Purchase One-Half of the Milwaukee Interest in Kansas City Terminal Railroad

Bylaws of the KCT permitting, this might be a means of making a cash settlement with the Milwaukee for acquiescence to our entry to the KCS-MILW Joint Agency and acquiring rights on the KCT while protecting the Milwaukee interests on KCT.

Purchase One-Half of the Milwaukee Interest in KCS-MILW Joint Agency

Offer to Purchase the Milwaukee Lines

Marquette to Sheldon	253.6 miles
Calmar to Jackson	179.4 miles
Wells to Minnesota Lake	8.6 miles
South Jct. to Mason City Jct.	39.5 miles
Northfield to Ramsey	<u>58.2 miles</u>
Total	<u>539.3 miles</u>

Acquire the Milwaukee Interest in the St. Paul Union Depot

Acquire the Milwaukee Interest in the Minnesota Transfer

Acquire the Milwaukee Interest in the Indiana Harbor Belt

Acquire an Interest in the Belt Railway Company of Chicago for the Milwaukee

This could be the Rock Island interest and could be offered to the Milwaukee for all or one-half of their interest in the IHB.

SOO Withdrawal from City of Milwaukee Market

SOO Withdraw from Washington Avenue Bridge Acquisition

Establish SOO-Milwaukee interchange at Minnesota Transfer.

Manly, Iowa
Sept. 20, 1982

Mr. Joe Darling
Operations Consultant
Data Systems Dept.
Soo Line Building Box 530
Minneapolis, Minn. 55440

Dear Joe,

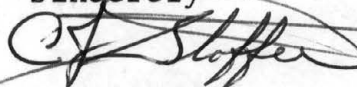
Attached please find some of the information you requested.
I tried to get this information as accurate as possible.
If you should need any additional information please feel
free to contact me at any time.

As I stated in our telephone conversation on Friday, both CTC
boards for the trackage you have offered to buy are located in
the old Rock Island depot at 4th & Vine Streets in Des Moines.
If you are not going to use this building in Des Moines the
south CTC board could be located in the former dispatchers office
in Trenton. The North board could be located either at Manly
or in the Rock Island office building in Mason City. The north
end could handle the track from Short Line Jct to Minneapolis and
the Iowa Falls branch lines. Also there is a standby board located
in the tower building in Albert Lea. This board is used in case
of CTC failure and will operate all signals and switches from
West Yard Manly to North switch at Faribault.

I would like to have the opportunity to become an employee of the
Soo Line. I feel my knowledge of the railroad, employees and shippers
would help me become an asset to your company.

Again if I can be of further assistance to you please give me a call
at any time.

Sincerely

A handwritten signature in dark ink, appearing to read "C J Stoffer", with a long horizontal flourish extending to the right.

C J Stoffer

PERMANENT SPEED RESTICTIONS

SHORT LINE JCT TO MANLY

20 MPH MP 147 Pole 11 to MP 147 Pole 35 at Iowa Falls
10 MPH MP 191 Pole 1 at Iowa Terminal Crossing

MANLY TO INVER GROVE

20 MPH MP 252 to MP 252 Pole 22
15 MPH Over street Crossings at Northfield
20 MPH Over main street Crossing Farmington

TURNOUT SPEEDS

25 MPH Curtis
25 MPH Comus
25 MPH Rosemount

SIDING TURNOUT SPEEDS

10 MPH North and South end Kensett
10 MPH North and South end Gordon
10 MPH North and South end Albert Lea
10 MPH North and South end Clarks Grove
25 MPH North and South end Ellendale
25 MPH North and South end Owatonna
25 MPH North and South end Kasper

TONNAGE RATINGS MANLY TO INVER GROVE 1500 HP ENGINES

Northward

Manly to Albert Lea 3000 Tons
Albert Lea to Inver Grove 2770 Tons

Southward

Inver Grove to Northfield 2000 Tons
Northfield to Albert Lea 2500 Tons
Albert Lea to Manly 2850 Tons

TONNAGE RATINGS SHORT LINE JCT TO MANLY 1500 HP ENGINES

Northward

Short Line Jct to Argon	2200 Tons
Argon to Mason City	2400 Tons
Mason City to Manly	4000 Tons

Southward

Manly to Mason City	4500 Tons
Mason City to Argon	2370 Tons
Argon to Short Line Jct	2500 Tons

A Rule of Thumb

Add 200 Tons for 2000 HP Engines
Add 400 Tons for 3000 HP 4-Axle Engines
Add 1000 Tons for 3000 HP 6-Axle Engines

CAPACITY OF SIDINGS

Manly to Inver Grove

Manly Yard 750 Car Capacity no road crossings
Kensett 4084 feet 1 Road crossing
Gordon 6076 feet 1 Road crossing
Albert Lea 4888 feet 1 Road Crossing
Clarks Grove 7109 feet No Road crossings
Ellendale 6155 feet 1 Road crossing
Owatonna 6210 feet 2 Road crossings
Kasper 5988 feet 1 Road crossing Located on MILW RR
Comus 4363 feet No Road crossings Located on MILW RR
Northfield 4701 feet No Road crossings Located on MILW RR
Castle Rock 2618 feet No Road crossings Located on MILW RR
Farmington 4282 feet No Road crossings Located on MILW RR
Rosemount 3263 feet 1 Road crossing Located on MILW RR

Short Line Jct to Manly

Enterprise 5967 feet No Road crossings
Cambridge 4492 feet No Road crossings
Nevada 2826 feet 1 Road crossing
McCallsburg 4438 feet 1 Road crossing
Garden City 3012 feet 1 Road crossing
Buckeye 6171 feet 1 Road Crossing
Purina 4103 feet 1 Road crossing
Argon 4191 feet 1 Road Crossing
Bradford 4007 feet No Road crossings
Hampton 2660 feet No Road crossings
Sheffield 6111 feet 1 Road crossing
Flint 4780 feet No Road crossing
Manly Siding 10,000 feet 1 Road crossing Located on CNW RR

OPERATIONS AND SPEED RESTRICTIONS ROCK ISLAND TRACKAGE

Kansas City to Des Moines

Two main tracks from West Wye Tower to Polo which are operated by the Milwaukee Railroad. North or Number 1 track owned by the Rock Island. This is a distance of 41.6 miles. Speed restrictions are not immediately available but they are believed to be overall speed of 25 MPH with various 10 MPH restrictions. This is a CTC operation controlled by Milwaukee operators at West Wye and Drawbridge under direction of Milwaukee train dispatcher. CNW currently operates between 3 and 4 Northward trains between Kansas City and Des Moines daily. Southward trains are operated over CNW trackage Des Moines to Kansas City. In addition, the CNW maintains a switch engine at Trenton. The CNW takes over train operations at Polo M.P. 460.4 and handles trains to Allerton, Iowa M.P. 365.0 on the old Kansas City to Chicago line, then from Allerton M.P. 0.0 to Des Moines M.P. 73.6. There are 2 main tracks in the Trenton area from M.P. 413.7 at Cobb to M.P. 417.4 at Lake with Track Number 1 being the North track and Track Number 2 being the South track. Track from Polo to Allerton is CTC controlled by CNW train dispatchers located in the former Rock Island train dispatcher's facility in Des Moines. Track from Allerton to Carlisle, Iowa is ABS. Track from Carlisle to Des Moines is CTC controlled by train order operator at Des Moines under supervision of train dispatcher at Des Moines. In addition to through trains, the CNW operates a switch run daily to service AGRI Industries and General Mills at Avon and the Indianola branch line. This operation for the Kansas City to Des Moines segment is almost identical to the operation of the Rock Island.

The CNW has a maximum speed of 40 MPH from Polo to Des Moines. This is a distance of 169.6 miles comprised of the following speed restrictions.

10 MPH - 20.9 miles
30 MPH - 109.0 miles
40 MPH - 39.7 miles

Following is an individual listing of recent CNW speed restrictions

	Location	Miles
30 MPH	MP 364.8 to MP 384.0	19.2
30 MPH	MP 404.1 to MP 404.2	.1
30 MPH	MP 413.7 to MP 415.7 No. 2 track	2.0
10 MPH	MP 415.2 to MP 417.4 No. 2 track	2.2
30 MPH	MP 413.7 to MP 414.7 No. 1 track	1.0
10 MPH	MP 415.2 to MP 415.7 No. 1 track	.5
30 MPH	MP 415.7 to MP 417.4 No. 1 track	1.7
30 MPH	MP 417.4 to MP 421.7	4.3
30 MPH	MP 431.0 to MP 456.2	25.2
10 MPH	MP 456.2 to MP 460.5	4.3
10 MPH	MP 0.0 to MP 2.0	2.0
30 MPH	MP 2.0 to MP 31.4	29.4
10 MPH	MP 31.4 to MP 32.8	1.4
30 MPH	MP 32.8 to MP 52.0	19.2
10 MPH	MP 52.0 to MP 64.0	12.0
30 MPH	MP 64.0 to MP 72.9	8.9
10 MPH	MP 72.9 to MP 73.6	.7

The Rock Island used a crew change point at Trenton, Missouri. The CNW utilizes this only when necessary preferring to operate with one crew from Kansas City through to Des Moines. The CNW is successful all but about 25% of the time. The trains that do tie up on the hours of service between Kansas City and Des Moines have normally been delayed on the Kansas City Terminal leaving Kansas City.

Des Moines to Manly

This section is ABS for 116.9 miles from Des Moines to Flint (south edge of Mason City) then over CNW owned trackage to Manly. The CNW operates one through train each direction daily plus a local which operates twice a week on the following cycle. Des Moines to Iowa Falls, tie up; Iowa Falls to Mason City to Iowa Falls, tie up; then Iowa Falls to Des Moines. One switch engine is utilized at Iowa Falls for industrial switching. The CNW has for the last six months been striving to dry up Iowa Falls. Traffic for the Rock Island Northwest Branches is handled on CNW trackage Des Moines-Ames-Eagle Grove instead of through the Iowa Falls gateway. Likewise, loaded grain moves either in reverse of this route or from Eagle Grove to Fort Dodge. For the Rock Island, Iowa Falls was a major point handling all traffic for the Northwest Branches.

The track segment from Des Moines to Flint, has a maximum speed of 40 MPH comprised of the following speed restrictions.

10 MPH 24.4 miles
30 MPH 76.1 miles
40 MPH 16.4 miles

Following is an individual listing of recent CNW speed restrictions.

	<u>Location</u>	<u>Miles</u>
10 MPH	MP 73.6 to MP 75.0	1.4
30 MPH	MP 75.0 to MP 79.8	4.8
30 MPH	MP 82.8 to MP 86.4	3.6
30 MPH	MP 92.0 to MP 95.5	3.5
10 MPH	MP 103.3 to MP 107.6	4.3
30 MPH	MP 107.6 to MP 110.0	32.4
10 MPH	MP 110.0 to MP 150.0	10.0
30 MPH	MP 150.0 to MP 156.4	6.4
10 MPH	MP 156.4 to MP 158.4	2.0
30 MPH	MP 158.4 to MP 170.3	11.9
10 MPH	MP 170.3 to MP 176.0	5.7
30 MPH	MP 176.0 to MP 179.8	3.8
10 MPH	MP 179.8 to MP 180.8	1.0
30 MPH	MP 180.8 to MP 190.5	9.7

After leaving the yard limits of Mason City, the speed is 45 MPH to Manly. The CNW utilizes Manly as a crew change point much as the Rock Island did.

Manly to Inver Grove

This section is CTC controlled by the former Rock Island dispatcher in Des Moines from Manly to Comus, then CTC over Milwaukee from Comus to Rosemount handled by Milwaukee dispatcher, then CTC from Rosemount to Inver Grove handled by the CNW operator at South St. Paul under the supervision of the dispatcher at Des Moines. The CNW operates one train each direction daily plus a local twice a week on the following cycle. South St. Paul to Owatonna, tie up; Owatonna to Albert Lea to Owatonna, tie up; Owatonna to South St. Paul. The Rock Island operated 2 trains each way with an occasional local.

The Manly to Inver Grove segment has a maximum speed of 40 MPH comprised of the following speed restrictions.

10 MPH	18.8 miles
30 MPH	36.1 miles
35 MPH	11.2 miles
40 MPH	35.9 miles

25 MPH 27.0 miles over the Milwaukee from Comus to Rosemount.

An individual listing of speed restrictions on this 119 mile segment is as follows.

<u>Location</u>	<u>Miles</u>
35 MPH MP 225.4 to MP 236.6	11.2
30 MPH MP 250.0 to MP 251.1	1.1
10 MPH MP 251.1 to MP 251.7	.6
10 MPH MP 253.8 to MP 267.2	13.4
30 MPH MP 267.2 to MP 283.7	16.5
10 MPH MP 283.7 to MP 288.0	4.3
30 MPH MP 288.0 to MP 306.5	18.5
25 MPH MP 306.5 to MP 333.5	27.0 (Milwaukee Railroad)
10 MPH MP 333.5 to MP 334.0	.5

The CNW has been working in the Owatonna area and recently removed some 10 MPH orders. Since then, they have been putting in some ties and have unloaded 40 cars of ballast within the last week. They are working in the area of MP 283.7 to MP 288 presumably to remove this 10 MPH order before winter.

Northwest Branches

Individual speed restrictions for trackage in the Northwest Branches is not immediately available, however, the timetable maximum speeds are as follows.

Iowa Falls to Estherville	40 MPH
Dows to Forest City	30 MPH
Estherville to Ocheyedon	30 MPH
Estherville to Rake	30 MPH
Palmer to Royal	30 MPH

The CNW is very conservative on speed in grain territory and as such imposes 10 MPH speed restrictions on trains handling 25 or more cars of grain in these territories with only a few minor exceptions. For all practical purposes since this is grain train territory, the CNW operates at 10 MPH. All of this track has been retied under the Iowa branch line program. Some ballast has been dumped and some rail laid. More ballast and resurfacing would hold this track until rail relays could be done. Under the Rock Island operation, trains were run on an as needed basis on all segments except the Iowa Falls-Dows to Forest City line. This was handled by a tri-weekly local originating at Iowa Falls. The CNW operates this territory with crews headquartered at Eagle Grove whereas the Rock Island operated crews from Estherville. The CNW operates a tri-weekly local Eagle Grove to Goldfield on the CNW then Goldfield to Estherville on the Rock Island. There is a local that operates twice per week from Eagle Grove to Belmond on the CNW then Belmond to Forest City. This same local also operates twice per week from Eagle Grove to Goldfield on the CNW then Goldfield to Iowa Falls and return on the Rock Island. This Iowa Falls local will make sidetrips as necessary from Dows to Rowan on the Dows to Forest City line. The CNW built a transfer from the CNW to the Rock Island at Belmond and the CNW does not now operate between Rowan and Belmond utilizing Rock Island trackage.

The CNW utilizes a switch-road crew at Estherville to handle all traffic on the lines from Estherville to Ocheyedan and from Estherville to Bricelyn. Almost all of the grain from the vicinity of Estherville moves from Estherville to Bricelyn then on CNW from Bricelyn to Mason City. The Rock Island either moved the grain through the Iowa Falls gateway or to Albert Lea utilizing the line segment from Bricelyn to Albert Lea which is not now being operated by any carrier. The CNW operates the Palmer to Royal line with a switcher based at Laurens and works these lines as needed. The Rock Island operated over Milwaukee track to reach this line segment, however, it is my understanding that this line of the Milwaukee has been torn up. The only alternative for the Soo Line to handle this track is to operate over the Illinois Central Gulf from Iowa Falls to Manson and then on former Rock Island track from Manson to Palmer. The 7 plus miles of track from Manson to Palmer has been abandoned but at last report, the track is still in place.

BRANCH LINE		SUBDIV 11A		DES MOINES DIV	
Footage Capacity Of		Station Number	STATIONS		M.P. from South Leg of Wyke
Sidings	Other Tracks		↓ SOUTH	↑ NORTH	
.....	Yard	.....	AH & D	.....	8.5
.....	3.1	.....	.....
.....	C & NW Crossing	UX	5.4
.....	0.2	.....	.....
.....	ROCK JCT.	.....	5.2
.....	3.2	.....	.....
.....	Q JCT	.....	2.0
.....	2.0	BCF*	.....
.....	Yard	60344	INVER GROVE	RTWY TO(N)	0.0
.....	8.5	.....	.....

MAXIMUM SPEED: 30 MPH MP 2.0 to MP 5.2
FLAG PROTECTION DISTANCE 1½ MILE (See Rule 99)

SPECIAL INSTRUCTIONS:

Operation MP 0.0 to MP 2.0 and MP 5.2 to MP 8.5 per Rule 105 (Rev).
Main track switches and pole phone boxes MP 2.0 to MP 5.2 equipped with toggle bar and locked with both CRI&P and C&NW switch locks.
C&NW crossing MP 5 Pole 15 protected by STOP signs.
Train orders except Form Q and Form Z are not required. Clearance not required.
Authority to enter main track at and between MP 2.0 (Q Jct) and MP 5.2 (Rock Jct) by signal indication or when verbal authority is obtained from Control Opr.
Pole phone box with phone located at MP 5 Pole 7 and MP 2 Pole 0 to communicate with Control Operator at Inver Grove.
CTC movement between absolute signals at MP 2.0 and MP 5.2 (Q Jct. and Rock Jct.) will be supervised by the Train Dispatcher who will issue instructions to the Control Operator at Inver Grove.
Two electric-locked hand-operated switches No. 8 turnouts located at MP 2 Pole 3 and one electric-locked hand-operated switch No. 10 turnout located at MP 4 Pole 22. Operation these three switches as follows:
On main track, stop movement within 200 feet of switch. Unlock switch and mechanism will unlock immediately. Line switch for route to be used. For movement to the main track through these switches, communicate with Control Operator for authority to enter main track. When authority granted, unlock switch and if circuit is not occupied, mechanism will unlock immediately. If switch does not unlock immediately, LEAVE SWITCH LOCK OUT to start time release mechanism which will require five (5) minutes for switch to unlock. When unlocked, line switch for route to be used.
Northward absolute signal at Rock Jct. located to the left of main track.
Six (6) axle diesel-electric units prohibited between MP 5.2 and AH&D MP 8.5.
Maximum Wt:
Loads (gross weight of car and loading) 263,000 lbs.

TIMETABLE NO. 1

MAIN LINE		SUBDIV 11		DES MOINES DIV	
Footage Capacity Of		Station Numbers	STATIONS		M.P. from Burlington
Sidings	Other Tracks		↓ SOUTH	↑ NORTH	
.....	.....	60364	MINNEAPOLIS	.....	364.9
.....	.....	60354	11.5	.....	.....
.....	.....	60346	ST. PAUL	.....	353.4
.....	.....	60344	7.1	.....	.....
.....	Yard	60344	NEWPORT	.....	345.9
.....	.....	60333	1.9	.....	.....
3263	3150	60333	INVER GROVE	BCFRTWY TO(N)	344.4
4282	7200	60326	10.9	.....	.....
2618	2100	60319	ROSEMOUNT	Y P	333.5
4701	6700	59313	7.0	.....	.....
2974	1000	57310	FARMINGTON	WY	326.3
4363	.....	57306	6.8	.....	.....
2260	4950	57300	CASTLE ROCK	.....	319.5
5988	.....	57296	6.1	.....	.....
.....	N450	57291	NORTHFIELD	P	343.4
6210	4100	57284	3.1	.....	.....
.....	800	57275	DUNDAS	.....	310.3
6155	1700	57269	3.8	.....	.....
7109	5637	57261	COMUS	P	306.5
4888	Yard	57253	6.8	.....	.....
.....	.....	.....	FARIBAULT	W	299.7
.....	.....	.....	4.2	.....	.....
.....	.....	.....	KASPER	P	295.5
.....	.....	.....	5.2	.....	.....
.....	.....	.....	MEDFORD	P	290.3
.....	.....	.....	6.0	.....	.....
.....	.....	.....	OWATONNA	TO(N)	284.3
.....	.....	.....	9.3	.....	.....
.....	.....	.....	HOPE	P	275.0
.....	.....	.....	6.3	.....	.....
.....	.....	.....	ELLENDAL	P	268.7
.....	.....	.....	7.8	.....	.....
.....	.....	.....	CLARKS GROVE	P	260.9
.....	.....	.....	7.6	.....	.....
.....	.....	.....	ALBERT LEA-CRI&P	BCTW TO(N)	252.7
.....	.....	.....	0.3	.....	.....
.....	.....	.....	CMSIP&P Crossing	MP	252.4
.....	.....	.....	0.7	.....	.....
.....	.....	.....	ALBERT LEA-C&NW	BCRWY Yd TO	252.6
.....	.....	.....	0.4	.....	.....
.....	.....	.....	CMSIP&P Crossing	UX	252.3
.....	.....	.....	0.7	.....	.....
.....	.....	.....	CURTIS	P	251.7
.....	.....	.....	5.8	.....	.....
.....	.....	.....	GLENVILLE	P	245.9
.....	.....	.....	5.0	.....	.....
.....	.....	.....	GORDON, MINN	P	240.9
.....	.....	.....	5.0	.....	.....
.....	.....	.....	NORTHWOOD, IA	TO(N)	235.9
.....	.....	.....	6.4	.....	.....
.....	.....	.....	KENSETT	P	229.5
.....	.....	.....	3.0	.....	.....
.....	Yard	.....	WEST YARD	P	226.5
.....	Yard	.....	1.4	.....	.....
.....	.....	.....	MANLY	BCRTW Yd. TO(N)	225.4
.....	.....	.....	120.8	.....	.....

FLAG PROTECTION DISTANCE 1½ MILES (See Rule 99)

MAXIMUM SPEED: 40 MPH.
Dispatchers Phones between Stations located at:
MP 250 Pole 4
MP 250 Pole 27
MP 303

SPEED RESTRICTIONS SUBDIVISION 11

Curtis and C&NW Albert Lea Sta	MPH
MP 252 Pole 0 to MP 252 Pole 22	20
MP 344 Pole 1 to MP 345 Pole 28	20
Bridge 3450 Mississippi River	20
	10

TIMETABLE NO. 1

SPECIAL INSTRUCTIONS

SUBDIVISION 11

Rule 83: Inver Grove, Manly and Albert Lea for trains originating or terminating. Trains between Minneapolis and St. Paul will be governed by CMStP&P timetable and operating rules.

Trains between Robert Street and Division Street, St. Paul, will be governed by St. Paul Union Depot operating rules.

White oscillating headlight must be extinguished between east yard limits South Minneapolis and passenger depot Minneapolis and between Chestnut Street and Division Street, St. Paul.

Trains between Rosemont and Comus will be governed by CMStP&P timetable and operating rules.

Southward trains may leave Newport without clearance.

Inver Grove is initial station for southward trains.

Northward trains originating at Inver Grove must obtain clearance.

Inver Grove drawbridge 3450 protected by interlocking. Authority to pass STOP indication this interlocking may be given by bridge tender.

Trains between Rosemont and Comus will be governed by CMStP&P timetable and operating rules.

Northward IC trains may leave Glenville without clearance.

If an IC train is delayed at Glenville, doing station work, crew member will push button located in iron box east of highway crossing near absolute signal to indicate train is ready to enter the control section.

Interchange track with ICG at Glenville, Minnesota, established on the ICG siding.

Trains and engines using ICG main track between CRI&P main track and interchange track (siding) switch, proceed per Rule 93 of the Operating Rules of Illinois Central Gulf Railroad. Trains and engines using interchange track (siding) ICG, proceed per Rule 105 of the Operating Rules of Illinois Central Gulf Railroad.

Yard limits are indicated by yard limit signs and special instructions.

Illinois Central Gulf Rule 105 reads as follows: "Trains or engines using any track other than a main track must proceed at YARD SPEED."

Illinois Central Gulf definition of YARD SPEED reads as follows: "A speed prepared to stop within one-half the range of vision."

Yard limit signs have been installed on ICG main track.

The length of the ICG interchange track (siding) Glenville, Minnesota is 1,300 feet, derail to derail.

Uniform Code of Operating Rule 343(a) is authorized at the following locations:

Subdivision 11 — CMSIP&P Crossing
Albert Lea, Minnesota

Subdivision 11-B — CRI&P Crossing
Albert Lea, Minnesota

NOTE: Eastward absolute signal, Subdivision
11-B, 136 feet from crossing.

Six (6) axle locomotives are prohibited from operating over the industrial trackage at Jobs, Inc., Albert Lea, Minnesota.

Railroad crossings at grade are protected by interlocking except:

MP	Crossing	Remarks	Operated By	Normal Position Gates Against	Light Arrangement For	
					Stop	Proceed
252.3	CMStP&P	Stop Signs	—	—	—	—

Industrial or spur tracks are located at:

MP	Name	Footage Capacity
286.5	Wickes Lumber Co.	1365

Overhead or side restricted clearance as follows:

St. Paul, Minn.—Burlington Northern trackage, East Side Line at Tunnel No. 1 between Third St. and Mississippi St.

Owatonna, Minn.—C&NW overhead bridge MP 284 Pole 23 verticle clearance 20 ft. 4½ ins. and horizontal clearance 8 ft. 3¼ ins. on main track; 19 ft. vertical clearance on siding.

SUBDIVISION 11 and 12

Manly, between Signal 2250, MP 224 Pole 36 and West Yard, MP 226 Pole 19, movements of trains on main track are governed by signal indication. Signal 2250 is a two unit signal, lower unit is an "open the switch indicator" controlled by operator, Manly train order office, under direction of the train dispatcher. Rule 93 is in effect in this territory. If Signal 2250 indicates STOP then proceed at low speed per Rule 291 and the Open The Switch Indicator is not illuminated, a member of the crew stopped by Signal 2250 must contact operator, Manly, before proceedings and be governed by verbal instructions.

When Open The Switch Indicator is illuminated be governed by Rule 36(2) regardless of the indication given by Signal 2250.

Within these limits trains or engines must not enter or foul main track or re-enter main track after having cleared it except by authority of Operator and then be governed by Rules 104(15) and 353.

At Manly C&NW trains may register by Form 1339.

Drawbridges are located as follows:

Inver Grove—Mississippi River

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 Lbs.

MAIN LINE

SUBDIV 12

DES MOINES DIV

Footage Capacity of		Station Numbers	↓ SOUTH	STATIONS	↑ NORTH	M.P. from Alton
Siding	Other Tracks					
.....	Yard	57225		MANLY	BCRTW Yd *TO(N)	202.1
.....	.....	56184		9.5 MASON CITY	BC Yd TO	192.6
.....	.....	.....		0.6 CMStP&P Crossing	M	192.0
.....	.....	.....		0.9 IT Crossing	M	191.1
.....	.....	56193		0.0 CLEAR LAKE JCT	Yd	191.1
4780	.....	.....		0.6 FLINT	Yd P	190.5
.....	2800	56184		8.3 HURLEY	P	182.2
6111	1250	56176		7.7 SHEFFIELD	P	174.5
.....	650	56172		4.4 CHAPIN	P	170.1
.....	.....	.....		6.0 C&NW Crossing	AP	164.1
2660	1950	56165		0.4 HAMPTON	*P	163.7
4007	5076	56157		8.3 BRADFORD	P	155.4
4191	1900	55150		7.2 ARGON	Y Yd P	148.2
.....	.....	.....		0.5 MILLS	CR*TO	147.7
.....	.....	.....		0.0 (ICG Crossing)	M	147.7
.....	.....	.....		0.0 CRIP Crossing	M	147.7
.....	N750	55074		0.3 IOWA FALLS	W Yd	147.4
4103	.....	55148		1.1 PURINA	Yd P	146.3
6171	6511	51139		8.8 BUCKEYE	P	137.5
.....	1100	51135		4.5 SHERMAN	P	133.0
3012	1250	51127		7.6 GARDEN CITY	P	125.4
4438	1400	51122		5.6 McCALLSBURG	TO	119.8
.....	1150	51115		6.4 FERNALD	P	113.4
2826	2500	51109		6.4 NEVADA	*TO	107.0
.....	1700	51105		3.9 SHIPLEY	P	103.1
4492	3100	51098		6.5 CAMBRIDGE	TO(N)	96.6
.....	1150	51091		7.1 ELKHART	P	89.5
5987	950	51087		4.2 ENTERPRISE	P	85.3
.....	7966	50080		6.7 SWANWOOD	P	78.6
.....	.....	.....		4.7 C&NW Crossing	M	73.9
.....	Yard	50172		0.3 SHORT LINE JCT	BCFRT*TO(N)	73.6
.....	.....	.....		(CRI&P Crossing)	WY Yd M	128.5

MAXIMUM SPEED: 30 MPH.

FLAG PROTECTION DISTANCE 1½ MILES. (See Rule 99)

SPEED RESTRICTIONS

SUBDIVISION 12	MP
MP 147 Pole 11 to MP 147 Pole 35	21
MP 191.1 (IT Crossing)	10
Manly—C&NW Connecting Tracks	10

SPECIAL INSTRUCTIONS

SUBDIVISION 12
Trains between Manly and Clear Lake Jct. will be governed by C&NW (Central Division) timetable and operating rules.

MAIN LINE SUBDIV 16 MISSOURI-KANSAS DIV

Footage Capacity Of		Station Number	<div> ↓ WEST </div> <div>STATIONS</div> <div> ↑ EAST </div>	M.P. from West Wye Sw. Allerton
Sidings	Other Tracks			
.....	Yard	50172	SHORT LINE JCT ... WTY YdBFR*TO(N)	.....
5700	720	50011	CRI&P (Crossing) M	73.6
.....	.....	50060	8.9 CARLISLE P	64.7
7138	800	50053	5.1 HARTFORD P	59.6
4083	600	50040	6.8 BEECH P	52.8
6339	560	50030	13.3 MELCHER TO(N)	39.5
.....	S2198	50023	9.6 WILLIAMSON P	29.9
6160	800	50010	6.5 CHARITON TO	23.4
.....	920	50005	12.2 MILLERTON P	11.2
15600	1400	07365	6.7 CORYDON P	4.5
			4.9 ALLERTON WY*TO(N)	.....
			74.0	.....

FLAG PROTECTION DISTANCE 1½ MILES (See Rule 99)
MAXIMUM SPEED: 30 MPH

SPEED RESTRICTIONS:
Allerton-through No. 20 turnouts, both ends crossover MP 364 Pole 35 25
Allerton-junction switch to Subdivision 16 MP 364 Pole 30 25
MP 43 Pole 9 to MP 43 Pole 13 20

SPECIAL INSTRUCTIONS:
Southward trains Subdivision 16 for movement to
Subdivision 15 at Allerton be governed by signal indications and need not obtain clearance.
Dispatchers Phone MP 57,1 and MP 17.9
Between Short Line Jct. and Carlisle, see
Subdivision 16 DES MOINES DIVISION
MAXIMUM WT:
Loads (gross weight of car and lading) 263,000 lbs.

BRANCH LINE SUBDIV 17A MISSOURI-KANSAS DIV

Footage Capacity Of		Station Number	<div> ↓ WEST </div> <div>STATIONS</div> <div> ↑ EAST </div>	M.P. from Chicago
Sidings	Other Tracks			
14617	.....	08427	COBURN P	427.1
.....	Yard	08431	4.9 JAMESPORT P	432.0
			4.9	.....

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

TRAINS AND ENGINES WILL OPERATE PER RULE 93 RULE 10(I)(2) AUTHORIZED
MAXIMUM SPEED: 20 MPH

SPECIAL INSTRUCTIONS
Eastward Trains arriving Coburn must secure permission from Train Dispatcher before entering Coburn siding.
MAXIMUM WT:
Loads (gross weight of car and lading) 263,000 lb.

MAIN LINE SUBDIV 15 MISSOURI-KANSAS DIV

Footage Capacity Of		Station Numbers	WEST	STATIONS	EAST	M.P. from Chicago
Sidings	Other Tracts					
	Yard	07292		ELDON, IOWA	BCRY*TO(N)	290.7
	Yard	07292		ELDON YARD	FWD	296.6
6185		07308		BELKNAP	P	308.5
				N & W Crossing	M/A	308.5
	280	07311		DRAKESVILLE	P	311.6
6174	W320	07317		PARIS	P	316.6
5953		07324		SHARON	P	324.4
				BN Crossing	M/AP	331.1
6218	4280	07335		CENTERVILLE	WY TO(N)	334.7
5641	1766	07352		SEYMOUR	P	351.7
				CMSIP&P Crossing	AP	352.1
15600	1400	07365		ALLERTON	WY*TO(N)	362.0
	W545	07372		CLIO	P	372.2
	W1000	07378		LINEVILLE, IOWA	P	378.8
6069	720	07383		MERCER, MO	P	383.1
5059	2000	07393		PRINCETON	P	392.4
7031		07400		MILL GROVE	P	399.8
	W440	07404		SPICKARDS	P	404.3
	E280	07410		TINDALL	P	410.3
				COBB		413.7
	Yard	08416		TRENTON	CBFRTW*TO(N)	415.9

ALL TRAINS TO SUBDIVISION 16 AT ALLERTON MUST SECURE CLEARANCE
FLAG PROTECTION DISTANCE 1½ MILES (See Rule 99)
MAXIMUM SPEED: 40 MPH — EXCEPT AET Trains
AET (Authorized Expedited Train) SPEED
To be authorized by train order only.

SPEED RESTRICTIONS

SUBDIVISION 15	MPH
MP 290 Pole 31 to MP 291 Pole 29 (eng. only)	20
MP 291 Pole 29 to MP 299 Pole 39	40
MP 351 Pole 34 to MP 352 Pole 3	30
MP 352 Pole 4 CMStP&P Crossing	25
MP 364 Pole 0 to MP 365 Pole 35	40
(except as shown below)	
MP 364 Pole 30 through No. 20 turnout, junction	25
switch to Subdivision 16	25
MP 364 Pole 35 through No. 20 turnouts, both	25
ends crossover	40
MP 415 Pole 12 to MP 416 Pole 0 (Both Tracks)	40
Do not exceed 25 MPH through siding at Allerton.	

SPECIAL INSTRUCTIONS

SUBDIVISION 15

Southward trains Subdivision 16 for movement to Subdivision 15 be governed by signal indications at Allerton and need not obtain clearance.
Engines must not be turned on wye Centerville.

Old main track Centerville must not be switched with more than one diesel unit.

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

DISPATCHERS PHONES LOCATED SUBDIVISION 15:

MP 300-8	MP 359-36	MP 389-0
MP 302-20	MP 367-11	MP 395-38
MP 326-17	MP 372-16	MP 404-13
MP 343-26	MP 375-5	MP 410-7
MP 345-25	MP 378-2	MP 413-28
MP 358-3	MP 386-20	MP 413-32

MAIN LINE			SUBDIV 17		MISSOURI-KANSAS DIV		
Footage Capacity Of		Station Number	WEST	STATIONS	EAST	CR&P Mile Posts From Chicago	Milw. Mile Posts From Davenport
Sidings	Other Tracks						
.....	Yard	08416	Automatic Block System and CTC Rules 400-405	TRENTON 3.4	BCFRTW*TO(N)	414.0	.....
.....	.....	.....		LAKE 4.2	P	417.4	.....
.....	480	08424		HICKORY CREEK 3.4	P	421.6	.....
14617	.....	.....		COBURN 9.8	P	425.0	.....
6058	1440	08010		LOCK SPRINGS 0.1	P	434.8	.....
.....	.....	.....		N&W Crossing 8.6	M/AP	434.9	.....
6207	480	08019		NETTLETON 17.0	P	443.5	.....
6051	1480	08036		POLO 7.2	P	460.5	.....
2176	.....	08043		ELMIRA 4.0	P	467.7	.....
.....	.....	.....		LAWSON JCT. 1.3	P	471.7	273.5
4966	440	08047		LAWSON 6.6	P	474.8	.....
3969	.....	08055		EXCELSIOR SPRINGS 5.3	P	281.4	.....
.....	300	.....		MOSEBY 0.1	P	482.7	286.7
.....	.....	08058		MOSEBY JCT. 3.3	P	483.7	286.8
.....	.....	08061		STOCKDALE 4.9	P	290.1	.....
4985	.....	08066		LIBERTY 5.5	P	295.0	.....
.....	.....	.....		N&W Crossing 2.5	MP	495.6	300.5
.....	.....	08072		BIRMINGHAM 1.5	M*TO(N)	302.5	.....
.....	.....	.....		DRAWBRIDGE 0.3	P	304.3	.....
.....	.....	.....		FREIGHT LINE JCT. 0.4	TO	.....	.....
.....	.....	.....		WEST WYE TOWER 0.6	P	304.8	.....
.....	.....	.....		AIRLINE JCT. 0.6	P	.....	.....
.....	.....	.....		ICG & MoPac Crossings	.....	.....	.....
.....	.....	.....		KCS JCT. Mo. 8.2	.....	.....	.....
.....	Yard	09055		KANSAS CITY, KAN. 96.0	BCFTW	508.5	.....

EASTWARD ROCK ISLAND TRAINS MUST SECURE CLEARANCE AT KANSAS CITY, KANSAS AND DRAWBRIDGE.

FLAG PROTECTION DISTANCE 1½ MILES (See Rule 99)

MAXIMUM SPEED: 40 MPH — EXCEPT AET TRAINS

AET (Authorized Expedited Train) speed to be authorized by train order only.

SPEED RESTRICTIONS

SUBDIVISION 17

	MPH
MP 414 Pole 4 to MP 416 Pole 18 (Both Tracks)	40
MP 419 Pole 20 to MP 419 Pole 33	45
MP 434 Pole 37 to MP 434 Pole 38 (N&W Crossing)	40
Excelsior Springs, across Dunbar Avenue, (Engine only)	30
Birmingham to Airline Jct. (Both Tracks)	30
Do not exceed 25 MPH through siding at Coburn.	

Between Polo and Air Line Jct., the speed through curved switch leads of turnouts are restricted to 10 MPH except at following locations:

	MPH
End of two main tracks west end Drawbridge, MP 302 Pole 28	30
End of two main tracks east end Drawbridge, MP 302 Pole 8	30
West crossover Moseby Jct, MP 486 Pole 32	40
East Crossover Moseby Jct.	40
West crossover Lawson Jct, MP 471 Pole 28	40
East crossover Lawson Jct, MP 471 Pole 27	25
Crossover Polo, MP 460 Pole 10	40
Milwaukee Jct, Polo MP 460 Pole 10	40
End of two main tracks Polo MP 460 Pole 5	25

SPECIAL INSTRUCTIONS

SUBDIVISION 17

Trains from Subdivision 17-A arriving Coburn must secure permission from Train Dispatcher before entering Coburn siding.

CMStP&P trains 25 MPH through turnout at Polo.

At Liberty, eastward and westward movements from the siding are governed by signals located at clearance points. These signals will not display a proceed indication until the switches have been lined, nor until the block is clear. They will display a proceed indication only when the switches are lined to correspond with the setting of the levers at Drawbridge. The operator at Drawbridge will notify the trainman or the engineer how these switches are to be lined.

Dragging equipment indicator MP 300.6 Both Tracks.

Trains between Air Line Jct. and KCS Jct. will be governed by KCS Rules.

Westward N&W trains to Subdivision 17 at Birmingham must secure Rock Island clearance at Moberly, Mo. Eastward N&W trains to Subdivision 17 at Air Line Jct. or Freight Line Jct. must secure Rock Island clearance at North Kansas City "KN" office or West Wye Tower.

N&W trains must obtain authority from the train dispatcher at Des Moines before entering or fouling main tracks at Birmingham. Such information may be relayed through operator "KN" or Drawbridge.

Westward Milwaukee Road trains to Subdivision 17 at Polo must secure Rock Island clearance at Ottumwa, except those trains to Subdivision 17 which originate at Laredo must secure Rock Island clearance at Laredo. Eastward Milwaukee Road trains to Subdivision 17 at Air Line Jct. or Freight Line Jct. must secure Rock Island clearance at West Wye Tower.

Greater Kansas City Area Operating Rules, a supplement to the Uniform Code of Operating Rules, for all trainmen and enginemen (See Rule T) operating in or through the area defined bounded as follows:

On the West	— MP 6.41 on the Union Pacific RR
	— MP 8 on the AT&SF RR
On the South	— Rosedale (Southwest Blvd.) on the SL&SF and MKT
	— Coburg Yard (12th St.) on KCS
	— Big Blue Jct. on MoPac and KCS
On the East	— Congo MP 283.8 (Leeds Jct.) on MoPac and SL&SF
On the North	— Rock Creek Jct. on KCT, MoPac and ICG
	— Freight Line Jct. on RI and Milw
	— North KC Yards on BN and N&W to and including Block 222
	— Fairfax

Except for the rules contained therein, employees will be governed by the operating rules, air brake rules, and safety rules of the railroad by which they are employed.

Industrial and spur tracks located at MP 473.0 Mud Spur 11 car capacity.

Westward indicator located on siding Coburn at MP 425 pole 4 when displaying lunar light indicates that switch and signal at west end of siding Coburn are lined for movement to the main track AT THAT TIME. If indicator displays a red light, switch and signal at west end of siding Coburn are not lined for movement to the main track. Trains and engines may pass this indicator without stopping if displaying red light to continue to signal at west end of siding. This indicator IS NOT AN AUTOMATIC BLOCK SIGNAL.

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

DISPATCHERS PHONES LOCATED:

MP 440-0
MP 449-22
MP 450-33
MP 454-13

Between Clear Lake Jct. and north switch of siding Flint southward trains will operate per Rule 93.

Movement of northward trains to C&NW main track at Clear Lake Jct. and over Iowa Terminal crossing will be governed by northward signal located 350 feet south of Clear Lake Jct. switch. Northward trains advanced on main track by calling—on signal 221 (A) may proceed on main track to C&NW northward interlocking signal and be governed accordingly.

Clear Lake Jct. is designated as initial station for southward trains.

Southward trains will not require clearance at Clear Lake Jct.

Crews will obtain permission from dispatcher before entering main track from Industry Spur at MP 77 Pole 32.

Rule 83: Manly, Short Line Jct.

Industrial or spur tracks are located at:

MP	Name	Footage Capacity
86.8	Central Iowa F.S.	150
159.8	Federated Power Plant	1000

Overhead or side restricted clearances as follows:

Cambridge, Iowa—Milw RR overhead bridge 966 MP 96 Pole 18 vertical clearance 20 ft. 3 ins. and horizontal clearance 8 ft. 6 ins.

Des Moines, Iowa—Maximum vertical clearance overhead spout east spur track serving Bulk Service, north of Broadway Avenue, is 15 feet ATR.

C&NW Railroad will operate their yard and transfer trains and engines over the trackage of the CRI&P Railroad between West Des Moines and switch to their yard located at MP 74 Pole 23 near Easton Blvd., Subdivision 12; to make moves to and from West Des Moines, including moves in and out of Iowa Transfer Yard.

Trains will be governed by CRI&P Railroad Timetable and Operating Rules.

Before occupying main track at switch at Easton Blvd. and at Iowa Transfer Yard, crew member will communicate with towerman in Short Line Tower and receive instructions.

Bulletin Boards and General Order Books are located at the Welfare Room in the C&NW Railroad, Des Moines Yard Office. Pole box telephones connected with Short Line Tower are located opposite switch at Easton Blvd. and near "K" switch south of the eastward main track at the east end of Iowa Transfer Yard.

Trains and engines using yard tracks over East 34th Street, Des Moines, Iowa must know that gates are down and crossing protected before moving over crossing.

Yard Limits between opposing Yard Limit signs as follows:

Flint—Southward MP 191 Pole 3

Northward MP 189 Pole 3

Iowa Falls—Southward MP 150 Pole 2

Northward MP 145 Pole 1

Swanwood

(Short Line Jct)—Southward MP 79 Pole 3

Northward MP 73 Pole 30

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

MAIN LINE		SUBDIV 16		DES MOINES DIV	
Footage Capacity Of		Station Number	↓ SOUTH STATIONS ↑ NORTH	M.P. from West Way Sw. Allerton	
Sidings	Other Tracks				
.....	Yard	50172	SHORT LINE JCT BCF*TO(N) (CRI&P Crossing) RTWY Yd M	73.6	
.....	.....	.....	DMU Crossing M	73.4	
.....	.....	.....	BN Crossing MP 63 Pole 34 M	72.9	
5600	Yard	50009	AVON Xing Rules P	66.8	
5700	720	50011	CARLISLE 400-406 P	64.7	

MAXIMUM SPEED: 25 MPH

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

SPEED RESTRICTIONS:

MP 73 Pole 14 to MP 73 Pole 15

(DMU crossing and Bulk Material Service switch) 20

SPECIAL INSTRUCTIONS:

Engines must not be operated over car dump FGDA elevator Avon.

Rule 83: Short Line Jct. for trains originating or terminating.

Rule 343(a) authorized at following locations:

DMU Crossing

BN Crossing

MP 73.4

MP 72.9

Trains and engines using tracks over East 34th Street, Des Moines, Iowa must know that gates are down and crossing protected before moving over crossing.

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

BRANCH LINE		SUBDIV 16A		DES MOINES DIV	
Footage Capacity Of		Station Numbers	↓ WEST STATIONS ↑ EAST	M.P. from Chicago via Des Moines	
Sidings	Other Tracks				
5700	720	50011	CARLISLE	368.8	
.....	Yard	50006	11.3 INDIANOLA	380.1	

TRAINS AND ENGINES WILL OPERATE PER RULE 93

RULE 10(I)(2) AUTHORIZED

MAXIMUM SPEED: 10 MPH

FLAG PROTECTION DISTANCE ½ MILE (See Rule 99)

Six (6) axle diesel electric units prohibited

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

BRANCH LINE		SUBDIV 11B		DES MOINES DIV	
Footage Capacity Of		Station Numbers	↓ WEST STATIONS ↑ EAST	M.P. from Estherville	
Sidings	Other Tracks				
4888	Yard	57253	ALBERT LEA BCFRTW Yd*TO(N)	83.2	
.....	.....	.....	0.3 CMSTP&P Crossing MP	82.9	
.....	.....	.....	0.6 CRI&P Crossing M	82.3	
.....	1200	57010	8.9 CONGER	73.4	
.....	1200	57017	7.4 WALTERS	66.0	
.....	.....	.....	8.3 C&NW Crossing A	57.7	
.....	E-800	57026	0.5 BRICELYN, MINN	57.2	
.....	9392	57033	6.6 RAKE, IOWA	50.6	
.....	5693	57072	12.2 LAKOTA	38.4	
.....	6431	57083	11.0 SWEA CITY	27.4	
.....	2080	57092	8.8 ARMSTRONG	18.6	
.....	E-1250	57098	6.1 MAPLE HILL	12.5	
.....	1200	57103	5.5 GRUVER	7.0	
.....	Yard	58184	7.0 ESTHERVILLE BCFRTW Yd*TO(N)	.....

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

MAXIMUM SPEED: 25 MPH

SPEED RESTRICTIONS

Rake to Albert Lea 10

MP 16 Pole 12 Bridge 164 10

Uniform Code of Operating Rule 343(a) is authorized at the following locations:

Subdiv 11 — CMSTP&P Crossing

Albert Lea

Subdiv 11-B — CRI&P Crossing

Albert Lea

NOTE: Eastward absolute signal, Subdiv.

11-B located 136 feet from crossing.

Yard Limits between opposing Yard Limit signs as follows:

Estherville — Westward MP 1 Pole 20

Albert Lea — Eastward MP 81 Pole 15

— Westward MP 82 Pole 27

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

BRANCH LINE		SUBDIV 12A		DES MOINES DIV	
Footage Capacity of		Station Numbers	WEST ↓ STATIONS ↑ EAST	M.P. from Cedar Rapids	
Sidings	Other Tracks				
.....	Yard	55074	IOWA FALLS YARD .....BCFRTW Yd*	97.4	
.....	1920	55084	POPEJOY 10.0	107.4	
.....	3600	55090	DOWS .....RWYd TO 5.8	113.2	
.....	1300	55096	GALT 6.1	119.3	
6000	7200	55104	CLARION .....Yd *TO 7.1	126.4	
.....	.....	.....	C&NW Crossing .....A 0.4	126.8	
.....	900	55109	HOLMES 4.9	131.7	
.....	.....	.....	C&NW Crossing .....A 4.1	135.8	
.....	2250	55114	GOLDFIELD 0.2	136.0	
.....	4250	55121	HARDY 8.3	144.3	
.....	3450	55130	LIVERMORE 8.4	152.7	
.....	.....	.....	C&NW Crossing .....UX 0.3	153.0	
.....	4050	55135	BODE .....TO(N) 5.1	158.1	
.....	800	55140	OTTOSEN 5.5	163.2	
6150	6875	55146	WEST BEND .....*TO 6.2	168.7	
.....	840	55152	RODMAN 9.4	174.9	
.....	.....	.....	CMSIP&P Crossing .....UX 0.3	184.3	
.....	2000	55162	EMMETSBURG .....Yd TO 5.9	184.6	
.....	800	55167	OSGOOD 3.9	190.5	
.....	5000	55172	GRAETTINGER 6.2	194.4	
.....	1900	55179	WALLINGFORD 6.3	200.6	
.....	Yard	58184	ESTHERVILLE .....BCFRW Yd *TO(N) 109.5	206.9	

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

MAXIMUM SPEED: Iowa Falls Yard to West Bend 40 MPH
West Bend to Estherville 10 MPH

SPEED RESTRICTIONS

MPH
MP 126 Pole 28 C&NW Crossing20
MP 135 Pole 28 C&NW Crossing20
Do not exceed 5 MPH on South leg of Wye Argon, Subdivision 12.
Do not exceed 5 MPH on siding Clarion.

SPECIAL INSTRUCTIONS

Rule 83: Iowa Falls Yard and Dows for trains originating or terminating.
Trains originating Iowa Falls Yard obtain clearance at Mills Subdivision 12.
Dows — When grain train or portion of grain train is loading and using main street crossing, flag protection must be provided by member of crew on ground.

When making a movement from Clarion station to transfer track and it is desired to return to Clarion station, a key switch controller is provided and located on mast of Eastward Absolute Signal. To operate, insert switch key and turn to the right. If no train approaching on C&NW tracks, Eastward Absolute Signal will clear. In case a C&NW Railroad approach has become occupied, it will be necessary to operate release at crossing.

Railroad crossing at grade are protected by interlocking except as follows:

MP	Crossing	Remarks	Operated By	Normal Position Gates Against	Light Arrangement For	
					Stop	Proceed
153.0	C&NW	Stop Signs	—	—	—	—
184.3	CMSIP&P	Stop Signs	—	—	—	—

Industrial or spur tracks are located at:

Mile Post	Name	Footage Capacity
121.1	First Miss Spur	450
139.1	Moorman's Spur	500
139.1	Merriam Spur	200
156.8	Custom Farm Svc.	350

Yard Limits between opposing Yard Limit signs as follows:

Iowa Falls	Eastward MP 99 Pole 5
Dows	Eastward MP 113 Pole 30
Clarion	Westward MP 112 Pole 16
Emmetsburg	Eastward MP 129 Pole 0
	Westward MP 125 Pole 0
Estherville	Eastward MP 186 Pole 0
	Westward MP 183 Pole 0
	Westward MP 204 Pole 28

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

BRANCH LINE		SUBDIV 12B		DES MOINES DIV	
Footage Capacity		Station Numbers	WEST ↓ STATIONS ↑ EAST	M.P. from Cedar Rapids	
Sidings	Other Tracks				
.....	3600	55090	DOWS .....RWYd TO 6.4	113.2	
.....	.....	.....	C&NW Crossing .....UX 0.3	119.6	
.....	750	55007	ROWAN 7.9	119.9	
.....	.....	.....	C&NW Crossing .....UX 0.2	127.8	
.....	2400	55015	BELMOND 0.8	128.0	
.....	.....	.....	C&NW Crossing .....UX 4.7	128.8	
.....	750	55020	GOODELL 5.8	133.5	
.....	7800	55026	KLEMME 6.5	139.3	
.....	2750	55033	GARNER .....BTO(N) 0.3	145.8	
.....	.....	.....	CMSIP&P Crossing .....UX 2.0	146.1	
.....	.....	55035	HAYFIELD JCT 3.6	148.1	
.....	E500	55039	MILLER 5.8	151.7	
.....	9000	55045	FOREST CITY 10.6	157.5	
.....	1700	55055	THOMPSON 9.0	168.1	
.....	2400	55064	BUFFALO CENTER 63.9	177.1	

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

MAXIMUM SPEED: 25 MPH

SPEED RESTRICTIONS

MPH
MP 114 Pole 0 to MP 122 Pole 010
MP 150 Pole 0 to MP 177 Pole 510

SPECIAL INSTRUCTIONS

Dows — When grain train or portion of grain train is loading and using main street crossing, flag protection must be provided by member of crew on ground.

Klemme — Building erected over house track located 225 feet north of north cross-over switch. Building has two (2) overhead roll-up doors which will be closed and locked. Contact elevator personnel before making switch movements in this area.

Garner — All trains must obtain clearance.

Main track temporarily out of service Thompson to Buffalo Center.

Railroad crossing at grade are protected by interlocking except as follows:

MP	Crossing	Remarks	Operated By	Normal Position Gates Against	Light Arrangement For	
					Stop	Proceed
119.6	C&NW	Stop Sign	—	—	—	—
127.8	C&NW	Stop Sign	—	—	—	—
128.8	C&NW	Stop Sign	—	—	—	—
146.1	CMSIP&P	Gate	Trainmen	CRI&P	Red	—

SPECIAL INSTRUCTIONS: SUBDIV 12B (Cont.)

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 Lbs.
(Except as shown below)
Garner to Forest City 221,000 Lbs.
Forest City to Buffalo Center 190,000 Lbs.

BRANCH LINE			SUBDIV 12C		DES MOINES DIV	
Footage Capacity		Station Numbers	<div><div>↓</div>WEST<div>↑</div>EAST</div> <div>STATIONS</div>			M.P. from Cedar Rapids
Sidings	Other Tracks					
		55035	HAYFIELD JCT		148.1	
			5.8			
	1000	55006	HAYFIELD		153.9	
			0.5			
			C&NW Crossing	A	154.4	
			5.5			
	880	55012	CRYSTAL LAKE		159.9	
			6.3			
	1040	55018	WODEN		166.2	
			6.6			
	2100	55025	TITONKA		172.8	
			24.7			



TRAINS AND ENGINES WILL OPERATE PER RULE 93
RULE 10(I)(2) AUTHORIZED

FLAG PROTECTION DISTANCE ½ MILE (See Rule 99)

MAXIMUM SPEED: 10 MPH

MAXIMUM WT:

Loads (gross weight of car and lading) 190,000 lbs.

BRANCH LINE			SUBDIV 13		DES MOINES DIV	
Footage Capacity		Station Numbers	 WEST	STATIONS	 EAST	M.P. from Cedar Rapids
Sidings	Other Tracks					
.....	Yard	58184	ESTHERVILLE	BCFRTW Yd*TO(N)		206.9
	6000	58191	6.9 SUPERIOR			213.8
	1500	58201	9.8 SPIRIT LAKE			223.6
	1500	58205	4.8 MONTGOMERY			228.4
	6850	58212	6.3 LAKE PARK	CRW Yd*TO		234.7
	1500	58218	5.9 HARRIS			240.6
	2250	58223	5.4 OCHEYEDAN			246.0
	1650	58230	5.8 ALLENDORF			251.8
	4950	58235	5.6 SIBLEY	Yd*TO		257.4
			0.2 C&NW Crossing	UX		257.6
	1000	58242	7.4 LITTLE ROCK			265.0
			58.1			

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

MAXIMUM SPEED: 25 MPH

SPEED RESTRICTIONS

MPH
MP 207 Pole 4 to MP 209 Pole 320
MP 257 Pole 6 C&NW Crossing20

Do not exceed 5 MPH over track scale on elevator track Superior.

SPECIAL INSTRUCTIONS

SUBDIVISION 13

Rule 83: Lake Park for trains originating or terminating.

Overhead or side restricted clearances as follows:

Superior — Elevator spout

Yard Limits between opposing Yard Limit signs as follows:

Estherville	— Eastward MP 207 Pole 26
Lake Park	— Eastward MP 236 Pole 6
	— Westward MP 234 Pole 4
	— Eastward MP 258 Pole 12
Sibley	— Westward MP 256 Pole 8

Railroad Crossing at Grade are protected by interlocking except as follows:

MP	Crossing	Remarks	Operated By	Normal Position Gates Against	Light Arrangement For	
					Stop	Proceed
257.6	C&NW	Electric Lock Gate	Trainmen	CRI&P	Red	—

Industrial or spur tracks are located at:



Mile Post	Name	Footage Capacity
256.5	Sibley Concrete	300

MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.

Cars weighing from 221,000 pounds to 263,000 pounds (gross weight) are restricted as follows:

Br. No. 2583	Town Sibley	speed 20 MPH
-----------------	----------------	-----------------

BRANCH LINE			SUBDIV 13A		DES MOINES DIV	
Footage Capacity		Station Numbers	 WEST	STATIONS	 EAST	M.P. from Cedar Rapids
Sidings	Other Tracks					
.....	6850	58212	LAKE PARK, IOWA	CRW Yd*TO		234.7
			9.6			
.....	500	58410	ROUND LAKE			244.3
			9.7			
.....	6550	58420	WORTHINGTON, MINN			254.0
			7.9			
.....	1450	58427	READING			261.9
			7.2			
.....	1000	58434	WILMONT			269.1
			6.2			
.....	1000	58441	LISMORE			275.3
			40.6			

TRAINS AND ENGINES WILL OPERATE PER RULE 93

RULE 10(I)(2) AUTHORIZED

FLAG PROTECTION DISTANCE ½ MILE (See Rule 99)

MAXIMUM SPEED: 10 MPH

SPECIAL INSTRUCTIONS

Rule 83: Lake Park for trains originating or terminating. Overhead or side restricted clearances as follows:

Worthington C&NW Overpass MP 253.2

Yard Limits between opposing Yard Limit signs as follows:

Lake Park — Eastward MP 236 Pole 6

MAXIMUM WT:

Loads (gross weight of car and loading)

Lake Park to Lismore

220,000 lbs.

Cars weighing from 220,000 pounds to 263,000 pounds (gross weight) may be handled between Lake Park and Lismore at speeds not exceeding 10 MPH at the following locations:

M.P. 244.6 to M.P. 253.10

M.P. 264.3 to Lismore

BRANCH LINE SUBDIV 13C DES MOINES DIV

Footage Capacity		Station Numbers	↓ WEST	STATIONS	↑ EAST	M.P. from Chicago
Sidings	Other Tracks					
.....	2200	58530	PALMER	.....		454.7
.....	4000	58538	POCAHONTAS	.....TO		462.5
.....	1050	58544	WARE	.....		468.7
.....	1700	58550	LAURENS	.....		474.7
.....			C&NW Crossing	.....A		475.2
.....			WEBB	.....		484.2
.....			CMSiP&P Crossing	.....UX		484.3
.....	1550	58571	ROSSIE	.....		495.7
.....	7200	58577	ROYAL	.....TO		501.8

FLAG PROTECTION DISTANCE 1 MILE (See Rule 99)

MAXIMUM SPEED: 25 MPH

SPEED RESTRICTIONS

MP 475 Pole 6 C&NW Crossing10

MP 484 Pole 10 CMSiP&P Crossing20

MP 490 Pole 0 to MP 502 Pole 020

SPECIAL INSTRUCTIONS

Between Emmetsburg (Subdivision 12-A) and Webb, Trains and Engines will be governed by CMSiP&P Railroad Timetables and Operating Rules.

Eastward Trains and Engines will obtain CMSiP&P train orders and clearances for operation over CMSiP&P tracks Webb to Emmetsburg.

Trains and engines operating to Hartley, formerly located on Subdivision 13-C will operate over CMSiP&P RR Emmetsburg to Hartley and will be governed by CMSiP&P Timetable and Operating Rules.

Railroad crossing at grade are protected by interlocking except:

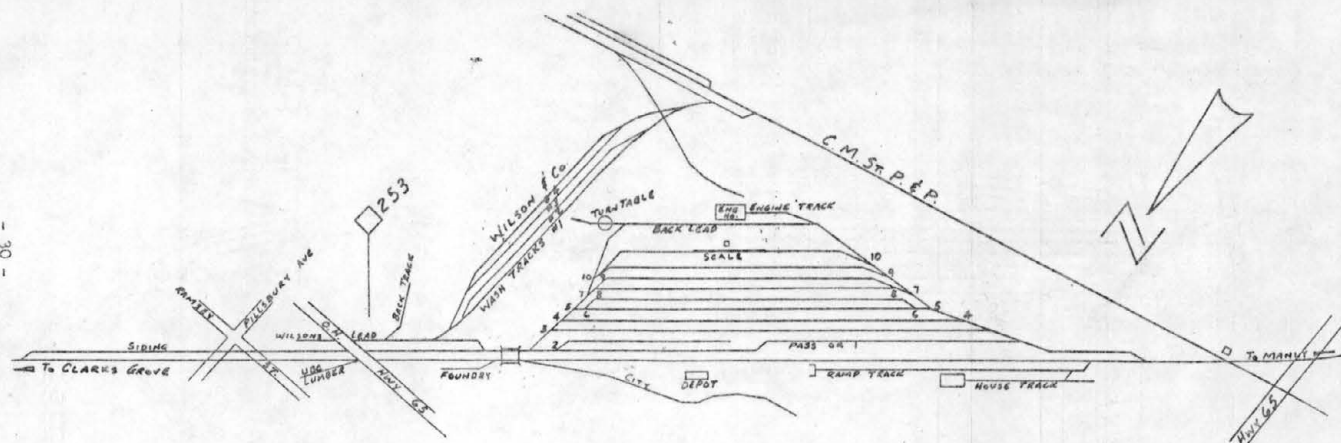
MP	Crossing	Remarks	Operated By	Normal Position Gates Against	Light Arrangement For	
					Stop	Proceed
484.3	CMSiP&P	Stop Sign	—	—	—	—

Industrial or spur tracks are located at:

Mile Post	Name	Footage Capacity
456.6	Arco Chemical Co.	600

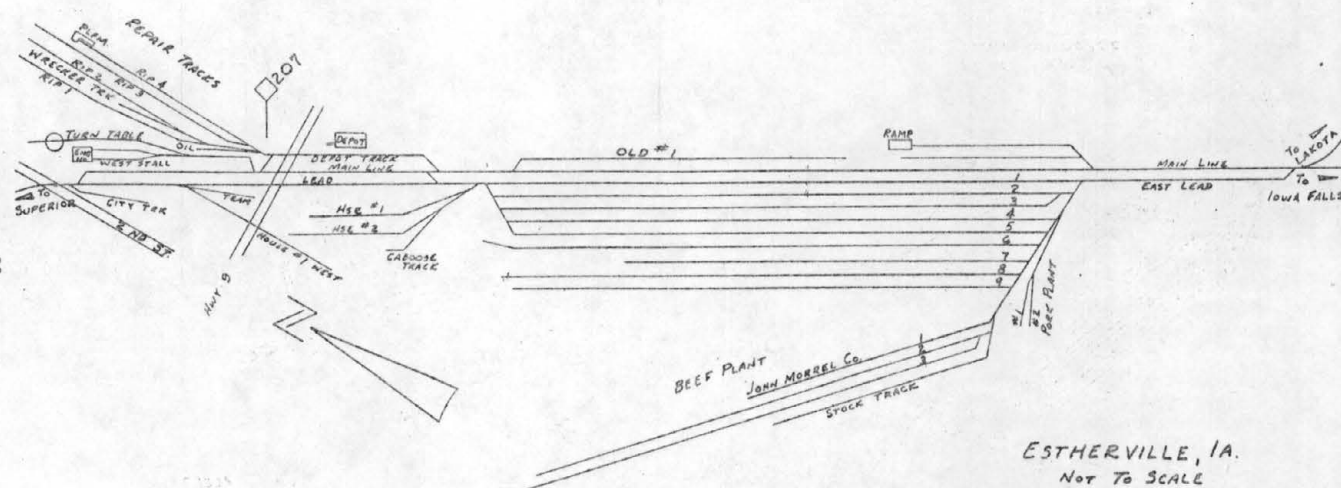
MAXIMUM WT:

Loads (gross weight of car and lading) 263,000 lbs.



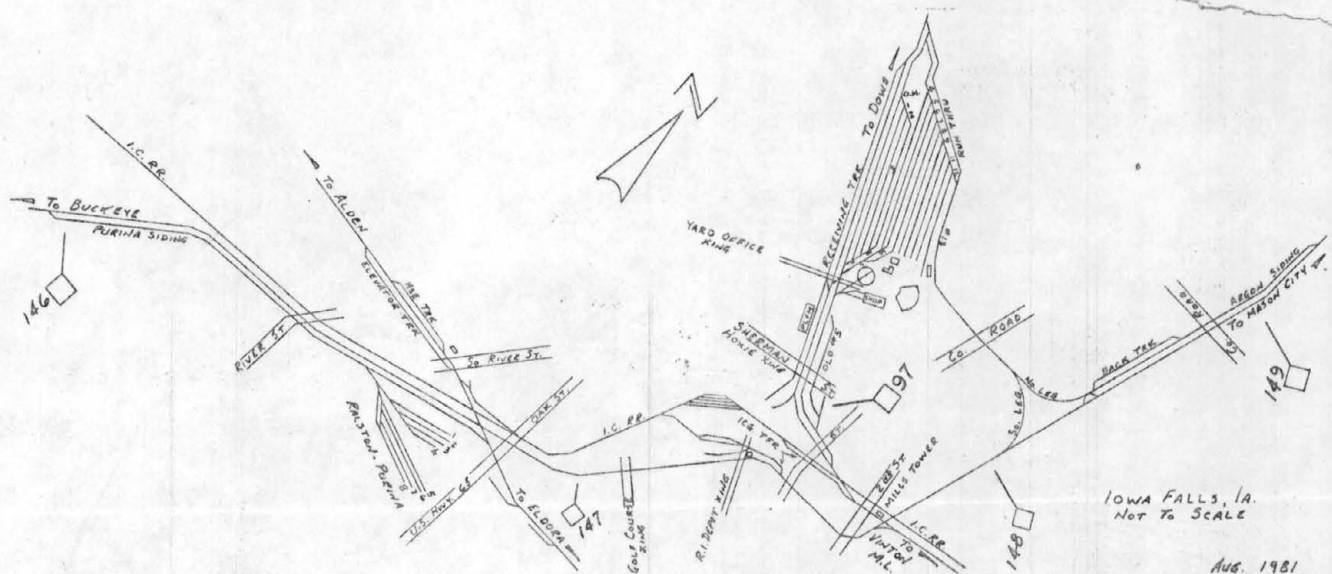
ALBERT LEA, MINN. (R1)
NOT TO SCALE

SEP. 1981



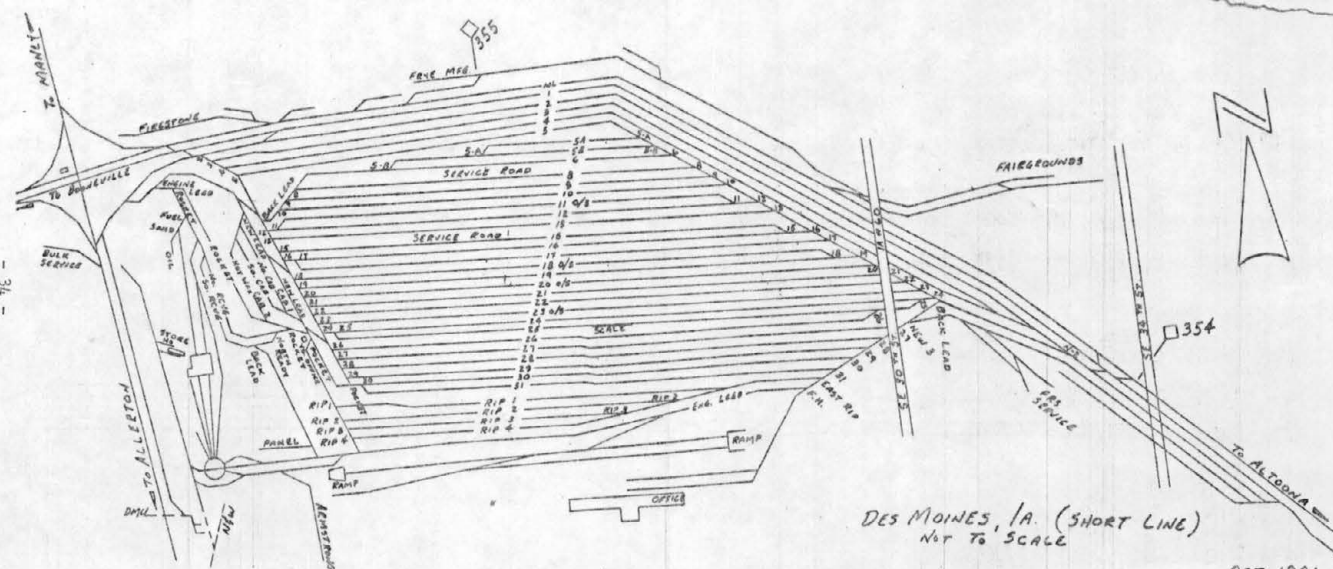
ESTHERVILLE, IA.
NOT TO SCALE

Jul. 1981



IOWA FALLS, IA
NOT TO SCALE

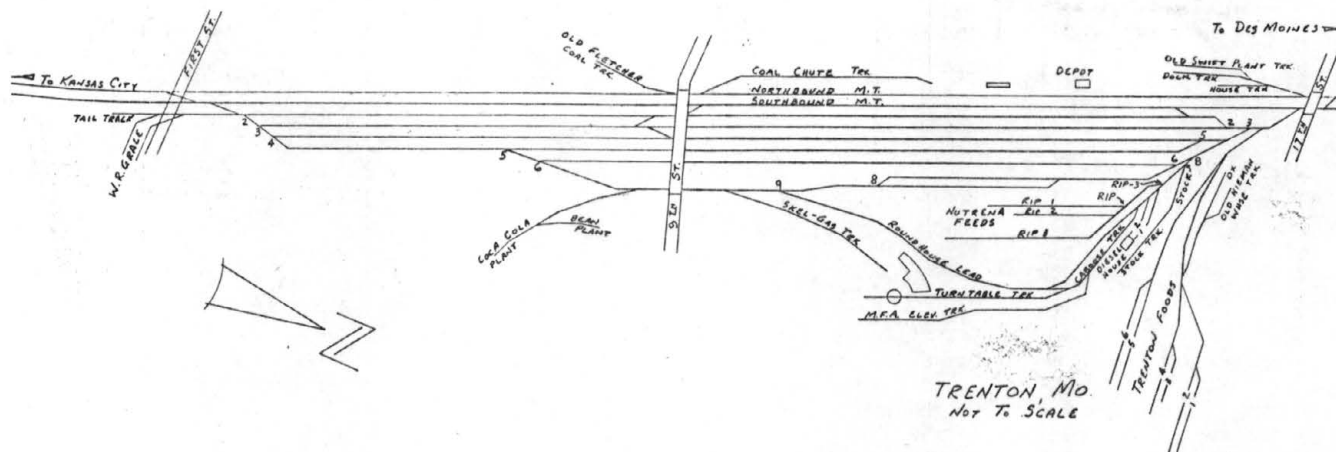
AUG. 1981



DES MOINES, IA. (SHORT LINE)
NOT TO SCALE

OCT 1981

- 57 -



JUL. 1981

DME info jef

Soo Line bid cheers Iowa grain dealers

Rail firm offers to buy north-south 'Rock' artery

By RANDY EVANS

Register Staff Writer

This year has not produced a bumper crop of good news for Ivan Summa, the man who presides over the huge grain elevator that is the skyline of the Dickinson County town of Superior.

The sickly economy and bargain-basement grain prices have sent business reeling at the Superior Cooperative Elevator Co., which Summa manages, and at the dozens of other grain-marketing facilities that dot the rich farming country of northwest Iowa.

But last week, Summa said he had cause to jump for joy: The Soo Line Railroad offered to buy the tracks beside his elevator. And if the sale comes to pass, he said, a worrisome headache for him and his counterparts in the grain business will be removed.

Those tracks are a lifeline for the grain elevators, and the line's future has been of considerable concern to Summa for 10 years, he said. He watched the present owner, the Rock Island Lines, fall ill and slowly die; he watched the tracks deteriorate while negotiations with one prospective buyer seemed to go nowhere; and he did not want to watch that prospect, the North Western Railway, buy the line because he feared that the freight rates he pays might rise out of control.

"The way it is now, we don't have competition," Summa said last week. "We've just got the North Western. We're at the mercy of the North Western on rates, and we're at the mercy of the North Western on service."

But Summa added: "We're overjoyed to have a competing railroad coming in with a bona fide bid and cash to spend. We'll welcome them with open arms."

Ralph Matheson, manager of the Farmers Cooperative Elevator Co. at Rake, agreed, if not quite so effusively: "Some 70 percent of the grain in Iowa already moves on the North Western. I think we need competition. As long as it's a reputable railroad, I don't care who it is."

"Regardless of what the railroad's name is, we need two railroads in northern Iowa to handle the grain business," added Fred McKim, whose West Bend Elevator Co. ran up a \$7 million rail freight tab last year.

The Soo Line, an American arm of Canada's largest corporation, Canadian Pacific Ltd., offered to buy the Rock Island's north-south main line through Iowa, between Minneapolis and Kansas City, Mo., and 200 miles of branch lines in central and northern Iowa, including

6B/ DES MOINES SUNDAY REGISTER ■ SEPTEMBER 19, 1982

Soo Line lacks North Western's access: shipper

RAILROAD

Continued from Page One

the segments in Superior, West Bend and Rake.

The amount of its bid has not been disclosed, but a number of reports have put it in the range of \$75 million to \$100 million.

The North Western, Iowa's largest railroad, has been operating the Rock's main line and the branch lines under a lease arrangement with the railroad's bankruptcy trustee. The North Western has had its eye on acquiring those tracks, too, but two years of negotiations with the trustee have not been fruitful.

Transportation analysts in Iowa believe the Soo Line stands a better chance of succeeding because it goes into the negotiations in better financial health than the North Western.

Analysts said the Soo Line's debt ratio is about one-third of the North Western's, and the Soo Line turned a \$6 million profit during the first quarter of this year while the North Western posted a loss of more than \$7 million.

And that financial strength is one of the attractions the Soo Line holds to people like Summa, Matheson, McKim, and officials of the Iowa Department of Transportation, which has been working since the Rock's demise in 1979 to find a buyer for the so-called "spine line."

"Our goal is to get a strong carrier who has the financial resources to upgrade the line, keep it maintained, and provide an adequate amount of equipment," said Les Holland, director of the DOT's rail division.

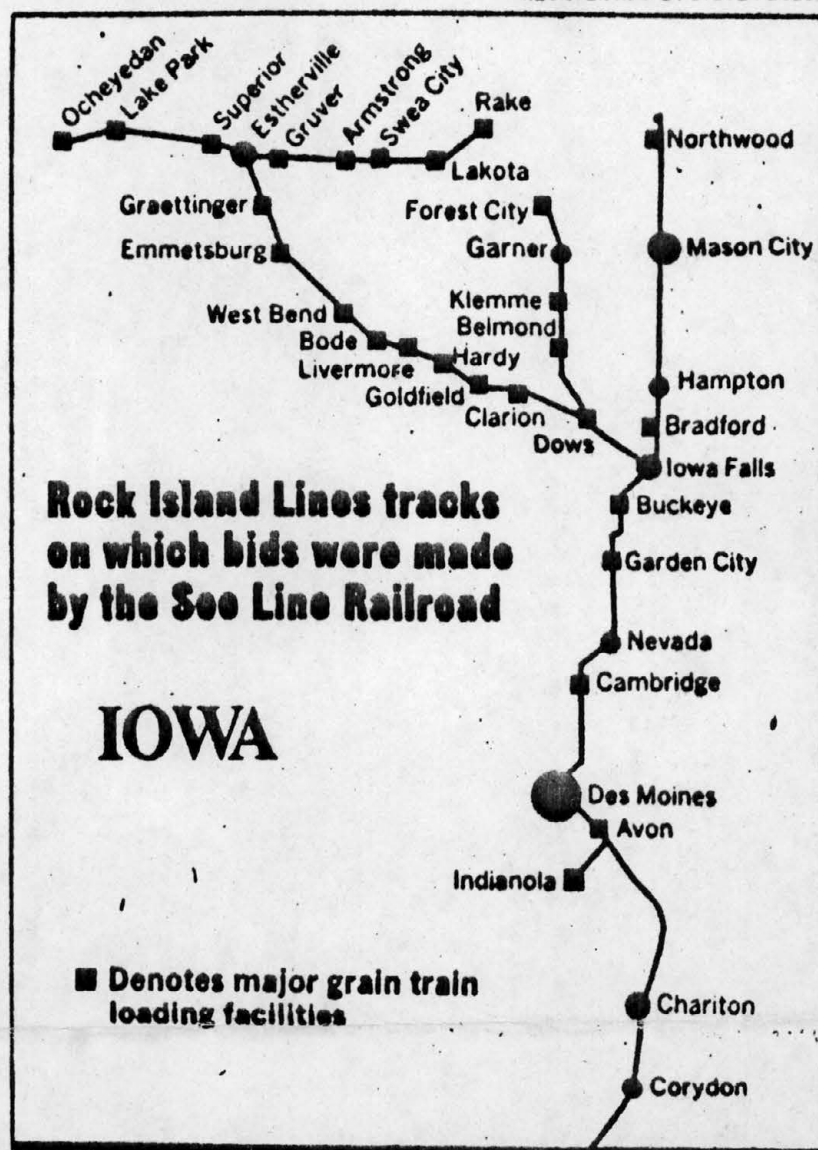
"We don't want to have to go through this again in five or 10 years."

Between \$10 million and \$20 million probably will have to be spent on rehabilitating the Rock's branch lines northwest of Iowa Falls, according to DOT estimates.

In spite of the Soo Line's resources and reputation, some shippers were cautious last week about expressing support for its bid because they knew little about the company's rates or how committed it would be to carrying their grain.

"In reality, you can have a gold-plated railroad out here and not be

REGISTER MAP BY STEVE PEGLOW



able to afford its rates, so maybe you would be better off with a tin-plated railroad that you could afford and that would make you money," said McKim, the West Bend businessman and one of the shippers who are publicly remaining neutral for now.

Thomas Williamson, vice president for transportation at AGRI Industries Inc., the West Des Moines-based firm that is Iowa's biggest grain marketer, was another of those not willing to express a preference yet between the

North Western and Soo Line.

"The thing we are looking for is access to grain markets," he said. "It's no secret, I don't think, that the Soo Line doesn't offer the access that the North Western does."

He added, however: "At this stage of the game, they both offer some pluses and minuses."

But back in Superior, Ivan Summa remained adamant: "I think this is a tremendous opportunity for Iowa to have competitive rail service."

RAILROAD

Please turn to Page 6B

Harkin says Reagan plan farms 'a major flop'

MURKIN

Representative Tom Harkin (Ia.) Tuesday called the administration's 1982 farm "a major flop," and asserted farmers cannot expect to improve in prices until effective cropland set-aside is started and grain exports resumed.

Harkin at the National Association of State Departments of Agriculture at its 64th annual here, Harkin said, "The not going to experience an recovery until farmers ing some money again.

It's better at reinvesting and spawning economic an farmers and the small en they trade with," Harkin s speech at Hotel Fort Des

rst we've got to raise farm bringing the supply of farm ties in line with demand. n only be accomplished n effective set-aside and/or version program."

said the Reagan farm this year was "a major flop" nly 20 percent of the Iowa mplied with the voluntary, ent cropland acreage program for feed grains. dded, "this was higher than s."

92 farm program "clearly equate incentives to keep n compliance even in the eord production" of crops fall, he said.

said he hopes "the use of a sion [in 1983] will attract more farmers in the nd, most important, reduce duction."

3 farm program set up by icials calls for a voluntary set-aside accompanied by for an additional 5 percent land idled next year.

rm leaders, including Farm icials, believe this will not gh of a cutback in crop . They favor a 20 percent ropland, with payments to half of that.

pating farmers will be other benefits, in addition pland diversion payments. n "effective" set-aside s developed, Harkin said, step is to boost exports. He exports dropped to \$40.5



Tom Harkin
Lashes out at Reagan

billion, an 8 percent drop and the first decrease in 13 years.

American corn exports alone dropped 15 percent, or 300 million bushels, according to Harkin.

One of the reasons for the slump in exports, Harkin said, is "State Department meddling," which in recent years has included grain embargoes, the failure to work toward another long-term grain agreement with the Soviet Union, and more recently the efforts by the Reagan administration to embargo pipeline equipment to the Soviets.

The pipeline embargo effort "has the potential for bringing more economic havoc on the U.S. than the partial grain embargo imposed by Jimmy Carter," Harkin said. "Not only have we again demonstrated our undependability as a trading partner to the Soviets, but we've also managed to anger our European allies as well."

"No longer can the U.S. afford to engage in meaningless trade embargoes which are easily circumvented and only serve to penalize our own economic interests, whether they be farmers growing corn and wheat or unemployed workers at a Caterpillar plant in Peoria."

Harkin called for the United States to engage in trade the way other nations do, adding that he favors the use of export subsidies "when necessary to counteract measures taken by other nations."

ers states up

recent gain in cattle sent to Arizona beef processors by percent fewer cattle. e the marketings for the 2: California, up 9 percent; 3 percent; and Texas, up 8

stains its No. 1 beef state 1,540,000 head on feed the ds month, by a narrow ice No. 2 Nebraska had ad of cattle in its feedlots 2. Kansas is third, with 1.2 ad, followed by Iowa Colorado (730,000) and 595,000).

st showed the number of

Soo Line offers to buy Rock trackage in Iowa

By LARRY FRUEHLING

Register Business Editor

Soo Line Railroad Co. said Tuesday that it has offered to buy one of the main remnants of the defunct Rock Island Lines — the north-south main line from Minneapolis to Kansas City and 212 miles of branch lines in northern and central Iowa.

Soo officials refused to disclose how much the railroad offered for the old Rock Island trackage, which now is being operated under a lease arrangement by the North Western Railway.

The North Western also is trying to buy the Minneapolis-Kansas City main line, which cuts through the middle of Iowa, and the Iowa branch lines included in Soo's bid.

William Gibbons, the Rock Island's bankruptcy trustee, said in Chicago he would not reveal the amount offered for the properties by either railroad. Gibbons also declined to say which bid appeared to be the better deal for the Rock Island's creditors.

He did say, however, that the Soo's bid will further extend his negotiations for disposing of the Rock Island properties in Iowa. The Rock collapsed in January 1980.

The principal owner of Soo Line is Canadian Pacific Ltd., a major transportation company. Soo Line is one of the most profitable railroads in the United States.

Soo, based in Minneapolis, operates more than 4,400 miles of line, mostly in Minnesota, Wisconsin, Illinois and North Dakota. Soo now has no trackage in Iowa.

Some state officials and shippers have repeatedly expressed concern about the growing strength of the North Western in Iowa, saying the railroad, already with more trackage than any other in the state, could be moving toward a virtual monopoly in much of Iowa that could result in much higher shipping rates.

For its part, North Western is operating an intensive public-relations campaign for the support of Iowa shippers.

In addition to the Minneapolis-to-Kansas City main line, Soo also offered to buy northern Iowa branch lines from Iowa Falls through Estherville to Ocheyedan and Rake, and from Dows to Forest City. It also made an offer for the branch line from Carlisle to Indianola in central Iowa.

Iowa Department of Transportation officials said the Soo also is seeking trackage rights to operate over the Milwaukee Road's branch line from Hartley to Emmetsburg.

Thomas Beckley, president of Soo, said in a statement that the railroad has the ability to absorb the additional traffic demands the acquisition would bring as well as "a service record that I believe would make Soo an asset to shippers who were served in the past by the Rock Island."

Beckley said Soo also would carry out an "accelerated" program to overhaul the tracks as soon as possible after the proposed purchase was approved by Gibbons.

Beckley also said: "Soo service would be strengthened by a Kansas City gateway which would open new direct and shorter routes for our customers and give Soo the ability to interchange traffic with several railroads not presently reached."

"Soo's access to corn and soybean

Rockwell-Collins to lay off 200

From The Register's Cedar Rapids Bureau

CEDAR RAPIDS, IA. — Some 200 employees at the Rockwell-Collins plant here will be laid off effective Oct. 1, a company spokesman said Tuesday.

Company officials posted a list of 282 "excess" positions and said when the layoff, conducted by seniority, is completed, only 82 of those positions will remain. The layoffs will involve workers throughout the production section of the electronics plant. Cedar Rapids' largest employer.

On July 30, the company laid off 150 employees in the production section of the plant. An August layoff was posted, but was delayed.

9/1/82 Harvey Sims

Dunham, DOT Director
Warren B. 239-1111
Governor Ray

Before October 6, 1982

Plans, initiated negotiations with
Trustee

Mileage with press, full coverage

8:30A 9:15A 2:30P 3:15P

Tuesday October 5, 1982 11:00AM

DIRECT DIAL (412) 273-4004

R. D. BIRT

MANAGER, FIELD INSTALLATIONS



**UNION SWITCH & SIGNAL DIVISION
AMERICAN STANDARD INC.**

SWISSVALE, PA 15218 (412) 273-4000

Soo Line Railroad Company



Date 9-23-82

To: DMC

From: DR

- ☐ Please note and return.
☒ For your information.
☐ Please reply directly to attached.
☐ Please give me your recommendations.
☐ Please draft reply for my signature.
☐ Please handle.
☐ Would like to discuss with you.
☐ Proposed draft attached for your review and suggestions.
☐ Comments?

Suggest you call and discuss
what you want re RI
Communication/signals system.
The Sec 2 controls not a problem
to move.

Buchanan Hall - Room 6169
Iowa State University
Ames, Iowa 50012

Mr. Joe Darling
Soo Line Railroad
Soo Line Building
Box 530
Minneapolis, Minnesota 55440

Dear Mr. Darling:

It was with great pleasure that I heard of your offer to purchase portions of the former Rock Island Railroad. It is my sincere hope that your are sucessful in this endeavor.

I was recently approached by C. J. Stoffer to assist in compiling some information on the former Rock Island. I was able to furnish C. J. with information on train operations, speed restrictions and unit grain train operations which he has forwarded to you. It would be my pleasure to assist you with any other information that would simplify the start up of operations over this trackage.

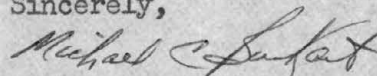
I am sure you have made traffic studies to determine the volume of traffic available. I feel you should know that there is potential for additional traffic that the Chicago & Northwestern is not handling. As an example, there was sufficient traffic volume in the Forest City, Iowa vicinity for the Rock Island to maintain a road switcher. The CNW chose not to furnish this service and as a result most traffic for Forest City and primarily Winnebago Industries has shifted to truck. The Rock Island had a large volume of motor home chassis which are now being handled by truck. This is not an isolated case as there are many more horror stories of lack of service.

You may be interested in motive power requirements, deployment of mechanical personnel, winter operations and items of this nature. I feel qualified to discuss these items as I have served as Trainmaster at Manly and Estherville, Iowa and as Assistant Division Superintendent for the former Rock Island. In these capacities I was responsible for the operations of all the trackage north of Des Moines that you are interested in. While never directly supervising the territory from Des Moines to Kansas City I am fully aware of the operations of this segment through positions as a Transportation Supervisor and later as Assistant Manager Train Operations in the Operations Control Center of the Rock Island located in Kansas City.

I am currently a student at Iowa State University working toward a BBA degree with a major in Transportation. Until returning to school full time I worked as an extra train dispatcher for the CNW in Mason City, Iowa which enabled me to stay current with operations and track conditions of the former Rock Island.

Should I be able to assist you in any way please feel free to contact me at the above address or by telephone at 515-294-6755 during the week or at 238 Bosworth, Manly, Iowa 50456 phone 515-454-2114 on weekends.

Sincerely,



Michael C. Burkart

September 17, 1982

SOO LINE RAILROAD

SEP 20 1982

EXEC. VICE PRESIDENT

TO: D. M. Cavanaugh

FROM: J. D. Darling *JDD*

RE: Rock Island Study

Attached is an outline of items of consideration in the Rock Island Study. Some items, such as L. B. Foster's, require no current effort. Other items represent major efforts. All major categories of effort can move forward simultaneously, except Labor Relations cannot move forward with serious negotiations until staffing of organized positions have been firmed up. I believe the operating departments should become involved with determining the required levels of staffing to a fair degree of accuracy as soon as possible.

This outline is on the word processor for ready alteration, expansion, or addition of detail.

JDD/jmz

Att. (1)

R O C K I S L A N D A C Q U I S I T I O N

I. PURCHASE FROM ROCK ISLAND TRUSTEE

A. Identify Additional Properties

1. East Des Moines-West Des Moines
2. St. Paul-Inver Grove-Newport-Rosemont
3. Ochedan-Allendorf-Sibley
4. Forest City-Thompson-Buffalo Center
5. Hayfield Jct.-Woden-Titonka
6. Rake-Albert Lea

B. Identify Car Outs

C. Identify Elevator Properties

D. Obtain and Review Joint Facility Agreements

E. Obtain Leases

F. Obtain Easements

G. Obtain Title and Deeds

II. KANSAS CITY TERMINAL

A. Review with KCS

B. Contact SSW

C. Contact MKT

D. Contact ATSF

E. Contact MILW

1. Review KCS-MILW agreement, current costs
2. Negotiate entry into KCS-MILW Joint Agency

III. FINANCING

A. FRA 4-R Title 5 Preference Share Rehabilitation Financing

- B. Omaha Central Bank for Cooperative's Loan
- C. Iowa DOT Rail Assistance Program Rehabilitation Financing
- D. Iowa DOT Rail Assistance Program Prior Funding owed by Rock Island Trustee
 - 1. Reduce purchase price to Rock Island Trustee
 - 2. Soo assume debt
 - 3. Consider as Iowa DOT grant prior to repayment
- E. Iowa Rail Finance Authority Contribution in the Form of Past Due Ad Valorem Taxes Reducing Price to Rock Island Trustee
- F. L. B. Foster
- G. Evans
- H. North American
- I. Chicago Corporation

IV. ROLLING STOCK

- A. Locomotives. Three per year starting in year one.
- B. Cabooses. None additional.
- C. Freight Cars
 - 1. Survey main line elevators
 - 2. Survey other major shippers
 - a. A. E. Statey, Des Moines
 - b. Ralston Purina, Iowa Falls
 - c. Cargill, Clarion, Emmetsburg, Armstrong, Swea City, Rowan
 - d. Continental, Northwood
 - e. Central Soya, Belmond
 - f. Golf Coast Grain, Hartley
 - 3. Finalize proposed agreement
 - 4. Propose agreement to Agri Industries

5. Propose agreement to Cooperatives
6. Propose agreement to other major shippers
7. Renegotiate leases as necessary

V. TRANSPORTATION

- A. Review Operating Plan
- B. Transportation
 1. Staffing, including T&E
 2. Facilities
 3. Vehicles
 4. Supplies
 5. IDP Equipment
- C. Dispatching
 1. CTC
 2. Operator coverage

VI. ENGINEERING

- A. Track, B&B, Signal and Communications
 1. Staffing
 2. Facilities
 3. Vehicles
 4. Tools and Supplies
 5. Inventory
- B. Public Telephones
- C. Dispatchers Telephones
- D. Radio Coverage
- E. CTC Control Board Relocation
- F. IDP Circuits
- G. Construction at Avon

VII. MECHANICAL

- A. Locomotives
 - 1. Staffing
 - 2. Facilities
 - 3. Vehicles
 - 4. Tools and Supplies
 - 5. Inventory
- B. Car
 - 1. Staffing
 - 2. Facilities
 - 3. Vehicles
 - 4. Tools and Supplies
 - 5. Inventory
 - 6. IDP Equipment
- C. General Service
- D. Wrecker

VIII. ACCOUNTING

- A. Revenue Accounting Staffing
- B. Disbursements Accounting Staffing

IX. MANAGEMENT INFORMATION SYSTEMS

- A. Staffing
- B. Program Maintenance
 - 1. Freight car reporting system
 - 2. Car distribution/home route

X. LABOR RELATIONS

- A. Project Work Force

- B. Review Rock Island Transition and Employee Assistance Act
- C. Get Current Rosters from Railroad Retirement Board
- D. Review Miami Accord of March 1980
- E. Contact Soo and RI Craft Representatives
 - 1. Outline staffing
 - 2. Get master list of eligible employees
 - 3. Reach any necessary agreements

September 17, 1982

SOO LINE RAILROAD

SEP 20 1982

EXEC. VICE PRESIDENT

TO: D. M. Cavanaugh

FROM: J. D. Darling *JDD*

RE: Rock Island Study

The FRA study does indicate some subgrade stabilization problems, although it is apparently only severe in the area of Nepas, Iowa.

Estimates for stabilization and slide piling rehabilitation are as follows:

Nepas, Iowa	\$1,409,000
All Other	<u>473,910</u>
TOTAL	<u>\$1,882,910</u>

I will be at the FRA next week and will try to acquire further information on this problem as well as the estimated bridge work.

JDD/jmz

Att. (1)

cc: W. B. Peterson

EXHIBIT III-4
Summary of Conditions on
the Three Routes

	Rock Island St. Paul- Kansas City	Chicago and North Western St. Paul- Kansas City	Milwaukee Road Mason City- Kansas City
Ties	Poor - Fair	Poor - Fair	Fair - Good
Rail	Fair	Much 100-lb. Rail	Much 100-lb. Rail
Rail Anchoring	Poor	Poor	Poor
Station/Brush Control	Poor	Fair - Good	Fair - Good
Station/Roadway Buildings	Poor	Poor - Fair	Fair - Good
Subgrade	Stable*	Stable	Stable
Timber Trestles	Poor	Poor	Fair - Good
Steel and Concrete Bridges	Good	Good**	Fair - Good
Signalling	Fair	Minimal	Minimal
Curvature	-	Restricting curvature-- St. Joseph terminal and Levenworth	Severe curv- ature in the Marquette area and along the Mississippi River to Muscatine

*Except for the Nepas slide area

**Except for the drawspan over the Missouri River (which needs rebuilding)

APPENDIX (A-1)

REHABILITATION ESTIMATE

Rock Island Lines Albert Lea to St. Paul, Minnesota 97.5 Track Miles

(Trackage rights Milwaukee Railroad Comus to Rosemont) 14.8 MGT/Annual Combined Base.

RAIL RELAY MAIN TRACK	14.0	T.M.	@	150,040 (N 115# CWR)	\$	2,100,560
RAIL RELAY OTHER TRACKS	8.2	T.M.	@	84,330 (SH 115# CWR)		691,506
RELAY TURNOUTS EACH	14		@	17,670		247,380
SURFACE TURNOUTS EACH	51		@	2,205		112,455
SWITCH TIES PIECES	1,101		@	81.75		90,006
TIES - MAIN TRACK	90,095	@	29.60	x	None T.M.	2,666,812
TIES - OTHER TRACKS	7,080	@	24.25			171,690
ADDITIONAL ANCHORS	(8 x 270 x 56.0 TM x 2.25)					272,160
SURFACING	60	T.M.	@	5,979		358,740
ROADWAY CROSSINGS	21	x	36 L.F.	x	300	226,800
WEED SPRAY	110	T.M.	@	125		13,750
BRUSH SPRAY	35	T.M.	@	125		4,375
BRUSH CUTTING	18	L.M.	@	5,961		107,298
DRAINAGE CORRECTION	25	T.M.	@	489		12,225
STABILIZATION			None T.M.	@		None
SLIDE PILING	1,000	T.F.	@	115		115,000
RAILROAD CROSSINGS	None	EA.	@			None
BRIDGES	JOB See inspection analysis					582,867
SUBTOTAL					\$	7,773,624
CONTINGENCIES 7.5 %						583,022
TOTAL					\$	8,356,646
COST/TRACK MILE					\$	85,709

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section112 lb. Rail relay to protect curves and generate repair rail. Protected by ABS and CTC.UNIT COSTS ARE BASED ON 19 80 PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

APPENDIX (A-2)

REHABILITATION ESTIMATE

Joint Rock Island/C&NW Mason City (Clear Lake Jct.), Iowa to Albert Lea,Minnesota 33.9 Track Miles 22.7 MGT/Annual Combined Base.

RAIL RELAY MAIN TRACK	<u>4.5</u>	T.M. @	<u>174,487 (N 136# CWR)</u>	\$	<u>785,192</u>
RAIL RELAY OTHER TRACKS	<u>7.7</u>	T.M. @	<u>84,330 (SH 115# CWR)</u>		<u>649,341</u>
RELAY TURNOUTS EACH	<u>5</u>	@	<u>18,937</u>		<u>94,685</u>
SURFACE TURNOUTS EACH	<u>40</u>	@	<u>2,205</u>		<u>88,200</u>
SWITCH TIES PIECES	<u>1,008</u>	@	<u>81.75</u>		<u>82,404</u>
TIES - MAIN TRACK	<u>30,510</u>	@	<u>29.60</u> x <u>None</u> T.M.		<u>903,096</u>
TIES - OTHER TRACKS	<u>7,680</u>	@	<u>24.25</u>		<u>186,240</u>
ADDITIONAL ANCHORS	<u>(8 x 270 x 22 TM x 2.25)</u>				<u>106,920</u>
SURFACING	<u>41.6</u>	T.M. @	<u>5,979</u>		<u>248,726</u>
ROADWAY CROSSINGS	<u>11</u>	x <u>36</u> L.F. x <u>300</u>			<u>118,800</u>
WEED SPRAY	<u>55</u>	T.M. @	<u>125</u>		<u>6,875</u>
BRUSH SPRAY	<u>None</u>	T.M. @			<u>None</u>
BRUSH CUTTING	<u>None</u>	L.M. @			<u>None</u>
DRAINAGE CORRECTION	<u>None</u>	T.M. @			<u>None</u>
STABILIZATION		T.M. @	<u>Job</u>		<u>55,000</u>
SLIDE PILING	<u>500</u>	T.F. @	<u>115</u>		<u>57,500</u>
RAILROAD CROSSINGS	<u>2</u>	EA. @	<u>85,000</u>		<u>170,000</u>
BRIDGES		JOB	<u>See inspection analysis</u>		<u>166,046</u>
SUBTOTAL				\$	<u>3,552,979</u>
CONTINGENCIES					<u>7.5 %</u> <u>226,473</u>
TOTAL				\$	<u>3,819,452</u>
COST/TRACK MILE				\$	<u>112,668</u>

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section115 lb. Relay to protect curves and generate repair rail. Protected by
ABS and CTC.UNIT COSTS ARE BASED ON 1980 PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

REHABILITATION ESTIMATE

Rock Island Lines Iowa Falls (Argon) to Mason City, Iowa (Clear Lake Jct.)

42.0 Track Miles 22.7 MGR/Annual Combined Base.

RAIL RELAY MAIN TRACK	11.5	T.M.	@	174,487 (N 136# CWR)	\$	2,006,601
RAIL RELAY OTHER TRACKS	3.9	T.M.	@	84,330 (SH 115# CWR)		328,887
RELAY TURNOUTS EACH	9		@	18,937		170,433
SURFACE TURNOUTS EACH	19		@	2,205		41,895
SWITCH TIES PIECES	465		@	81.75		38,014
TIES - MAIN TRACK	47,250	@	29.60	x	None T.M.	1,398,600
TIES - OTHER TRACKS	3,890	@	24.25			94,333
ADDITIONAL ANCHORS	(12 x 270 x 26 TM x 2.25)					189,540
SURFACING	45.9	T.M.	@	5,979		274,436
ROADWAY CROSSINGS	7	x	36	L.F. x	300	75,600
WEED SPRAY	48.0	T.M.	@	125		6,000
BRUSH SPRAY	3.5	T.M.	@	125		438
BRUSH CUTTING	1.5	L.M.	@	5,961		8,942
DRAINAGE CORRECTION	12	T.M.	@	489		5,868
STABILIZATION			None	T.M. @		None
SLIDE PILING	400	T.F.	@	115		46,000
RAILROAD CROSSINGS	None	EA.	@			None
BRIDGES		JOB	See inspection analysis			825,768
SUBTOTAL					\$	5,511,355
CONTINGENCIES 7.5 %						413,352
TOTAL					\$	5,924,707
COST/TRACK MILE					\$	141,064

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail
section 112 lb. Relay to protect curves and generate repair rail. Protected
by ABS.

UNIT COSTS ARE BASED ON 19 80 PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

APPENDIX (A-4)

REHABILITATION ESTIMATE

Rock Island Lines Nevada to Iowa Falls, Iowa (Argon) 42.5 Track Miles.

25.3 MGT/Annual Combined Base.

RAIL RELAY MAIN TRACK	8.5	T.M.	@	174,487 (N 132# CWR)	\$	1,483,140
RAIL RELAY OTHER TRACKS	5.8	T.M.	@	84,330 (SH 115# CWR)		489,114
RELAY TURNOUTS EACH	9		@	18,937		170,433
SURFACE TURNOUTS EACH	18		@	2,205		39,690
SWITCH TIES PIECES	518		@	81.75		42,347
TIES - MAIN TRACK	47,850	@	29.60	x	None T.M.	1,416,360
TIES - OTHER TRACKS	5,785	@	24.25			140,286
ADDITIONAL ANCHORS	(12 x 270 x 31 TM x 2.25)					225,990
SURFACING	48.3	T.M.	@	5,979		288,786
ROADWAY CROSSINGS	9	x	36	L.F. x	300	97,200
WEED SPRAY	52.0	T.M.	@	125		6,500
BRUSH SPRAY	6.0	T.M.	@	125		750
BRUSH CUTTING	2.0	L.M.	@	5,961		11,922
DRAINAGE CORRECTION	12.0	T.M.	@	489		5,868
STABILIZATION		2	T.M.	@	39,830	79,660
SLIDE PILING	250	T.F.	@	115		28,750
RAILROAD CROSSINGS	None	EA.	@			None
BRIDGES	JOB See inspection analysis					483,398
SUBTOTAL					\$	5,010,194
CONTINGENCIES 7.5 %						375,765
TOTAL					\$	5,385,959
COST/TRACK MILE					\$	126,728

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section

112 lb. Relay to generate repair rail, shorts, engine burns, etc. Protected by ABS.

UNIT COSTS ARE BASED ON 1980 PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

APPENDIX (A-5)

REHABILITATION ESTIMATE

Rock Island Lines Des Moines to Nevada, Iowa 33.4 Track Miles28.6 MGT/Annual Combined Base.

RAIL RELAY MAIN TRACK	<u>4.0</u>	T.M. @	<u>174,487 (N 136# CWR)</u>	\$	<u>697,948</u>
RAIL RELAY OTHER TRACKS	<u>3.1</u>	T.M. @	<u>84,330 (SH 115# CWR)</u>		<u>261,423</u>
RELAY TURNOUTS EACH	<u>2</u>	@	<u>18,937</u>		<u>37,874</u>
SURFACE TURNOUTS EACH	<u>14</u>	@	<u>2,205</u>		<u>30,870</u>
SWITCH TIES PIECES	<u>352</u>	@	<u>81.75</u>		<u>28,776</u>
TIES - MAIN TRACK	<u>39,245</u>	@	<u>29.60</u> x <u>None</u> T.M.		<u>1,161,652</u>
TIES - OTHER TRACKS	<u>3,090</u>	@	<u>24.25</u>		<u>74,933</u>
ADDITIONAL ANCHORS	<u>(12 x 270 x 24 TM x 2.25)</u>				<u>174,960</u>
SURFACING	<u>36.5</u>	T.M. @	<u>5,979</u>		<u>218,234</u>
ROADWAY CROSSINGS	<u>15</u>	x <u>36</u> L.F. x <u>300</u>			<u>162,000</u>
WEED SPRAY	<u>36.5</u>	T.M. @	<u>125</u>		<u>4,563</u>
BRUSH SPRAY	<u>4.0</u>	T.M. @	<u>125</u>		<u>500</u>
BRUSH CUTTING	<u>2.5</u>	L.M. @	<u>5,961</u>		<u>14,903</u>
DRAINAGE CORRECTION	<u>7</u>	T.M. @	<u>489</u>		<u>3,423</u>
STABILIZATION		None	T.M. @		None
SLIDE PILING	<u>400</u>	T.P. @	<u>115</u>		<u>46,000</u>
RAILROAD CROSSINGS	<u>2</u>	EA. @	<u>85,000</u>		<u>170,000</u>
BRIDGES		JOB	<u>See inspection analysis</u>		<u>389,704</u>
SUBTOTAL				\$	<u>4,434,332</u>
CONTINGENCIES <u>7.5</u> %					<u>332,575</u>
TOTAL				\$	<u>4,766,907</u>
COST/TRACK MILE				\$	<u>142,722</u>

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section112 lb. Relay to generate repair rail for engine burns and torch cut rail.
Protected by ABS.UNIT COSTS ARE BASED ON 19 80 PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

APPENDIX (A-6)

REHABILITATION ESTIMATE

Rock Island Lines Des Moines, Iowa to Polo, Missouri 172.8 Track Miles

(3.7 Track Miles Double Track) 26.5 MGT/Annual Combined Base.

RAIL RELAY MAIN TRACK	23.5	T.M.	@	174,487 (N 136# CWR)	\$	4,100,445
RAIL RELAY OTHER TRACKS	5.2	T.M.	@	90,823 (SH 131# CWR)		472,280
RELAY TURNOUTS EACH	8		@	18,937		151,496
SURFACE TURNOUTS EACH	53		@	2,205		116,865
SWITCH TIES PIECES	1,526		@	81.75		124,751
TIES - MAIN TRACK	160,755	@	29.60	x	None T.M.	4,758,348
TIES - OTHER TRACKS	16,708	@	24.25			405,169
ADDITIONAL ANCHORS	(12 x 270 x 15.5 TM x 2.25)					112,995
SURFACING	172.8	T.M.	@	5,979		1,033,171
ROADWAY CROSSINGS	26	x	36 L.F.	x	300	280,800
WEED SPRAY	215	T.M.	@	125		26,875
BRUSH SPRAY	90	T.M.	@	125		11,250
BRUSH CUTTING	15	L.M.	@	5,961		89,415
DRAINAGE CORRECTION	68	T.M.	@	489		33,252
STABILIZATION				Nepas Slide T.M. @ Job		650,000
SLIDE PILING	6,600	T.P.	@	115		759,000
RAILROAD CROSSINGS	2	EA.	@	85,000		170,000
BRIDGES		JOB	See inspection analysis			3,197,626
SUBTOTAL					\$	16,493,738
CONTINGENCIES					7.5 %	1,237,030
TOTAL					\$	17,730,768
COST/TRACK MILE					\$	102,609

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section

112 lb. Relay to protect curves and generate repair rail. Protected by
ABS and CTC.UNIT COSTS ARE BASED ON 19⁸⁰ PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

APPENDIX (A-7)

REHABILITATION ESTIMATE

Milwaukee/Rock Polo to Kansas City (Airline Jct.), Missouri Double Track except

0.6 miles over Missouri River Bridge 41.2 Route Miles/81.8 Track Miles.

38.2 MGT/Annual Base.

RAIL RELAY MAIN TRACK	7.4	T.M. @	174,487 (N 136# CWR)	\$	1,291,204
RAIL RELAY OTHER TRACKS	1.0	T.M. @	84,330 (SH 115# CWR)		84,330
RELAY TURNOUTS EACH	8	@	18,937		151,496
SURFACE TURNOUTS EACH	19	@	2,205		41,895
SWITCH TIES PIECES	630	@	81.75		51,503
TIES - MAIN TRACK	84,150	@	29.60 x None	T.M.	2,490,840
TIES - OTHER TRACKS	1,710	@	24.25		41,468
ADDITIONAL ANCHORS	(8 x 270 x 23 TM x 2.25)				111,780
SURFACING	80	T.M. @	5,979		478,320
ROADWAY CROSSINGS	12	x 36	L.F. x 300		129,600
WEED SPRAY	85	T.M. @	125		10,625
BRUSH SPRAY	25	T.M. @	125		3,125
BRUSH CUTTING	4	L.M. @	5,961		23,844
DRAINAGE CORRECTION	35	T.M. @	489		17,115
STABILIZATION	None T.M. @				None
SLIDE PILING	400	T.P. @	115		46,000
RAILROAD CROSSINGS	4	EA. @	85,000		340,000
BRIDGES wrk required Rock	JOB See inspection analysis				3,150
Route Moseby Jct.-Lawson only.					
NOTE: Exception to rail section is 115# CWR laid new 1976 on EBM (Freight) Moseby Jct. to Polo. (Rock Island)	SUBTOTAL			\$	5,316,295
	CONTINGENCIES 7.5 %				398,722
	TOTAL			\$	5,715,017
	COST/TRACK MILE			\$	69,866

ESTIMATE IS BASED ON Class 3 - 40 mph maximum speed. Minimum rail section112 lb. See Note. Relay to protect curves and generate repair rail. Protected by-CTC System.UNIT COSTS ARE BASED ON 19⁸⁰ PRICES AND NO CREDIT FOR SCRAP OR SECONDHAND MATERIALS.

INTRODUCTION:

Appreciate the opportunity to talk with you about Soo's proposal to purchase lines.

We presented an offer to purchase approxix 650 miles of line to the Trustee last Tuesday. The proposal is under study.

Our proposal called for

- * Main line purchase, connecting with our wholly owned subsidiary MN&S at Northfield, to Kansas City, MO, where Soo would have connections with the raods there.

- * An extensive branch line system including the ones serging you out of Iowa Falls and the Indianola branch in the southern part of the state.

Our offer is for purchase of these lines, a commitment we are readily prepared to undertake.

SOO ORIENTATION.

Before any specifics about our direct service to your facilities, let me orient you a bid about the Soo, what we do, and where we go.

We are a product of a 1961 merger of three midwestern railroads operating in seven states. The youngest of our three parts turns 100 next year. ~~Axxaxxxx~~

The territory we serve on-line ~~xxxxxxx~~ can besimplified into three types of territory (agriculture, forests/mines and industrial)

We maintain important connections with the canadian railroads at four locations (flow map) over which a grea~~at~~t deal of traffic flows through Chicago.

In terms of traffic, more than half from overhead traffic, rest eventy split.

Our major sources of traffic include:

- Resources, lumber, LPGs, potash, other fertilizers.

- Agriculture, grain, in our case wheat, barley, durum, rye but not a lot of corn.

- Manufacturing, steel, food products, etc.

- Intermodal traffic, particulary export-import via containers.

We maintain a close relationship with Canadian Pacific, which also owns 56% of our common stock. We have 6,000 other shareholders.

Company is operated independently from CP in best interests of customers, etc.

Have built a good record financially.

Revenues

Net Income

Rate of Return on Net investment.

ABOUT THE PROPOSAL TO PURCHASE.

Kansas City gateway would strengthen the Soo.

Provides outlets for overhead traffic and new routes for interchanged traffic in Twin Cities.

Provides opportunity to serve grain areas.

These two factors tie together closely. Both a branch line network of grain, and overhead traffic possibilities, balance each other and help make the investment possible. If grain traffic is low, overhead makes it practical. and vice verse. Both sources are absolutely necessary to make the investment pay.

The Iowa Gateway Lines offer significant traffic potential from an on-line source. We view our entry into these lines as beneficial to shippers for various reasons:

Competition. We are a balancing factor acting in the best interests of our shippers and because of competition would tend to keep rates in check. Soo's rate policy for the movement of grain:

1. Let the marketplace determine how grain should move shippers tell us how they want it to move (single car or solid train load) we develop the rate and means to move it. We do not dictate how it will move.
2. We will do everything possible to keep Soo-served elevators competitive with elevators in their area served by other railroads.

Car Supply. We have a large fleet of cars devoted to the movement of farm products (slide of capacity). We invest in cars to meet the needs of shippers. Our policy on car supply, particularly in times of tight supply:

1. Cars are distributed equitably to all shippers regardless of size, based on their ability to load cars.
2. We do not discriminate in any of our territories as to mainline versus branch line ~~xxx~~ locations, or not provide cars to the smallest of shippers.
3. Keep in mind that we were the innovater in terms of large volume movements. In 1965 we originated the first unit train of grain ever to move in this country although we don't insist that customers use unit trains.
4. Soo open to use of privates - manage a fleet in the best interests of Soo/customers. Make agreements.

Rail connections. We would provide an excellent outlet for grain from the Iowa Falls gateways. Several factors make this evident:

1. Lines flow cleanly to Kansas City where interchange with roads for ports on the Gulf Coast would be made easily.

- * Soo emphasizes fast interchange with carriers in large terminals to keep cars moving, not in yards awaiting switching or movement on outbound trains.

2. Our lines would flow very cleanly ~~wxxx~~ and match up well with excellent carriers, such as the new Norfolk/Southern for east bound moves, ~~xxx~~ and the Kansas City carriers moving west and south.

There are potentially new routes opened up, not now readily used that could offer an alternative in the future:

- * Westbound movements via CP-Soo-SI-UP (show slide of transit times)

- * Movements to the Twin Cities, perhaps SSMarie for the eastern seaboard.

- * Movement to Duluth/Superior?

4.

Service Ability. Soo readily adapts to changing market conditions for grain. Put on service when needed immediately.

Strive to be a low cost producer. A basic goal for the Soo is to produce rail transportation at lowest possible cost. This would undoubtedly bring on change on the Iowa Falls gateways in that we would handle operations differently. We move cars as quickly as possible and without delays. We have made great strides in our goals: (which point out our strengths)

- * Productivity factors.

- * Loss and Damage ratios.

- * Fuel efficiency

OTHER IMPORTANT FACTORS

We are a railroad and put our resources into the railroad. Investments are financed with a good credit rating (list an example of Moddy's or S&P credit ratings) or paid out of cash.

- We have a good service reputation, as can be attested by the regulatory agencies operating in Soo agricultural territories (PSCs)

We have made substantial investments in our locomotive fleet. (more than 20% replacement in last three years)

We make continuous track improvements - financed to-date wholly out of company generated funds.

- * Mainlines 70% welded rail.
- * Mainlines 100% hard crushed rock ballas.
- * Branchline programs maintained to levels needed to support the traffic over them.
- * Recognize the need for some major maintenance programs on the lines proposed for purchase with work to be accomplished as soon as possible should the purchase go through.

THE FUTURE

Soo recognizes that the rail system in this country will likely undergo significant change in the future. There are very large mergers going on all around us. We are in a strategic position which we believe enables to remain well into the future as an independent railroad. It is likely we will be one of only a small handful of independents expected to be a competitive force among large companies. A Kansas city gateway and interconnection with the railroads we do not now reach would be important to us.

We have a great deal of confidence in American agriculture. It will be needed, rail service will be needed. We can play an important role in it.

We directly serve through Canadian railroads, a vast natural resource area in Western Canada which is going to increasingly be more important as America needs these products in the future. Potash, as an example, with Soo being one of the major roads which handles this Canadian products.

Recognize that this change to add a competitor to this area must be made now., otherwise it would be lost forever.

Soo abandonment have been minor during last 15 years. Soo continues to serve branch lines as long as they remain viable. There has

been growth on our lines in agricultural territory. where 250 elevators served. Many new facilities including two new sunflower processing plants served by the Company.

SOO SPORTS...

Corporate running team heads for final race

The Soo Corporate Running Team is gearing up for its last race in the Corporate Running Cup series sponsored by the American Lung Association this summer. The final race will be held September 25th at Phalen Park in St. Paul. Like the preceding three races in the series, it will be a 6.2-mile (10 kilometer) course that requires the endurance of trained runners. The team completed the third race on July 21st in Minneapolis. The following team members finished the "Aquennial Torchlight" race among 822 competitors:

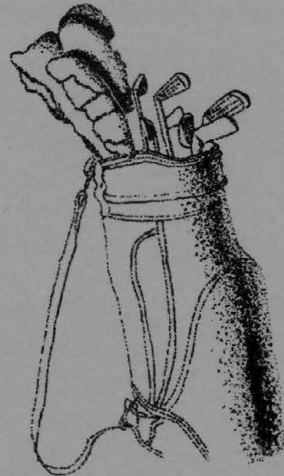
RUNNER	TIME
Tom Anderson	40:14
Jim Degerstrom	41:11
Sid Pace	41:54
Richard McGuire	42:37
Alton Bennett	45:43
Mark Knutson	51:38
Chris Rock	53:18
Tim Turner	55:12
Bill Voigt	1:01:45
David Henriksen	1:04:38
Richard Walstrom	1:08:19



Pembine golf tournament results

The Soo Line golf tournament at Pembine was held the last weekend of June with the following competitors taking home trophies:

Handicap Competitors-	
M. Jahnke	76 (won on playback)
D. Roddy	76
J. Gilbert	78
Without Scratch-	
N. Queram	70
P. LeGault	72
J. Reese, Sr.	76
Women's title-	
R. Cassidy	21
D. Gilbert	28
M. Vadnais	37



First United Way raffle to be held

Employees from the Minneapolis area are generously donating skills and talents to the first Soo United Way raffle, to be held during the September drive. United Way agencies are finding it more challenging than ever to gather the necessary funds which will keep services available. Concerned employees are helping to answer that challenge by contributing airplane rides, birdhouses, gift certificates and a host of other gifts to be awarded winners of the raffle. Raffle tickets will be obtained through payroll deduction pledges. How is your area doing with United Way pledges? Need help? Call the Public Relations Department, Minneapolis, for ideas on how you can "keep it working" in your city.

WANTED!

Big Brothers and Big Sisters

The Big Brothers/Big Sisters Of America organization is seeking volunteers for its program. If you are interested in becoming a Big Brother or Sister, please contact Dave Carlson in the Employee Relations Department, Minneapolis, on Extension 378. He will begin the process that can make a match between you and a Little Sister or Brother. Here are some facts about the need for Big Brothers and Big Sisters to spend time with children of one-parent families:

- * Nearly 12 million children in the U. S. today are growing up in one-parent families. Their numbers are increasing and it's predicted that 40% of all children born since 1970 can expect to live five years or more with only one parent.
- * A Big Brother or Big Sister is not a substitute parent, but an ally who can help a child through the challenges of growing up in a household where a single parent may not have adequate time to devote to answering a multitude of questions, engaging in sports activities and generally "hanging around" together.
- * Field studies conducted since 1939 have established that the Big Brother/Big Sister program is a highly effective means for preventing juvenile delinquency and emotional problems. The program can also benefit the economy as the cost of entering a child into the juvenile justice system is about \$3,000 to the taxpayers and from \$18,000 to \$65,000 a year for institutionalization.
- * From its beginnings in 1903, the organization has grown to more than 400 local agencies (including those in Chicago, Minot, Bismarck, Duluth/Superior, Minneapolis, St. Paul, Stevens Point and Fond du Lac), and is serving more than 100,000 children across the country.
- * Being a Big Brother or Big Sister to a needy child involves spending about three hours a week with a Little Brother or Sister. There is a waiting list of children for Big Brothers and Sisters to spend time with.

Soo makes offer to purchase Rock Island rail lines

Kansas City route sought

Grain branches included

Soo Line has made an offer to purchase more than 650 miles of rail lines which would extend its direct service from Minneapolis to Kansas City as well as provide access to an extensive grain producing region in Iowa. Soo's offer was presented to the Trustee of the Chicago, Rock Island and Pacific Railroad Company (Rock Island) which owns the lines and which is currently seeking a buyer for the properties. The action was approved by Soo's Board of Directors last week.

Volume 1982
Issue No. 4

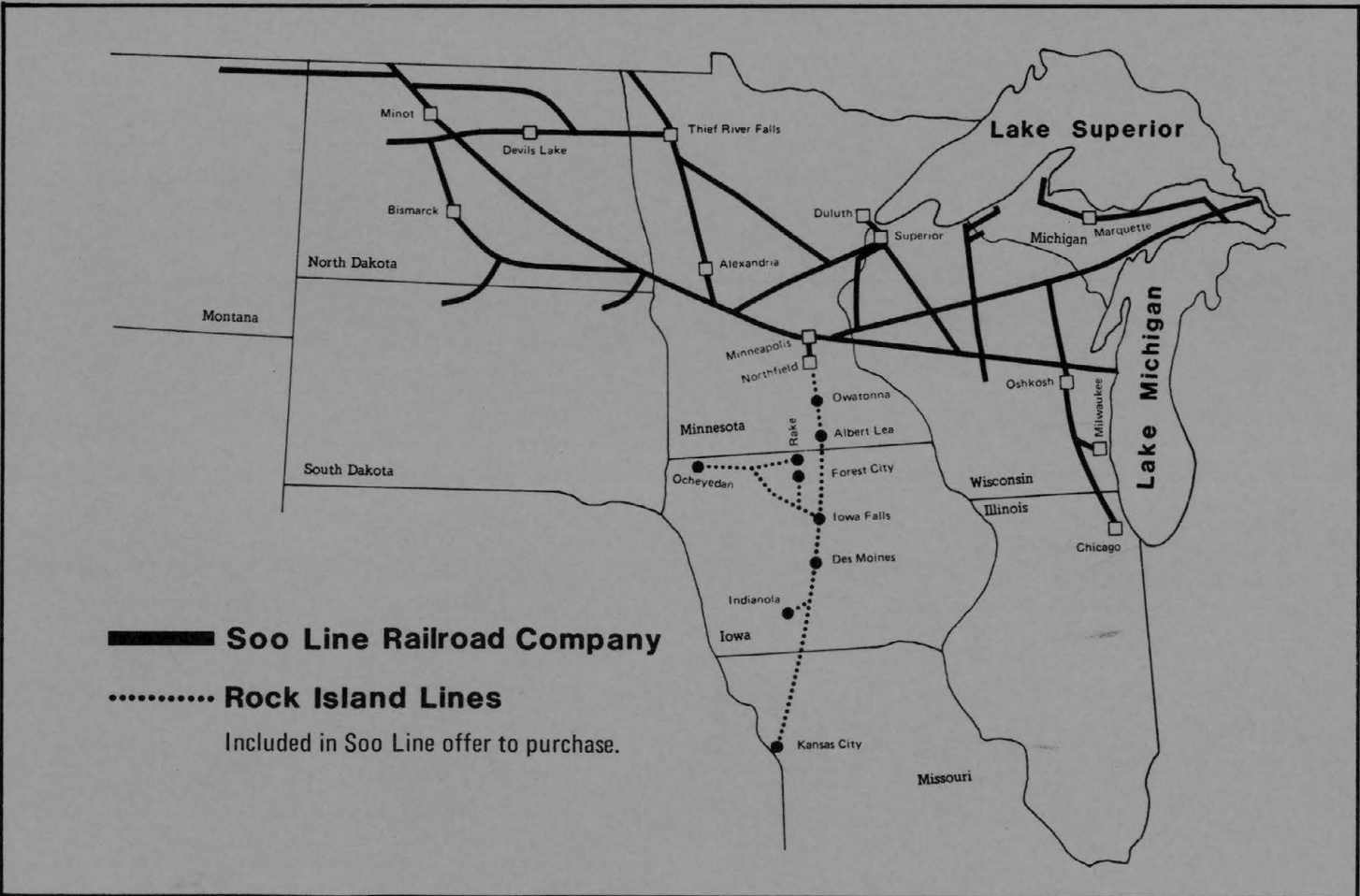
NEWS TO KNOW

A Soo Liner Supplement
published independently mid-quarter.

The offer calls for the Soo Line to purchase:

- * Approximately 400 miles of main line, including ownership in jointly operated line segments, between Northfield and Kansas City, Missouri.
- * Approximately 200 miles of branch line in the northern half of Iowa extending from Iowa Falls through Estherville to Ocheyedan and Rake, along with a 45-mile segment from Dows to Forest City.
- * A 12-mile branch line from Carlisle to Indianola, Iowa.

(Continued inside)



Rock Island [con't]

Soo service between Minneapolis and Northfield would be handled over lines of the Company's wholly-owned subsidiary, the Minneapolis, Northfield and Southern Railway.

The offer to purchase, if accepted by the Trustee and Reorganization Court overseeing liquidation of Rock Island assets, would also be subject to approval by the Interstate Commerce Commission.

"Soo service would be strengthened by a Kansas City gateway," President Thomas Beckley said in announcing that the offer had been made, "which would open new direct and shorter routes for our customers and give Soo the ability to interchange traffic with several railroads not presently reached. Soo's access to corn and soybean growing areas of Iowa would preserve and strengthen competition for movement of these farm products.

"We have the ability to absorb the additional traffic demands that would come with the acquisition," he emphasized, "and a service record that I believe would make Soo an asset to shippers who were served in the past by the Rock Island.

"We anticipate that an accelerated maintenance program would be required on portions of the lines proposed to be purchased," he added, "and Soo would expect to carry out this work as soon as possible after the purchase was completed."

Specific terms of the offer, including the price, were not disclosed.

If the offer is accepted and approved, Soo Line system mileage, including lines of the MN&S, would total more than 5,100 miles.

THE BUSINESS FRONT...

New car orders hit "depression" levels according to RPI

"Orders for new freight cars have dropped to the level of the great depression, and the manufacturers are employing less than half as many persons now as they were two years ago," according to the Railway Progress Institute which represents rail equipment manufacturers and suppliers.

Half of the Association's freight carbuilders responded to a survey of business conditions and on April 1 indicated they were employing 11,170 persons, down from 22,996 in April of the year earlier. The respondents were a cross section of the carbuilding industry.

The number of new freight cars expected to be delivered to railroads this year may be below 20,000 units.

"One must return to the great depression to find totals as low as, or lower than, that," G. Leo Winger, Chairman of the Railway Progress Institute, said.

"Two thirds of our responding carbuilding companies reported that they are working at less than 25 percent of capacity with two shut down entirely," Winger said. "Obviously, this segment of basic American industry, one of the major consumers of steel, is in a very deep depression.

"Yet, we are not looking for any quick fixes. It is high interest rates that are damaging the prospects for recovery of basic American industry, and interest rates remain high because of borrowing by the U. S. government. What we are asking is that Congress diminish the budgetary deficits."

Soo Line is placing orders for three new locomotives, one SD-40-2 and two GP-38-2's, but does not contemplate further car orders at this time.

St. Paul water department ships rail

For the last three years, the City of St. Paul Water Department has been trucking lime from the Duluth/Superior area to the St. Paul treatment plant. Because of action taken by the Soo in reducing the rate on this commodity, the City will now transport the lime by rail. Annual volume is estimated at 11,000 tons.

We goofed!

In the last issue of News To Know we reported that the Mead Paper Plant in Groos, Michigan, was finishing plans for a \$285,000 mill expansion. That figure was in error and much too low. The proposed expansion will total \$285,000,000.

NEWS OF WHAT'S NEW...

Fond du Lac skill noted

Winching rail is the process of pulling quarter-mile lengths of welded rail from flat cars down onto ground level for installation. That process is now considerably easier and more economical thanks to the know-how of Fond du Lac Shop personnel put into a new self-contained, hydraulic winch car that has been built.

Unlike the former car, the new one operates with a diesel engine and two, 30,000 pound (breaking force) winches that pull two, 45,000 pound rail segments to the ground simultaneously. Deck roller assemblies and threader guides operate fully hydraulically.

In July, the car received its initial test run and, according to Don St. Laurent, Senior Design Technician, "worked exactly as intended."

"Without the top notch expertise of the workmen at Fond du Lac," says Laurent, "the development of this car would not have been possible. Due to their efforts it has been estimated that the car will generate a savings of over \$1,000 a trip in labor and elimination of miscellaneous equipment."

Construction of the new car, number X-652, required ten months of research, development and fabrication by the Mechanical Department.

Former MN&S President named Soo officer

David J. Boyer has been appointed Executive Assistant for the Soo Line.

Boyer served as President and Chief Executive Officer of the Minneapolis, Northfield & Southern Railway before that Company's acquisition by the Soo in June. Former positions held on the MN&S by Boyer included Executive Vice President, Treasurer and Secretary. He began service with the MN&S in 1957 as Auditor Systems and Processing.

Boyer holds a Bachelor of Science degree from Mayville State College in Mayville, North Dakota. He has also attended Ohio State University, University of North Dakota, Montana State University and Biarritz University in France. He presided on the Executive Committee and the Board of Directors of the American Short Line Railroads Association while acting for the MN&S. He now serves on the Advisory Boards for Northwestern National Bank and the Treasury Division of the Association of American Railroads.



Savings bond winners announced

The following employees were winners in the U. S. Savings Bond drawing, held at the Soo Line Building on August 9th:

Thomas Priebe	Fond du Lac
Nancy Pool	Minneapolis
Byron Martel	Stevens Point
Michael Kamps	Superior
Daniel Schmaltz	Harvey
James Carroll	New York
Milan Berndt	Minneapolis
William Egan	Thief River Falls
Florence Pritchett	Minneapolis
John Popovich	Ashland
Albert Quick	Chicago
Kenneth Clausen	Fond du Lac

All new and increased savers through the Savings Bond Payroll Deduction program were eligible and placed among the contestants.



Soo's Operation Lifesaver display car

Operation Lifesaver program opens in Duluth

An Operation Lifesaver "kick-off" is planned for Duluth on September 22nd to bring the problems of grade crossing accidents to the attention of the public and the news media. Soo's Operation Lifesaver car, carrying a damaged vehicle involved in a train mishap in Hankinson, will be on hand at the Duluth Transportation Museum along with displays and other events.

NEWS TO KNOW

Published eight times yearly by the Public Relations Department of the Soo Line Railroad Company, Box 530, Minneapolis, MN 55440.

EDITOR
Laurie A. Hennings

Address all comments and future news items to the editor.

7/1/82 BDO, DMC, RLM, HSN, JAB, DFB, Cnt, JTH
TMB

Cost of \$15,000,000

New appraisal of scrap value

November 1 Plan of Reorganization

KCS for ICG

100
Reorganization

CHD meeting at West Bend

How the KCT Terminal operates

Financing - making the do

Traffic -

CHD walk away

Tariffs

Temporary ICC authority - Legal

Iowa DOT

Tax mile tax

Acquisition funds

Iowa DOT / Shipper / See funds

100
Taken 100 years
Prior years
rebut

Central Bank for Cooperatives - Dave

Liquid properties from cooperative
borrowers, appraisals, Stan Musak

(2)

Include land, increase price,
financed by Bank thru elevators
Commercial funding?

Midland?

Barbers Life
Des Moines
Prudential

Structure

Tax advantage

Off Books

DHS

NO
FRA
Rehab
estimate

IRFA Board Meeting

Harvey Sims 9/5/82

Oct. 6

See offer to trustee - intents and

purposes

DOT Meeting
Commission

in Ames

Tuesday

Per Harvey, Les and Dan

Les Holland 9/11/82

Les Holland (Harvey, Dan)

New carrier

two or three top people

welcome, publicity, many reporters

may have Chairman of Commission and

~~Ann Board IRFA~~

Randy Evans - Des Moines Register
Sunday,

215-823-5870

C. J. Steffen 9/17/82

Blueprints of yard

Slow order

Polo - Des Moines 169.6 mi

40 mph

5 locations 10 mph 20.9 miles

30 mph 10.9 miles

40 mph 39.7 miles

Short Line Tel - Clear Lake Tel. 130.0 mi

40 mph

6- 10 mph 24.4 miles

30 mph 76.1 miles

40 16.4 miles

Des Moines, Iowa Falls, Estherville, Hardy
inventory

Hardy Under Grove

40 mph

3- 10 mph 18.8 miles

30 mph 36.1 miles

35 mph 11.2

40 mph 22.9

10 mph

283 pole 8 - 267 @ 2

281 pole 1 - 281 - 7

283 pole 7 288 -

333 pole 5 334

40 bollard 7 cars ties vicinity
Owatonna

Gateway

10 mph 25 car or more grain train

Turnout speeds for siding

Tonnage ratings
2000-3000 hp

siding capacities, number of crossing.

John Stone - 515-423-5707

grain tickets

C. S. Stoffer - 515-454-2118
home

Alden Metal

North West Refinery

Barge loading facility - grain
Clarks Grove

CNW - Mason City

Had offered to buy Mauley Yard

AMPI - powdered milk

FGDA -

RT

High Cement

CGW

North West States

Shows each shift

Midnight to noon

6 pool crews north

6 pool crews south

4 pool crews south

2 Lower Falls

3 Mules get off before RT

2 About Lea

1 Mason City

Forest City Crew
Estherville Home

Lived at Momby

30+ people

Dona Falls, Albert Lee around

clock when busy.

Earl Meringer
Earl Olson

Ralph P. Tambano
UTU (T)

Clerk

Trenton - both ways

RI Motor Transit

Dispatchers

Trenton

Des Moines

Rock Island

Fairbury

Stacy about Lee.

Inner Grove

12 trainmen
+ switch jobs (3)

Harvey Simms 9/6/82 11⁰⁰ AM

System map -

East Des Moines - West Des Moines

CNW wants to back route

as well as serve industries

IA DOT wants Iow to have this

segment, primarily to provide a
friendly East to East-West
line

Darwin Luethe - 8/16/82

Show at 3⁰⁰ PM after CNW leaves.

Harvey Sims 9/6/82

Shopper meeting by Soc

Milwaukee Road

7/16/82 Mike Terruggi 10⁰⁰AM

Gordon Faye

Faye and Associates

V.P. Operations, D+H

Lawyer

ICC Practitioner

Boston origin, Ivy League

OKT

617-861-6480

Lexington MA

Olis Kathy - RI Trustees Office
Cred. to Al Hatcher in past

Timothy - new card

September 16, 1982

TO: ~~D.~~ M. Cavanaugh
R. L. Murlowski
H. J. Ness
J. D. Darling

SOO LINE RAILROAD

SEP 17 1982

FROM: B. D. Olsen

EXEC. VICE PRESIDENT

RE: FRA Loan Application Requirements

Joe Darling and I will be meeting with the FRA next week to review the requirements for material to be included in applications for preference share financing under Section 505 of the 4-R Act. I am attaching a copy of the requirements at this time so that you can familiarize yourself with the very detailed requirements. Some of the information is contingent upon the date of filing which cannot occur until we have reached agreement with the Trustee. It may nevertheless be possible to start work on some of the material at this time.

Note that Subpart A deals with the specific requirements for the application while Subpart B provides the standards for evaluations of the applications. One of the issues we must deal with is why we should be entitled to funds from this source even though funds are available from alternative sources because of Soo's good financial condition. Exhibits C through G in Section 258.9 are primarily accounting exhibits, some of which require four year forecasts giving effect to the use of the borrowed money. Exhibit H deals with equipment and Exhibit I requires a breakdown of work to be done on each line segment.

We will advise you further after our meeting with the FRA.

BDO/sjp
Attachment

cc: T. M. Beckley
R. H. Smith
D. J. Boyer

eral Railroad Administrator this (pre-application or application); that he has carefully examined all of the statements contained in the (pre-application or application) relating to ———; that he has knowledge of the matters set forth therein and that all statements made and matters set forth therein are true and correct to the best of his knowledge, information and belief.

[43 FR 21890, May 22, 1978]

PART 258—REGULATIONS GOVERNING SECTION 505 OF THE RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976, AS AMENDED

Subpart A—Procedures for Applications for Preference Share Financing

- Sec.
258.1 Applicability.
258.3 Definitions.
258.5 Eligibility.
258.7 Form and content of application.
258.9 Required exhibits.
258.11 Preapplication and application procedure.
258.13 Information requests.
258.15 Waiver and modification.

Subpart B—Standards for Evaluations and Determinations Under Section 505(b)(2) of the Act

- 258.17 Purpose.
258.19 Definitions.
258.21 Evaluation process.
258.23 Cost of funds available from other sources.
258.25 Public interest in supplementing total railroad funding.
258.27 Public benefits and costs.
258.29 Order of funding.

APPENDIX—ENVIRONMENTAL ASSESSMENTS

AUTHORITY: Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. 94-210, as amended; the Department of Transportation Act, 49 U.S.C. 1651 et seq.; 49 CFR 1.49(u), unless otherwise noted.

SOURCE: 42 FR 28980, June 6, 1977, unless otherwise noted.

Subpart A—Procedures for Applications for Preference Share Financing

§ 258.1 Applicability.

This part prescribes the requirements and procedures governing applications by railroads for financial assistance pursuant to section 505 of the

Railroad Revitalization and Regulatory Reform Act of 1976, as amended. These requirements and procedures also govern applications for assistance for the purpose set forth in section 517 of that Act, improvement of intercity rail passenger service on lines owned by the applicant and located outside the Northeast Corridor, being the properties acquired by the National Railroad Passenger Corporation pursuant to Title VII of the Act and described in section 701(a)(4) of that Act.

§ 258.3 Definitions.

As used in this part—

(a) "Act" means the Railroad Revitalization and Regulatory Reform Act of 1976 (Pub. L. 94-210, February 5, 1976), as amended.

(b) "Administrator" means the Federal Railroad Administrator, or his delegate.

(c) "Applicant" means any railroad that submits an application for financial assistance pursuant to this part.

(d) "Commission" means the Interstate Commerce Commission.

(e) "Equipment" means any type of new or rebuilt standard gauge locomotive, caboose, or general service railroad freight car the use of which is not limited to any specialized purpose by particular equipment, design, or other features, or any other type of car designated by the Administrator upon a written finding that such designation is consistent with the purposes of the Act. General service railroad freight car includes a boxcar, gondola, open-top or covered hopper car, and flatcar.

(f) "Facilities" means—

(1) Track, roadbed, and related structures, including rail, ties, ballast, other track materials, grading, tunnels, bridges, trestles, culverts, elevated structures, stations, office buildings used for operating purposes only, repair shops, enginehouses, and public improvements used or usable for rail service operations;

(2) Communication and power transmission systems, including electronic, microwave, wireless, communication, and automatic data processing system, electrical transmission systems, powerplants, power transmission systems,

§ 258.5

powerplant machinery and equipment, structures, and facilities for the transmission of electricity for use by railroads;

(3) Signals, including signals and interlocks;

(4) Terminal or yard facilities, including trailer-on-flat-car and container-on-flat-car terminals, express or railroad terminal and switching facilities, and services to express companies and railroads and their shippers, including ferries, tugs, carfloats, and related shoreside facilities designed for the transportation of equipment by water; or

(5) Shop or repair facilities or any other property used or capable of being used in rail freight transportation services or in connection with such services or for originating, terminating, improving, and expediting the movement of equipment.

(g) "FRA" means Federal Railroad Administration.

(h) "Including" means including but not limited to.

(i) "Project" means the purpose for which the applicant seeks financial assistance under this part, including acquisition or maintenance of facilities or equipment, rehabilitation or improvement of facilities or equipment, and new construction of facilities, and shall include as separate projects each part or subpart into which the total project for which the applicant seeks funding may reasonably be divided and for which the cost is considered independent of the remainder of the total project cost. The cost of a part or subpart is independent of the remainder of the total project cost if the cash flow impact upon the applicant resulting from the part or subpart would be approximately the same regardless of whether or not the remainder of the total project were undertaken.

(j) "Railroad" means a common carrier by railroad or express as defined in section 1(3) of Part I of the Interstate Commerce Act (49 U.S.C. 1(3)), and includes the National Railroad Passenger Corporation and the Alaska Railroad.

(k) "Railroad in reorganization" means a railroad being reorganized under section 77 of the Bankruptcy Act (11 U.S.C. 205).

Title 49—Transportation

(l) "Redeemable preference shares" means shares acquired by the Administrator under section 505(d) of the Act that conform to the requirements set forth in section 506 of the Act.

(m) "Trustee" means the trustee, or trustees if more than one trustee has been appointed, of a railroad in reorganization.

(n) "Trustee certificates" means certificates issued under section 77(c)(3) of the Bankruptcy Act (11 U.S.C. 205(c)(3)).

§ 258.5 Eligibility.

Any railroad may apply to the Administrator under section 505 for such financial assistance as the Administrator may approve.

§ 258.7 Form and content of application.

(a) Each application shall include, in the order indicated and identified by applicable section numbers and letters corresponding to those used in this part, the following information:

(1) Full and correct name and principal business address of the applicant;

(2) Date of applicant's incorporation, and name of the government, State, or territory under the laws of which it was incorporated or organized. If applicant is a trustee, then, in addition, the name and address of the reorganization court under the direction of which the applicant is acting, and the docket number of the proceeding;

(3) Name, title, and address of the person to whom correspondence regarding the application should be addressed;

(4) Detailed description of the amount and timing of financial assistance that is being sought and its purpose or purposes, including:

(i) A description of the physical condition of all facilities included in or directly affected by the proposed project;

(ii) Identification of each part or subpart into which the project may reasonably be divided, including the assignment of priorities for funding of each part or subpart;

(iii) Amount of financing requested in the application for the proposed project, and for each part or subpart;

(iv) Proposed dates for commencement and completion of the project,

and for each part and subpart, as well as the date or dates on which applicant desires to have the funds made available, and a schedule according to which applicant desires to redeem preference shares purchased pursuant to this part and make dividend payments thereon, which schedule results in a yield as prescribed in § 258.25(b) (ii) of this part:

(v) A detailed statement setting forth the estimated internal rate of return on the project, computed in accordance with the provisions of Subpart C of Part 260 of this chapter. This statement shall follow the procedures and follow the format required by such Subpart C. Relevant material presented in the application need not be repeated in this statement, but must be explicitly referenced. If the project can be divided into parts such that each part:

(A) Accounts for a significant portion of the total investment for which Federal assistance is sought; and

(B) Produces approximately the same cash flow impacts regardless of whether the remainder of the project is undertaken; then the applicant must submit a separate internal rate of return computation, with the supporting documentation described in such Subpart C, for each part of the project. In that case, all references to the term "project" in such Subpart C shall be deemed to refer to the part of the project for which the rate of return is being computed.

(vi) Statement of whether the project involves another railroad or other participant, through joint execution, coordination, or otherwise; if so, description of the relative participation of applicant and such other railroad or participant, including statement of financing arrangements of each participant, portion of the work to be performed by each, and contemplated level of usage of the equipment or facility by each participant when the work is completed, along with a statement by a responsible officer or official of the other railroad or participant that the information provided reflects their agreement on these matters;

(vii) A description of the project's effect on national energy consumption

(over the life of the project) by the applicant and other parties (as applicable) with particular emphasis on increases and decreases in the national use of petroleum, natural gas, and coal.

(5) Full and complete statement, together with supporting evidence, of the category within § 258.27 into which each project, and part and subpart of a project, falls.

(6) Statement as to how the project will contribute to or enhance the safe operation of the railroad, considering such factors as the occupational safety and health of employees and the improvement of physical or other conditions that have caused or may cause serious injury or loss of life to the public and to users of the railroad's services;

(7) Full and complete statement, together with supporting evidence, of whether, under the standards set forth in § 258.23(b), funds are available from alternative sources at a cost which is reasonable under principles of prudent railroad financial management. The statement must indicate, together with supporting evidence, for each source of funds listed in § 258.23(b), either that the condition which gives rise to the presumption does not exist or that other circumstances and facts described in that section as necessary to rebut the presumption do exist.

(8) Detailed assessment of impact of the project on the environment, in the general format and including the information set forth in the appendix to this part.

(9) Statement that notice of the application, including a brief description of the project, has been posted on bulletin boards convenient to interested employees of the railroad and by sending registered mail notice to the duly authorized representatives of such employees. This requirement is not in lieu of any other requirements imposed by reason of section 516 of the Act.

(10) A narrative statement detailing management's program to maintain applicant's ability to provide essential rail freight services as a viable railroad. The statement shall include as a minimum a discussion of each of the

elements listed as paragraph (a)(10) (i) through (vii) in this section including how each relates to the four year financial forecasts provided in Exhibits E and G of the application, and a full explanation of the methodology and reasoning used in making the analyses together with supporting documentation as appropriate.

(i) Applicant's current and prospective traffic base, including by commodity and geographic region major markets served, major interchange points, and market development plans.

(ii) Applicant's current operating patterns, and plans if any, to enhance its ability to serve the prospective traffic base identified in paragraph (a)(10) (i) of this section.

(iii) System-wide plans to maintain (A) equipment and (B) right-of-way by major segments at levels adequate to serve markets and maintain operating patterns discussed in paragraph (a)(10) (i) and (ii) of this section.

(iv) Specific plans for rationalization of marginal or uneconomic services including consolidation or coordination with other carriers in jointly served markets, withdrawal from markets served by two railroads other than the applicant and in which the applicant's services produce marginal or no earnings, and the abandonment of uneconomic facilities.

(v) Facilities and service not discussed in paragraph (a)(10) (iv) of this section that are physically or operationally susceptible to consolidation or coordination with other carriers or internally, and summary of plans or discussions with other carriers regarding same.

(vi) Relationship of current requests for Federal financial assistance to the program discussed in this section, including a specific explanation of the impact of the assistance as stated in the financial forecasts of applicant in Exhibits E and G.

(vii) Any plans to seek further financial assistance from the FRA or assistance from any other public source.

This statement must be submitted for all applications pending on or filed subsequent to August 1, 1977.

(11) Any information that the applicant deems appropriate to convey a full and complete understanding of

the project and its impact or to assist the Administrator in making the statutorily prescribed determinations and

(12) Any other information which the Administrator may deem necessary concerning an application filed under this part.

(b) When applicant is a trustee and the form of proposed assistance is purchase by the Administrator of trustee certificates, the application shall provide all of the information required in paragraph (a) of this section, and in addition shall provide:

(1) Statement on behalf of the trustee, together with supporting evidence, that such certificates cannot otherwise be sold at a reasonable rate of interest;

(2) Full and complete statement, together with supporting evidence, demonstrating that the project can reasonably be expected to be maintained as a part of a financially self-sustaining railroad system; and

(3) Full and complete statement, together with supporting evidence, that the probable value of the assets of the railroad in the event of liquidation provides reasonable protection to the United States.

(Sec. 505, Railroad Revitalization and Regulatory Reform Act of 1976 (Pub. L. 94-210, 90 Stat. 71), as amended by sec. 212 of the Rail Transportation Improvement Act (Pub. L. 94-555, 90 Stat. 2024); Dept. of Transportation Act, 49 U.S.C. 1651 et seq., 49 CFR 1.49(u))

[42 FR 28980, June 6, 1977; 42 FR 30840, June 17, 1977, as amended at 43 FR 14663, Apr. 7, 1978; 45 FR 58037, Aug. 29, 1980]

§ 258.9 Required exhibits.

There shall be filed with and made a part of each application and copy thereof the following exhibits, except that exhibits filed with the Administrator pursuant to some other statutory provision or regulation which are in the same format as the following exhibits may be incorporated in and made part of the application filed under this part by reference. While an application is pending, when actual data becomes available in place of the estimated or forecasted data required in exhibits under this part, such actual data must be reported promptly

to the Administrator in the form required in the appropriate exhibit. All forecasted data required in the exhibits under this part must be based on the assumption that the project will be funded on the January 1 next following the date of the application.

(a) *Exhibit A.* Map of applicant's existing railroad with location of project indicated, if appropriate.

(b) *Exhibit B.* Statement showing to the latest available date but in any event to a date no less recent than the end of the third month preceding the date of filing of the application:

(1) Maximum number of locomotive units out of service during each quarter due to business conditions; maximum number of such units out of service during each quarter due to mechanical defects; and ratio of each to total ownership quarterly for each of the last three calendar years but not earlier than the quarter ending June, 1974, and the current calendar year; and

(2) Maximum number of general service freight cars out of service during each quarter due to business conditions; maximum number of such cars out of service during each quarter due to mechanical defects; and ratio of each to total number of general service freight cars owned by applicant quarterly for each of the last three calendar years but not earlier than the quarter ending June 1974, and the current calendar year.

(c) *Exhibit C.* A copy of applicant's most recent year end general balance sheet, if available, certified by applicant's independent public accountants, and a copy of applicant's most recent unaudited general balance sheet as of a date no less recent than the end of the third month preceding the date of filing of the application. The unaudited balance sheet shall be presented in account form and detail as required in Schedule 200 of the Commission's annual report R-1 or R-2, as appropriate, together with the following schedules (where changes in accounts from the end of the prior year to date of the application have not been significant, copies of the appropriate schedules in the prior year's R-1 or R-2 with marginal notations listing the changes may be submitted):

(1) Particulars of Account 704, Loans and Notes Receivable, in form and detail as required in Schedule 201 of Annual Report R-1 for the Class I railroads, and in similar form for the Class II railroads except that for Class II railroads loans and notes receivable that are each less than \$25,000 may be combined into a single amount;

(2) Particulars of investments in affiliated companies and other investments in form and detail required in Schedules 205 and 206 of Annual Report R-1, or Schedules 1001 and 1002 of Annual Report R-2, as appropriate;

(3) Particulars of balances in Accounts 741, Other Assets, and 743, Other Deferred Charges, in form and detail required in Schedule 216 of Annual Report R-1 or Schedule 1703 of Annual Report R-2, as appropriate;

(4) Particulars of loans and notes payable in form and detail required in Schedule 223 of Annual Report R-1, or Schedule 1701 of Annual Report R-2, as appropriate, as well as information as to bank loans, including the name of the bank, date and amount of the original loan, current balance, maturities, rate of interest, and security, if any;

(5) Particulars of long-term debt in form and detail required in Schedules 218 and 219 of Annual Report R-1 or Schedules 670, 695, 901, 902 and 1702 of Annual Report R-2, as appropriate, together with a brief statement concerning each mortgage, pledge, and other lien, indicating the property or securities encumbered, the mortgage limit per mile, if any, and particulars as to priority;

(6) Particulars of balance in account 784, Other Deferred Credits, in form and detail required in Schedule 225 of Annual Report R-1 or schedule 1704 of Annual Report R-2, as appropriate; and

(7) Particulars as to capital stock in form and detail as required in Schedules 228, 229, and 230 of Annual Report R-1 or Schedule 690 in R-2, as appropriate.

(d) *Exhibit D.* Applicant's most recent annual income statement, if available, certified by applicant's independent public accountants, and a spread sheet showing unaudited

monthly and year-to-date income statement data for the calendar year in which the application is filed in account form similar to that required in column (a) of Schedule 300 of Annual Report R-1 or R-2, as appropriate. For those months preceding and ending upon the date of the unaudited balance sheet presented in Exhibit C, the income statement data shall be reported on an actual basis and so noted. For those months between the dates of the unaudited balance sheet and the filing of the application, the income statement data shall be reported on an estimated basis and so noted and shall be submitted in conjunction with corresponding estimated month-end balance sheets. For those months between the date of the application and the end of the year, the income statement data shall be presented on a forecasted basis and so noted and shall be submitted in conjunction with a forecasted balance sheet as at the year end.

(e) *Exhibit E.* Spread sheets showing for each of the four years subsequent to the year in which the application is filed, both before and after giving effect to the proceeds of the assistance requested in the application:

(1) Forecasted annual income statement data in account form and detail similar to that required in column (a) of Schedule 300 of Annual Report R-1 or R-2 as appropriate, including the subaccounts comprising line 2 (railway operating expenses), as specified by lines 64, 92, 105, 159, 168, and 180 of Schedule 320; and

(2) Forecasted year-end balance sheets in account form and detail similar to that required in schedule 200 of Annual Report R-1 and R-2, as appropriate. These spread sheets shall be accompanied by a statement setting forth the bases for such forecasts.

(f) *Exhibit F.* A spread sheet showing changes in financial position for the year in which the application is filed in account form and detail as required in Schedule 309 of Annual Report R-1 or R-2 as appropriate, as follows:

(1) For that period ending on the date of the unaudited balance sheet in Exhibit C, based upon actual data; and

(2) For that period from the balance sheet date to the end of the year, based upon estimated and forecasted data.

(g) *Exhibit G.* A spread sheet showing forecasted changes in financial position for each of the four calendar years subsequent to the year in which the application is filed, both before and after giving effect to any funds requested in the application and including a statement showing the bases for such estimates, in account form and detail as required in Schedule 309 of the Annual Report R-1 for Class I railroads and in similar form and detail for Class II railroads.

(h) *Exhibit H.* With respect to equipment proposed to be rehabilitated, improved, maintained, or acquired in the application, a statement indicating number of units and in-service or out-of-service status and, as appropriate:

(1) For locomotives, service type, age, size, horsepower, name of builder, description of work, and unit cost of proposed work; and

(2) For freight cars or intermodal equipment, information as to service type (box, gondola, flat, etc.), age, capacity, description of work, and unit costs of proposed work. Such statement shall show the total cost of the project, types and quantities of work items, unit cost of each item and distribution of such cost by primary accounts of the Commission's Uniform System of Accounts separated where applicable between material, labor, and other; the ownership of all equipment which is the subject of the project; and the dates on which work is to be commenced or completed. Direct labor, supervision, material costs, contingencies, and any applicable overhead expenses that are included in the total cost of the project should be shown separately and identified.

(i) *Exhibit I.* With respect to the maintenance, rehabilitation, improvement, acquisition, or construction of facilities proposed in the application, a statement showing, as appropriate:

(1) The classification of each line, or part of a line, on which maintenance, rehabilitation, improvement, acquisition, or construction is proposed, as determined in accordance with the

final standards and designations under section 503(e) of the Act.

(2) Track Class, as defined by the FRA Track Safety Standards in Part 213 of this chapter, and maximum allowable speed under which each line, or sub-part of a line, referred to above, has been and is being operated and the reasons therefor; the highest track class and maximum allowable speed at which each such line, or subpart of a line, will be designated when the proposed project is completed; and the track class, maximum allowable speed, and signal requirements necessary in the judgment of the railroad to provide safe, reliable and competitive rail services over each line, or subpart of the line, included in or directly affected by the project, together with applicant's recommendations as to:

(i) The most economical method of rehabilitating or improving the physical condition of each line, or subpart of each line, referred to above, to achieve and maintain such line to the track class and maximum allowable speed deemed necessary by the applicant;

(ii) The cost of rehabilitating or improving each line, or subpart of each line, specified above, to meet the minimum safety requirements as defined by the FRA in Part 213 of this chapter for the track class and maximum allowable speed deemed necessary by the applicant and the cost of installing, rehabilitating, improving, maintaining, and repairing, as necessary, block signal systems, interlockings, automatic train stop, train control, cab signal devices or other similar appliances, methods, and systems in accordance with the FRA requirements in Parts 233, 234 and 236 of this chapter; and

(iii) An economic analysis of the cost of installing, rehabilitating, and improving facilities described in paragraph (i)(2)(ii) of this section.

(3) The identification number of each grade crossing on each line, or sub-part of a line, included in the project, as provided in the United States Department of Transportation/Association of American Railroads Crossing Inventory, and the safety standards, signal and other requirements necessary in the judgment of the railroad to

prevent loss of life and serious accident or injury at such grade crossings.

(4) Types and quantities of work items, unit cost of each item, cost of project in total and by parts or sub-parts into which the project may be reasonably divided, and distribution of such costs by primary accounts of the Commission's Uniform System of Accounts, separated where applicable between material, labor and other. Direct labor, supervision, material costs, contingencies, and any applicable overhead expenses that are included in the costs of the project should be shown separately and identified.

NOTE: The account forms referred to in the exhibits are those of the Commission's Uniform System of Accounts for Railroad Companies in use on August 31, 1976. However, the information required in any of the exhibits shall give effect to any modification of the Commission's Uniform System of Accounts for Railroad Companies in effect on the date of filing the application.

(Sec. 505, Railroad Revitalization and Regulatory Reform Act of 1976 (Pub. L. 94-210, 90 Stat. 71, February 5, 1976), as amended by Sec. 212 of the Rail Transportation Improvement Act (Pub. L. 94-555, 90 Stat. 2024, October 19, 1976); Department of Transportation Act, 49 U.S.C. 1651 et seq. Regulations of the Office of the Secretary of Transportation, 49 CFR 1.49(u))

[42 FR 28980, June 6, 1977; 42 FR 30840, June 17, 1977, as amended at 43 FR 14663, Apr. 7, 1978]

§ 258.11 Preapplication and application procedure.

(a) When a railroad has developed plans for a project for which it may wish to seek assistance under this Part, a responsible official of the railroad may request a meeting with the Associate Administrator for Federal Assistance of the FRA to discuss those plans. Upon receipt of such request, the Associate Administrator will promptly schedule a meeting at which the railroad will present to representatives of the FRA the project and discuss with them information which must be submitted in the application and the type of terms and conditions and financing documents that will be utilized in connection with financial assistance provided under section 505. Applicants are not required to prepare a draft application or other special in-

formation for the preapplication conference; however, applicants should be prepared to discuss information which management has used in making its initial decision to seek assistance.

(b) The following procedure shall govern the execution and filing of the application:

(1) The original application shall bear the date of execution and be signed with ink by or on behalf of the applicant and shall bear the corporate seal in the case of an applicant which is a corporation. Execution shall be by all partners if a partnership, unless satisfactory evidence is furnished of the authority of a partner to bind the partnership, or if a corporation, an association or other similar form of organization, by its president or other executive officer having knowledge of the matters therein set forth. Persons signing the application on behalf of the applicant shall also sign a certificate in form as follows:

_____, (Name of official)
certifies that he is the (Title of official)
_____ of the (Name of railroad)
_____; that he is authorized on
the part of said applicant to sign and file
with the Administrator this application and
exhibits attached thereto; that the consent
of all parties whose consent is required, by
law or by binding commitment of the appli-
cant, in order to make this application has
been given; that he has carefully examined
all of the statements contained in such ap-
plication and the exhibits attached thereto
and made a part thereof relating to the
(Name of railroad) _____; that
he has knowledge of the matters set forth
therein and that all such statements made
and matters set forth therein are true and
correct to the best of his knowledge, infor-
mation, and belief.

(Name of official)

(Date) _____

(2) There shall be made a part of the original application the following certificate by the Chief Financial Officer of the applicant:

_____, (Name of officer)
certifies that he is (Title of officer)
_____ of (Name of railroad ap-
plicant) _____; that he has su-
pervision over the books of account and
other financial records of the railroad appli-
cant and has control over the manner in

which they are kept; that such accounts are maintained in good faith in accordance with the effective accounting and other orders of the Interstate Commerce Commission; that such accounts are adequate to assure that proceeds from the financing being requested will be used solely and specifically for the purposes authorized; that he has examined the financial statements and supporting schedules included in this application and to the best of his knowledge and belief those statements accurately reflect the accounts as stated in the books of account; and that, other than the matters set forth in the exceptions attached to such statements, those financial statements and supporting schedules represent a true and complete statement of the financial position of the railroad applicant and that there are no undisclosed assets, liabilities, commitments to purchase property or securities, other commitments, litigation in the courts, contingent rental agreements, or other contingent transactions which might materially affect the financial position of the railroad applicant.

(Name of official)

(Date) _____

(3) The original application and supporting papers, and ten (10) copies thereof, shall be filed with the Associate Administrator for Federal Assistance of the Federal Railroad Administration, 400 7th Street, SW., Washington, D.C. Each copy shall bear the dates and signatures that appear in the original and shall be complete in itself, but the signatures in the copies may be stamped or typed.

§ 258.13 Information requests.

If an applicant desires that any information submitted in an application or supplement thereto not be released by the Administrator upon request from a member of the public, the applicant must so state and must set forth any reasons why such information should not be released, including particulars as to any competitive harm which would probably result from release of such information. The Administrator will keep such information confidential as permitted by law.

§ 258.15 Waiver and modification.

The Administrator, upon good cause shown, may waive or modify any requirement of this part not required by

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law, or make any additional requirements he deems necessary.

Subpart B—Standards for Evaluations and Determinations Under Section 505(b)(2) of the Act

§ 258.17 Purpose.

This subpart prescribes standards in accordance with which the Administrator will make the evaluations and determinations required under section 505(b)(2) of the Act.

§ 258.19 Definitions.

As used in this subpart—

(a) "Consolidation" means the combination of separate rail facilities into fewer facilities and the abandonment of the excess facilities, except that "consolidation" shall not include the combination by a single railroad of double track into single track where the lines do not constitute separate physical and operating systems.

(b) "Coordination" means the combination of rail freight traffic flows through the use of joint facilities arrangements that result in a partial or complete discontinuance of service on the less essential facility.

(c) "Corridor of consolidation potential" means a corridor of consolidation potential as identified in the Final Standards, Classification and Designation of Lines of Class I Railroads in the United States, published by the United States Department of Transportation pursuant to section 503(e) of the Act.

(d) "Mainline" means a line that has an overall annual traffic density of at least five million gross ton-miles per mile.

(e) "Ratio" means the applicant's fiscal 1975 rate of return on total capital, represented by the ratio which such applicant's net income, including interest on long-term debt, bore to the sum of average shareholders' equity, long-term debt, and accumulated deferred income tax credits in fiscal year 1975.

(f) "Return" means the anticipated after-tax, internal rate of return on a proposed project, computed in accordance with the methodology set forth in Subpart C of Part 260 of Title 49 of

the Code of Federal Regulations (42 FR 4652, January 25, 1977).

(g) "Spread" means the difference between the Return and the cost of a project, as applicable in each paragraph of § 258.23(b), computed by subtracting that cost from the Return.

[42 FR 28980, June 6, 1977; 42 FR 30840, June 17, 1977]

§ 258.21 Evaluation process.

(a) Section 505(b)(2) of the Act requires the Administrator to consider the following three factors in determining if financial assistance applied for under this part is in the public interest:

(1) The availability of funds from other sources at a cost which is reasonable under principles of prudent railroad financial management in light of the railroad's projected rate of return for the project to be financed and the applicant's Ratio.

(2) The interest of the public in supplementing such other funds as may be available for railroad financing; and

(3) The public benefits to be realized from the project to be financed in relation to the public costs of such financing and whether the proposed project will return public benefits sufficient to justify such public costs.

(b) In accordance with section 505(a) of the Act, this subpart sets forth standards for each of the three factors listed above by which the Administrator will make his determination of whether the requested financial assistance is in the public interest. Except where otherwise stated in this subpart, all of the standards must be satisfied in order for the applicant to qualify for the requested financial assistance. The Administrator retains discretion to determine the appropriate level of funding for all projects that qualify for assistance.

§ 258.23 Cost of funds available from other sources.

(a) *General.* Section 258.7(a)(7) requires each applicant to submit a statement on the availability of funds from alternative sources and efforts which have been made to secure such funds. Alternative sources of funds that applicants should explore include money borrowed without a Federal

guarantee (including public or private placements of funded or unfunded debt, bank loans, loans from shippers and suppliers, and loans from affiliated companies), the use of internal funds, and the issuance of new common or preferred equity. The standards contained in paragraph (b) of this section set forth conditions that will give rise to a presumption by the Administrator that funds are available from each of these sources at a cost which is reasonable under principles of prudent railroad financial management. In order to qualify for financing under section 505, applicants must show in their statement under § 258.7(a)(7), for each source of funds listed in paragraph (b) of this section, either that the condition which gives rise to the presumption does not exist or that other circumstances and facts described below as necessary to rebut the presumption do exist. Because the availability of a Federal guarantee of obligations under section 511 of the Act is uniquely within the jurisdiction of the FRA, the Administrator will analyze each application under section 505 of the Act to determine whether all or any part of the application would qualify for loan guarantees under section 511 and whether the cost of such guaranteed obligations is reasonable under principles of prudent railroad financial management.

(b) *Standards*—(1) *Borrowed money* will be presumed to be available at a reasonable cost to the applicant if the applicant has a Moody's bond rating for any outstanding long-term debt (other than equipment obligations) of Baa or higher, or, in the case of an applicant that does not have indebtedness that is rated by Moody's, the ratio of the applicant's consolidated net operating income before taxes to the sum of its consolidated fixed and contingent charges for the three calendar years preceding the date of submission of the application equals or exceeds the average of such ratios for all Class I railroads with debt securities rated Baa as at the last day of the most recent calendar year for which all such railroads shall have reported their results to the Commission. The applicant may rebut the presumption by showing that potential sources of

such borrowed money have been thoroughly explored and that no borrowed money has been found to be available. If borrowed money has been found to be available, the applicant may still rebut the presumption by showing that:

(i) The forecasted financial condition and operating results of the applicant (after giving effect to the project's net cash stream) appear inadequate to provide reasonable assurance that the applicant will be able to service its total debt; or

(ii) The amount of money to be borrowed is less than 25 percent of the denominator of the applicant's Ratio and the borrowing would result in a reduction of more than 10% in the applicant's Ratio, computed by adding an amount equal to the product of (A) the amount of money to be borrowed and (B) the sum of the spread between the Return and the after-tax, effective annualized cost (expressed as a percentage and including interest, placement, trustee's and other related charges) of the money to be borrowed (hereafter in this § 258.23(b)(1) referred to as "Cost") and the pre-tax effective interest rate to the numerator of the Ratio, and an amount equal to the product of (C) the amount of money to be borrowed and (D) the sum of 100% and the spread between the Return and the Cost to the denominator of the Ratio.

(2) *Internal funds* will be presumed to be available at a reasonable cost to the applicant if, on the date of the most recent unaudited general balance sheet submitted under Exhibit C, the consolidated current assets of the applicant (consisting of cash, cash equivalents, accounts and notes receivable net of noncollectable accounts, and prepaid expenses) exceeds the sum of consolidated current liabilities of the applicant and consolidated long-term debt due within one year, after deducting special funds, if any, to be used to pay that debt, said amount representing "Excess Working Capital".

The applicant may rebut this presumption by showing that:

(i) The deployment of Excess Working Capital to finance the proposed project is likely to impair the continuing operations of the railroad; or

(ii) The railroad's Ratio is reduced by more than 10 percent when an amount equal to the product of (A) the Excess Working Capital to be used for the project and (B) the spread, if negative, between the Return and the after-tax opportunity cost (expressed as an annual percentage rate representing the return available on short-term securities customarily invested in by the applicant) is added to both the numerator and the denominator of the Ratio.

(3) *New issues of common stock by the applicant or its holding company* will be presumed to be available at a reasonable cost to the applicant if the current market price of its common shares, adjusted to reflect the cash impact, if any, of the proposed project, is higher than the current tangible book value per common share, computed in accordance with the Uniform System of Accounts of the Interstate Commerce Commission.

The applicant may rebut the presumption by showing that the possibility of such an issuance has been thoroughly explored and that a viable market for such an issuance has not been found to be available. If a viable market for such an issuance has been found to be available, the applicant can still rebut the presumption by showing that:

(i) The consideration received from an offering of common stock (hereafter in this § 258.23(b)(3) referred to as "Consideration") plus the project's cash impact on the applicant (computed by multiplying the Return and the Consideration) would result in a reduction in the applicant's current tangible book value per common share;

(ii) The issuance and sale would result in a substantial deterioration in the market price per common share; or

(iii) The Consideration is less than 25 percent of the denominator of the applicant's Ratio, and the issuance and sale would result in a reduction of more than 10 percent in the applicant's Ratio, computed by adding an amount equal to the product of the Return and the Consideration to the numerator of the Ratio, and an amount equal to the product of the Consideration and the sum of 100 per-

cent and the Return to the denominator of the Ratio.

(4) *New issues of preferred stock by the applicant or its holding company* will be presumed to be available at a reasonable cost to the applicant.

The applicant may rebut the presumption by showing that the possibility of such an issuance has been thoroughly explored and that a viable market for such an issuance has not been found to be available. If a viable market for such an issuance has been found to be available, the applicant can still rebut the presumption by showing that:

(i) The forecasted financial condition and operating results of the applicant (after giving effect to the project's net cash stream) appear inadequate to provide reasonable assurance that the applicant can pay dividends on a current and continuing basis; or

(ii) The amount of consideration to be received by the applicant or its holding company upon the issuance and sale of new preferred stock equity (hereafter in this § 258.23(b)(4) referred to as "Consideration") is less than 25 percent of the denominator of the applicant's Ratio, and the issuance and sale would result in a reduction of more than 10 percent in the applicant's Ratio, computed by adding an amount equal to the product of the Return and the Consideration to the numerator of the Ratio, and an amount equal to the product of (A) the Consideration and (B) the sum of 100 percent and the spread between the Return and the effective annualized cost (expressed as a percentage and including the dividend rate) of the preferred stock to the denominator of the Ratio.

(5) If the applicant fails to rebut any of the presumptions set forth in paragraphs (b) (1) through (4) of this section, the Administrator will consider such other facts and arguments as the applicant may put forward to show that funds are not available to it at a cost which is reasonable under principles of prudent railroad financial management.

[42 FR 28980, June 6, 1977; 42 FR 30840, June 17, 1977]

§ 258.25

§ 258.25 Public interest in supplementing total railroad funding.

(a) *General.* The standards set forth in paragraph (b) of this section will enable the Administrator to evaluate an applicant's long-term role in a viable national rail system in order to determine that the application is consistent with "the interest of the public in supplementing such other funds as may be available for railroad financing," as stated in section 505(b)(2)(B) of the Act.

(b) (1) *Standards.* (i) Effective August 1, 1977, for all then-pending or subsequently filed applications, management's program submitted under § 258.7(a)(10) of this part is reasonably likely to assure that essential rail freight services currently provided by the applicant will continue to be provided by the applicant as a viable railroad or by another carrier as the result of a merger of companies or consolidation of lines, and the financing applied for will contribute to that program.

(ii) The applicant is reasonably likely to be able to redeem any preference shares issued to finance the project according to a dividend and redemption schedule which results in a yield which, expressed as an annual percentage rate from the date of issuance of such shares, shall be as follows:

(A) In the case of shares whose proceeds are to be expended solely to reduce the level of deferred maintenance on facilities, equal to the applicant's average rate of return on total capital, as defined in section 506(a)(5) of the Act, for the three fiscal years preceding the date of submission of the application, except where the public interest in financing the project warrants a lower yield;

(B) In the case of shares whose proceeds result in no reduction in the level of deferred maintenance on facilities, equal to the cost of money to the government, except where the public interest in financing the project warrants a lower yield; and

(C) In all other cases, equal to a weighted average yield determined by applying the yields obtained in paragraphs (b) (ii) (A) and (B) of this sec-

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tion to the appropriate portions of the total project cost.

In no event shall the yield under this paragraph (b)(1)(ii) be lower than the minimum permissible yield determinable under sections 506(a) (3) and (4) of the Act.

§ 258.27 Public benefits and costs.

(a) *General.* Each project for which assistance is sought must satisfy a set of public benefit standards based on national goals and objectives in order to qualify for funding. Public benefits and costs related to rail facility improvements encompass a wide range of values and are not easily quantified. Because of the multiplicity of project types, variations between applicants and their markets, and the difficulty of quantifying certain benefits and costs, consideration of public benefits and costs is accomplished through identification of broad categories of projects for which the public benefits of proposed projects are substantial and will equal or exceed whatever monetary and social costs are involved, subject to an assessment of its environmental impact. As provided in § 258.29, priority within each category will be given to projects that provide safety improvements.

(b) *Standards.* The public benefits of a proposed project will be deemed to justify the public costs of the project if the project satisfies any of the following standards.

(1) *Essential freight services.* The proposed project enhances the ability of the applicant or other carriers to provide essential freight services by acquiring by lease, purchase or merger, constructing, rehabilitating, or significantly improving mainlines, including yards or other facilities used primarily to serve traffic moving on such lines, which:

(i) Are located in a corridor of consolidation potential, entail a consolidation of mainlines or coordination of traffic of the applicant and at least one other carrier, and will have a current or reasonably prospective annual traffic density of not less than 20 million gross ton-miles per mile;

(ii) Are not located in a corridor of consolidation potential, entail a consolidation of mainlines or coordination

of traffic by the applicant or between the applicant and at least one other carrier, and will have a current or reasonably prospective annual traffic density of not less than 20 million gross ton-miles per mile;

(iii) Are not located in a corridor of consolidation potential and have a current or reasonably prospective annual traffic density of not less than 20 million gross ton-miles per mile;

(iv) Are located in a corridor of consolidation potential, entail a consolidation of facilities or coordination of traffic of the applicant and at least one other carrier, and will have a current or reasonably prospective annual traffic density of not less than two million net tons of revenue freight per mile originating or terminating on the line but have a current or reasonably prospective overall annual traffic density of less than 20 million gross ton-miles per mile;

(v) Are not located in a corridor of consolidation potential, entail a consolidation of facilities or coordination of traffic by the applicant or between the applicant and at least one other carrier, and will have a current or reasonably prospective annual traffic density of less than 20 million gross ton-miles per mile;

(vi) Are not located in a corridor of consolidation potential and have a current or reasonably prospective annual traffic density of not less than two million net tons of revenue freight per mile originating or terminating on the line but have a current or reasonably prospective overall annual traffic density of less than 20 million gross ton-miles per mile;

(vii) Are located in a corridor of consolidation potential and have a current or reasonably prospective annual traffic density of not less than two million net tons of revenue freight per mile originating or terminating on the line;

or
(viii) Are not located in a corridor of consolidation potential and have a current or reasonably prospective annual traffic density of less than two million net tons of revenue freight per mile originating or terminating on the line, but have a current or reasonably prospective overall annual traffic density

of less than 20 million gross ton-miles per mile.

The current annual traffic density of a line under this standard in net tons of revenue freight per mile originating or terminating on the line or gross ton-miles per mile will be deemed to be the average annual traffic density for the three calendar years preceding the filing of the application. In segmenting lines for the purpose of determining traffic density in paragraph (b)(1), (iv), (vi), (vii), and (viii) of this section, originating and terminating traffic is measured from its originating or terminating point to the next operationally feasible interchange point consistent with traffic flows. A forecasted level of traffic will be deemed to be "reasonably prospective" under this standard if the increment of traffic above the average annual traffic density for the three calendar years preceding the filing of the application is accounted for by newly generated traffic which applicant demonstrates is: (A) The result of an increase in the capacity of shippers or receivers currently located on the line to produce or consume commodities that are traditionally shipped by rail or is the result of new shippers or receivers locating on the line and (B) cannot be shipped by an alternate rail carrier.

(2) *Competitive freight services.* The application provides for:

(i) Rehabilitation or improvement of a line of an applicant who is competitive with one and only one rail carrier in the market served by the line and is shown by applicant to be economic in light of the current or reasonably prospective levels of traffic in the market and the number of alternative rail carriers in the market; or

(ii) Financial assistance to enable an applicant to withdraw from a market which has more than two competing rail carriers, where the applicant demonstrates that the reasonably prospective levels of traffic in the market are insufficient to enable all of the railroads competing in that market to earn a reasonable rate of return.

(3) *Special projects.* The proposed project will eliminate identifiable and severe public safety hazards.

(4) *Equipment rebuilding.* The proposed project provides for rebuilding

equipment which the applicant requires in order to serve adequately traffic which originates or terminates on applicant's lines at levels which are consistent with the applicant's average market share in the commodity hauled for the three calendar years preceding the filing of the application or are reasonably prospective as defined in paragraph (b)(1) of this section, and, in the case of locomotives, are necessary to the performance of local service and switching.

[42 FR 28980, June 6, 1977; 42 FR 30840, June 17, 1977; 42 FR 35159, July 8, 1977]

§ 258.29 Order of funding.

(a) Where appropriated funds are inadequate to finance all projects which qualify for Federal assistance, projects will be funded in the order in which the categories in which they fall are set forth in § 258.27 of this subpart; that is, in descending order of priority from § 258.27(b) (1) to (4) and within § 258.27(b)(1), from paragraph (i) to paragraph (viii).

(b) Where appropriated funds are adequate to finance some but not all projects which are eligible for Federal assistance within any one of the categories described in paragraph (a) of this section, priority for funding will be given first to projects that provide safety improvements and signals, including underpasses or overpasses at railroad crossings at which injury or loss of life has frequently occurred or is likely to occur and then to projects which significantly reduce national energy consumption.

(c) As between two projects within the same category, as described in paragraph (a) of this section, which both either provide or do not provide safety improvements and signals or which significantly reduce national energy consumption, priority for funding will be given to the project which was first proposed in a completed application.

[42 FR 28980, June 6, 1977, as amended at 45 FR 58037, Aug. 29, 1980]

APPENDIX—ENVIRONMENTAL ASSESSMENTS

PART I. Description of the environment in the area of the project before commencement of such project, together with statement of other Federal activities in the area

which are known, or should be known, to the applicant. This description shall include, without limitation, the following information:

(A) *Demographic data.* Statement of population and growth characteristics of area and of any population and growth assumptions made by applicant in planning the project. Such statement should use the rates of growth in the projection compiled for the Water Resources Council by the Bureau of Economic Analysis of the Department of Commerce and the Economic Research Service of the Department of Agriculture, commonly referred to as the OBERS projection of regional economic activity in the United States. Applicants should refer to 1972 OBERS projections for economic areas, and provide 1969 data and 1980 projections for the following: Population; manufacturing earnings; transportation, communications and public utilities earnings; agriculture, forestry and fisheries earnings; and mining earnings. Information should be provided for economic areas which the applicant's proposal would affect.

(B) *Current land use patterns.* Statement of the project's relationship to proposed land use plans, policies, and controls of affected communities, including, where appropriate, maps or diagrams. Where the project is inconsistent with any such plans, policies, or controls, the statement should describe and explain in detail the reasons for such inconsistency.

(C) *Characteristics of current operations.* The Applicant should indicate the maximum allowable speed and frequency of current rail traffic on any affected line, the number and location of grade crossings, and the length of time such grade crossings are blocked during a typical day. The Applicant should indicate derailments and fatalities or injuries resulting from accidents involving trains and motor vehicles or pedestrians on such lines. The Applicant should also indicate the hours of operation on such lines and noise levels of rail operations at 100' from the right of way. Applicants should refer to the United States Environmental Protection Agency document titled "Information on Levels of Noise Requisite to Protect Public Health and Welfare with an Adequate Margin of Safety", which provides a system of measuring day and night noises on a weighted average.

(D) *Air quality.* The Applicant should indicate the air quality in the region, as found in the state Air Quality Implementation Plans to meet ambient air quality standards. Each state is required to prepare such a plan under the Clean Air Act (42 U.S.C. 1857). Some states are required to have Transportation Control Plans to meet ambient air quality standards where transportation sources pose major air quality problems. Applicants should refer to state air

quality agencies or to the Regional Offices of the U.S. Environmental Protection Agency for guidance.

(E) *Wetland or coastal zones.* Location, types, and extent of wetland areas or coastal zones that might be affected by the project.

(F) *Properties and sites of historical or cultural significance.* Identification of districts, sites, buildings and other structures, and objects of historical, architectural, archeological, or cultural significance that may be affected by the project. This should be accomplished by consulting the National Register and applying the National Register Criteria (36 CFR Part 800) to determine which properties that may be affected by the project are included in or eligible for inclusion in the National Register of Historic Places. The National Register is published in its entirety each February in the FEDERAL REGISTER. Monthly additions and listings of eligible properties are published in the FEDERAL REGISTER the first Tuesday of each month. The Secretary of the Interior will advise, upon request, whether properties are eligible for the National Register. Officials designated by their Governors to act as State Historic Preservation Officers responsible for state activities under the National Historic Preservation Act may also be consulted. A listing of these state officials may be found at 36 CFR 60.5(d), or may be obtained from the Director, National Parks Service, U.S. Department of the Interior, Washington, D.C. 20240.

(G) *Publicly-owned parklands, recreation areas, and waterfowl refuges, and historic sites (45 U.S.C. 1653(f)).* (i) Protected land proposed to be used. Describe any publicly-owned land from a public park, recreation area or wildlife and waterfowl refuge or any land from an historic site or wildlife and waterfowl refuge or any land from an historic site which would be affected or taken by the proposed program or project, including the size of the land proposed to be affected or taken, available activities on the land, use, patronage, unique or irreplaceable qualities, relationship to other similarly used land in the vicinity of the proposed project, and maps, plans, slides, photographs, and drawings in sufficient scale and detail to clearly show proposed project. Include a description of impacts of the proposed project on the land and changes in vehicular or pedestrian access.

(ii) Significant area. Include a statement of the national, State, or local significance of the entire park, recreation area, wildlife or waterfowl refuge, or historic site as determined by the Federal, State or local officials having jurisdiction thereof. In the absence of such a statement, protected land is presumed to be located in an area of national, State or local significance.

Part II. The probable impact of the project on the environment and measures which can be taken to mitigate adverse impacts. The applicant shall (1) assess the positive and negative environmental effects, including primary, secondary, and other foreseeable effects, on each of the areas specified in Part I of this appendix, including long-term impacts associated with the increased intensity, if any, of rail operations, and (2) list measures which can be taken to mitigate adverse impacts. Mitigation measures include control of hours of operation, coordination of street blockages with adjacent communities, dust and erosion control measures, and proposed methods of tie disposal. In addition, the applicant shall provide the following:

(A) Statement of the extent to which any of the impacts of the project represent irreversible or irretrievable commitments of resources. This requires identification of the extent to which implementation of the project irreversibly curtails the range of potential uses of the environment. "Resources" include the natural and cultural resources lost or destroyed as a result of the project.

(B) Statement of the relationship between local short-term uses of man's environment and the maintenance and enhancement of long-term productivity. This shall include a brief discussion of the extent to which the proposed action involves trade-offs between short-term environmental gains at the expense of long-term losses, or vice versa, and a discussion of the extent to which the proposed action forecloses future options.

(C) Statement of any probable adverse environmental effect which cannot be avoided, such as changes in exposure to noise and changes in level of noise or vibration; water or air pollution; undesirable land use patterns; impacts on public parks and recreation areas, wildlife and waterfowl refuges, or historic sites; damage to life systems; congestion of street traffic in adjacent communities; delays in the provision of essential services (police, fire, ambulance), anticipated changes in accident patterns and other threats to health; and other consequences adverse to the environmental goals set out in section 101(b) of the National Environmental Protection Act, 42 U.S.C. 4331(b). In considering noise levels, applicants should note any conflicts between projected noise levels from rail operations and HUD standards for noise at sensitive sites, such as schools, hospitals, parks and residential locations. (U.S. Department of Housing and Urban Development, "Noise Abatement and Control: Department Policy Implementing Responsibilities and Standards," Departmental Circular 1390.2, Chart: External Noise Exposure Standards for New Construction, April 4, 1971).

(D) Statement of construction impacts, identifying any special problem areas and

§ 260.1

including: (i) Noise impacts from construction and any specifications setting maximum noise levels.

(ii) Disposal of spoil and effect on borrow areas and disposal sites (include any specifications).

(iii) Measures to minimize effects on traffic and pedestrians.

(iv) Consideration of non-point source pollution such as might result from water runoff.

(E) Statement of any positive or negative impacts on energy supply and natural resource development, including, where applicable, any effect on either the production or consumption of energy or other natural resources. Discuss such effects if they are significant.

(F) Discussion of problems and objections raised by other Federal, State or local agencies, and citizens with respect to impact of the project on the environment.

Part III. Discussion of any alternatives to the project that have been considered with respect to impact on the environment. If cost-benefit analyses have been performed, the extent to which environmental costs have been reflected in the analysis should be stated. Underlying studies, reports, and other information obtained and considered in preparing each section of the statement should be identified. For energy comparisons, a possible source is Oak Ridge National Laboratory Report, "Energy Intensiveness of Passenger and Freight Transport Modes" by Dr. Eric Hirst, April, 1973. For analyzing community impacts, the following report may be useful: "The Impacts on Communities of Abandonment of Railroad Service," July, 1975, prepared for the U.S. Railway Association by the Public Interest Economics Center, Washington, D.C. In examining the environmental effects of highway transport as an alternative to rail service, applicants may wish to use the following publication: "A Study of the Environmental Impact of Projected Increases in Inter-city Freight Traffic, August, 1971, prepared for the Association of American Railroads by Battelle, Columbus, Ohio."

PART 260—REGULATIONS GOVERNING SECTION 511 OF THE RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976, AS AMENDED

Subpart A—Procedures for Application for Commitment to Guarantee or Guarantee of Obligations

Sec.

- 260.1 Applicability.
- 260.3 Definitions.
- 260.5 Eligibility.

Title 49—Transportation

Sec.

- 260.7 Form and content of application.
- 260.9 Required exhibits.
- 260.11 Preapplication and application procedure.
- 260.13 Information requests.
- 260.15 Waivers and modifications.

APPENDIX—ENVIRONMENTAL ASSESSMENTS

Subpart B—Standards for Maintenance of Facilities by Recipients of Obligation Guarantees

- 260.17 Applicability.
- 260.19 Definitions.
- 260.21 Standards.
- 260.23 Inspection and reporting.
- 260.25 Waiver.
- 260.27 Impact on other laws.
- 260.29 Penalties.

Subpart C—Procedures for Computing the Internal Rate of Return on Projects

- 260.31 Applicability.
- 260.33 Definitions.
- 260.35 Procedures to be followed and format to be utilized.

APPENDIX A—SELECTED CASH FLOW IMPACTS

APPENDIX B—FORMS TO BE USED IN COMPUTING IRR

FORM I—ANALYSIS OF CAPITALIZED INVESTMENT

FORM II—ANALYSIS OF SALE OR RETIREMENT OF ASSETS

FORM III—ANALYSIS OF EXPENSES AND CONTRIBUTION TO PROFIT

FORM IV—CONSOLIDATION OF CASH FLOWS

FORM V—COMPUTATION OF IRR

AUTHORITY: Railroad Revitalization and Regulatory Reform Act of 1976, Pub. L. 94-210, 90 Stat. 76, as amended by the Rail Transportation Improvement Act, Pub. L. 94-555, 90 Stat. 2625; the Department of Transportation Act, 49 U.S.C. 1651 et seq., regulations of the Office of the Secretary of Transportation, 49 CFR 1.49(u).

SOURCE: 43 FR 14870, Apr. 7, 1978, unless otherwise noted.

Subpart A—Procedures for Application for Commitment to Guarantee or Guarantee of Obligations

§ 260.1 Applicability.

This subpart prescribes the procedures governing applications for a commitment to guarantee or a guarantee of the payment of the principal balance of, and any interest on, an obligation of an applicant under section 511 of the Railroad Revitalization and

7-15-82 Des Moines, Ia

Iowa DOT - Les Brown

Harvey Sims

Don MacGillivray

Arrive DM, Ia 12 noon met at terminal by H. Sims.

Noon Lunch at Cattleman's Club restaurant.

Post lunch discussion at Aeronautics Division DOT at Airport.

A - Discussion of Soc position re acquisition of RT
lines by T Ruckley.

(1) Northfield to KC - 400⁺ mi

(2) IFH's - 235⁺ mi

(3) Would like to hear of parties interested in
the line acquisition for potential funding of
capital acquisition.

(4) would like to hear of Iowa assistance plan
for acquisition and/or revitalization.

(5) Soc Study indicates light density line

(6) TB expressed major concern over original capital
cost of acquisition.

(7) Reported going of his visit with Trustee
Calloway. Possible acquisition cost may be tied
to success generated from line or repayment
going to profit flow from line experience.

(8) Raised concern over labor conditions which
may be imposed from RT act Act. Also
questioned liability which may accrue from CNW
employees on line as interim operator.

B - I am Mrs Gillvray (most vocal)

Discuss Iowa DOT knowledge of following:

- (1) Agri Industries interest is not to own or own a RR but protect themselves by bid on IFBL of \$22 million. They are distrustful of CNW and entirely dependant upon continuance of operation of this line of RR. Possibility exists to sell to IFBHS6 to use this bid which was timely under FRA Title II funding. Explore this area. Mrs Gillvray will make early arrangement for meeting next week between SGO and Shipper Group in Mason City. At this point the sincerity of the SGO in negotiating in capital acquisition can be sensed. Suggest a payback based on level of CH's experience. Title II may be a grant (no payback)
- (2) North Am Car has indicated

Iowa Falls Gateway Shippers Assn.
From article Ry Age 11-27-79

IFGSA = 2000⁺ members

30,000⁺ CHs annual

46% rail oriented compared 90% early 70s

Most shipments 75 Car unit train

AGRI Industries

From _____ 6-28-82

Iowa's largest grain cooperative

Serves 332 local coops

Annual Revenue \$2 billion

① Notes from initial reading of SoS data.

SoS - FI acquisition Truckage Northfield to KC

- (1) 10/81 SoS invited to prepare interest proposal on RI by RT
- (2) No emphasis to expedite at that time the study.
- (3) GT Corp acquisition Miles - triggers substantial change in Midwest traffic patterns. Run through service Winnipeg to KC via TC
CNW volume from CN will dry up. SoS cannot compete for SW traffic on a time basis (via Chicago)
- (4) CNW - truckage rts over MOPac Omaha to KC will decrease & NW interest in RI truckage between Des Moines - KC
Also loss of CN traffic.
- (5) Bn. Frisco SW pricing has created friction where friendships existed in SW, because of competition. This may encourage SW RRs to look to a lesser competitor ^(than Bn) for North bound routing. (SoS)
- (6) WDS acquisition:
Less RT truck to purchase, less time to KC, reduce terminal costs
- (7) CNW lease RI
840 miles Tunnock to KC \$80,982 per mo rental
CNW offer to purchase 65 million
KCS offered ✓ 40 million - RI carries 260 mil

SCO LINE RAILROAD

SEP 16 1982

SALE VICE PRESIDENT

September 15, 1982

TO: D. M. Cavanaugh

FROM: J. D. Darling ~~JD~~

RE: Rock Island Study--Dispatching, Signals, and Radio Communications

On Tuesday, September 14, 1982, I called C. J. Stoffer, General Freight Agent, Iowa Northern Railroad Company. C. J. is a former Rock Island dispatcher having worked at Des Moines and Rock Island. C. J. has been most helpful in the past and furnished the following information on dispatching, signals, and radio communications.

From Rock Jct. and Newport to Rosemont via Inver Grove was CTC territory. A small CTC central parcel was operated by a Rock Island operator at Inver Grove. (Richard Lane of the Rock Island told me this control panel had been sold to the CNW and removed, and this portion of the CTC turned off.)

Between Rosemont and Comas is CTC controlled by the Milwaukee dispatcher at Austin.

Between Comas and Manly is CTC controlled by the Rock Island dispatcher in the passenger station at Des Moines.

There is no signaling on the CNW between Manly and Clear Lake Jct.

Between Clear Lake Jct. (Flint) and Short Line Jct. (Des Moines) is ABS.

Between Short Line Jct. and Carlisle is CTC controlled by the Rock Island operator at Short Line Jct. tower.

Between Carlisle and Allerton is ABS.

Between Allerton and Polo is CTC controlled by the Rock Island dispatcher at the passenger station in Des Moines.

Between Polo and Air Line Jct. (Kansas City) is CTC controlled by the operator at Drawbridge, the Harry S. Truman bridge (joint Milwaukee-Rock Island) over the Missouri River just north of Air Line Jct. The operator at Drawbridge is under the

D. M. Cavanaugh
Page Two
September 15, 1982

jurisdiction of either the Rock Island dispatcher at Des Moines or the Milwaukee dispatcher at Ottumwa, alternating every ten years. Currently, the Milwaukee is in a second ten year period, the Rock Island having waived their option.

The Rock Island CTC systems are apparently rather old. Only the system between Allerton and Polo has an automatic graphing system. However, they are supposed to be serviceable. They control parcels for the Comas to Manly and Allerton to Polo segments remain in the passenger depot at Des Moines and the CNW has retained five Rock Island dispatchers to man them.

The Rock Island had around-the-clock operator coverage at Inver Grove, Albert Lea, Manly, Iowa Falls, and Des Moines. They also had access to CNW operators around-the-clock at Mason City. No mention was made of Trenton or Kansas City. I would expect around-the-clock coverage at Drawbridge, but will verify this. By contrast, I had estimated operator coverage as follows: Shoreham, around-the-clock Soo operators; Northfield, MNS; Albert Lea, eight hours weekdays; Manly, 12 hours weekdays; Iowa Falls, around-the-clock; Avon, 16 hours daily; Trenton around-the-clock; Kansas City as provided by host carrier.

Radio coverage is apparently very good, just about covering all of the Iowa Falls Gateway branch lines through a booster station at Lakota. Main line towers are at Inver Grove, Owatonna, Albert Lea, Iowa Falls, Des Moines, Chariton, Trenton, and Kansas City. All towers can be dialed in from the dispatcher's consol at Des Moines.

JDD/jmz

cc: W. B. Peterson
C. C. Leary

Rock Island

September 15, 1982

SOO LINE RAILROAD

SEP 16 1982

EXEC. VICE PRESIDENT

TO: T. M. Beckley
D. M. Cavanaugh
R. H. Smith
R. L. Murlowski
H. J. Ness
D. J. Boyer
J. D. Darling

FROM: B. D. Olsen

RE: Rock Island

As a matter of information, the Rock Island Trustee has asked the bankruptcy court to approve sale of the Rock Island line between Limon, Colorado, Hallam, Nebraska and Clay Center, Kansas. The total distance is approximately 460 miles and the price is \$19,550,000. The buyer is described as Mid-States Port Authority, a joint cooperative port authority existing under the laws of Kansas. \$6,000,000 of the purchase price will be paid by the buyer arranging removal of tax liens and claims in the state of Kansas. It is possible Kansas may have some law providing tax relief to "port authorities" such as the buyer, although the purchase agreement appears to contemplate that there will be actual payment.

Many of the unusual reservations of rights retained by the Trustee in the OKT sale are also present here, including the Trustee's right to continue to use the right of way for various alternate transportation and communication systems and the right to grant trackage rights to other carriers. The operating carrier is identified as the Kyle Railroad Company and the sale is also contingent upon approval of an FRA loan for \$18,375,000 as well as a successful marketing of a bond issue for \$1,000,000.

BDO/sjp

Bill Sills 9/18/02 3:00 PM

8.7%

Tax benefits negotiable

Will take parts

So. Africans Friday a.m.

Need not close this year

Rodger Koch 9/14/82

Blackington
Albert Lea

2 north

Kansas City

1 south

So

Doyle-Petal

East

Locals

RJF Fredrickson

161 So. St. Paul 500 - 10⁰⁰ AM Call

to Northfield 2 hours

to Mankato 8 hours

change crews

to Des Moines 10 hours

to Kansas City 10 hours

switch A block at Albert Lea

164 Called at Mankato 430 P - 830 P

Northfield

So St. Paul 10 hours

In past, Mankato to Northfield Turn.

Fairbault

Quite a bit of work upgrading line
Des Moines to Kansas City

Mark Knight Harry Peterson

Larry Bell

Benny Karlberg.

NEWS from the Soo

Public Relations Department
Soo Line Railroad Company
Soo Line Building
Minneapolis, Minnesota 55440



NEWS from the Soo

Public Relations Department
Soo Line Railroad Company
Soo Line Building
Minneapolis, Minnesota 55440
(612) 332-1261



FOR IMMEDIATE RELEASE
September 14, 1982

SOO LINE MAKES OFFER TO PURCHASE 650 MILES OF RAIL LINES FROM CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY

Soo Line Railroad Company has made an offer to purchase more than 650 miles of rail lines which would extend its direct service from Minneapolis to Kansas City as well as provide access to an extensive grain producing region in Iowa, President Thomas M. Beckley announced today.

Soo's offer was presented to the Trustee of the Chicago, Rock Island and Pacific Railroad Company (Rock Island) which owns the lines and which is currently seeking a buyer for the properties. The action was approved by Soo's Board of Directors last week.

The offer calls for the Soo Line to purchase:

- * Approximately 400 miles of main line, including ownership in jointly operated line segments, between Northfield, Minnesota and Kansas City, Missouri.
- * Approximately 200 miles of branch line in the northern half of Iowa extending from Iowa Falls through Estherville to Ocheyedan and Rake, along with a 45-mile segment from Dows to Forest City.
- * A 12-mile branch line from Carlisle to Indianola, Iowa.

Soo service between Minneapolis and Northfield would be handled over lines of the Company's wholly-owned subsidiary, the Minneapolis, Northfield and Southern Railway.

- more -

The offer to purchase, if accepted by the Trustee and Reorganization Court overseeing liquidation of Rock Island assets, would also be subject to approval by the Interstate Commerce Commission.

"Soo service would be strengthened by a Kansas City gateway," Mr. Beckley said, "which would open new direct and shorter routes for our customers and give Soo the ability to interchange traffic with several railroads not presently reached. Soo's access to corn and soybean growing areas of Iowa would preserve and strengthen competition for movement of these farm products.

"We have the ability to absorb the additional traffic demands that would come with the acquisition," he emphasized, "and a service record that I believe would make Soo an asset to shippers who were served in the past by the Rock Island.

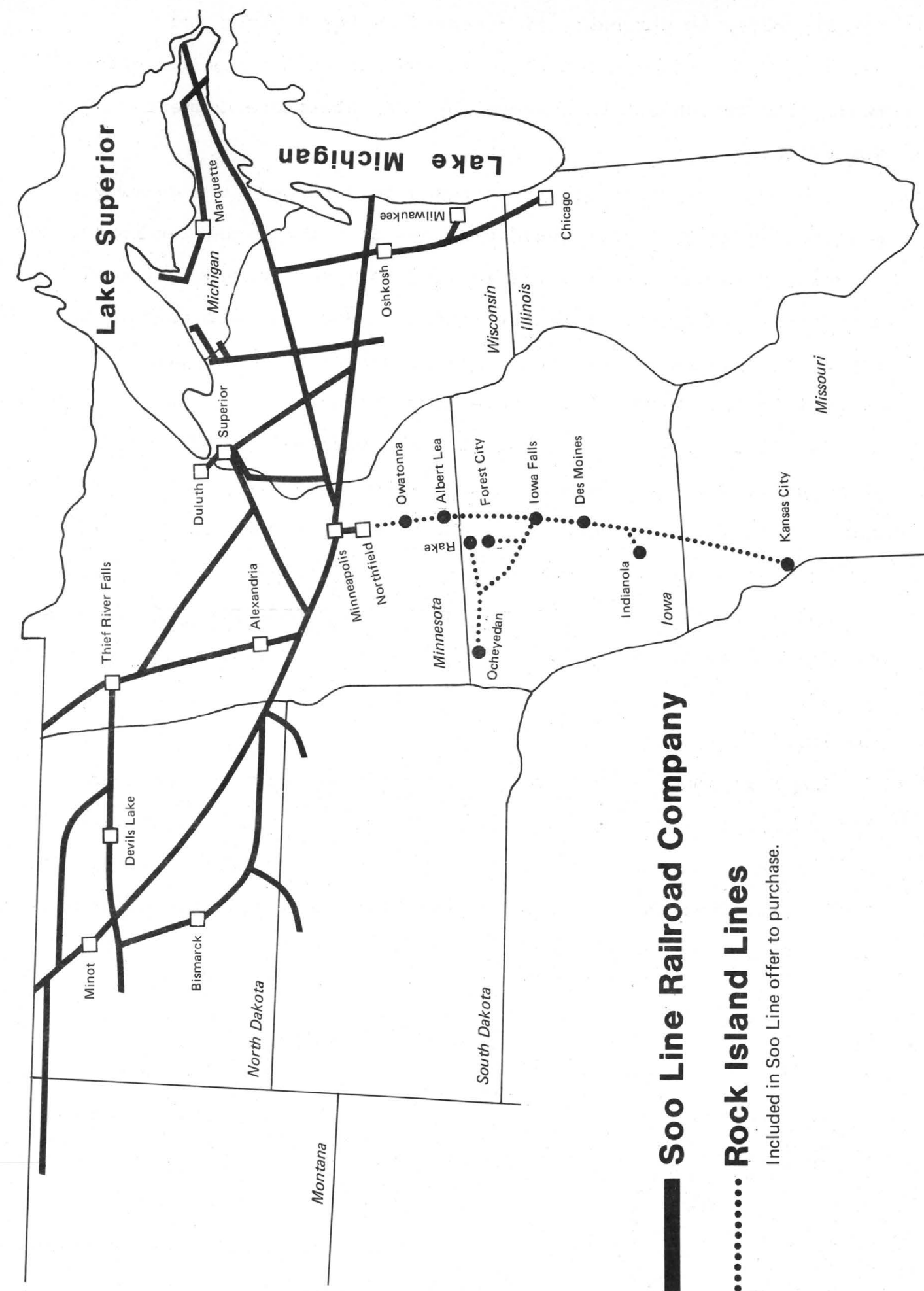
"We anticipate that an accelerated maintenance program would be required on portions of the lines proposed to be purchased," he added, "and Soo would expect to carry out this work as soon as possible after the purchase was completed."

The Minneapolis-based Soo Line currently operates more than 4,400 miles of line in seven states with its principal operations carried out in Minnesota, Wisconsin, Illinois and North Dakota. The Company has important connections with Canadian railroads at four points and operates in the Twin Cities and Twin Ports corridors to Chicago. Soo has served grain producers in the Dakotas and Minnesota for nearly a century and a large portion of its freight car fleet is designed to handle bulk farm products.

The Soo Line had railway revenues of \$330 million in 1981 and net income of \$36.4 million. The Company employs more than 4,000 people in its operations.

Specific terms of the offer, including the price, were not disclosed.

####



CS Slough 9/14/02 4:15 PM.

Austin MILW

Swan Grove - Ogwater

Des Moines - Des Moines

Flint - Short Line Int. ABS

Tower CTC - ~~Carlisle~~

Des Moines -

Droubridge - MILW Ottumwa

Mainly

Lakota - booster, repeater

just about cover

Owatawa

Albert Lea

Lower Falls

Des Moines

Swan Grove

Chariton

Trenton

KC

CTC dial in
from Des Moines

Ivan Grove

Albert Lee

Hardy

Mason City

Iowa Falls

Des Moines Train Depot

5 dispatches at Des Moines

graphed on south end.

John Stone

former district court judge
in Northern Iowa

Manly, Iowa
Sept. 13, 1982

Mr. Joe D. Darling
Operations Consultant
Data Systems Department
SOO Line Building
Box 530
Minneapolis, Minn. 55440

Dear Joe,

Enclosed please find some figures on number and size of grain trains operated over various lines of the Rock Island, now operated by the C&NW. As you can see in a period from June 1981 through May 1982, a total of 18,450 carloads of grain was moved off these various lines by the C&NW. Please keep in mind this was grain moved in a poor market year. Also these figures are for grain only and not other traffic that moved over these lines.

Also enclosed is a copy of the March 4th Agreement I was telling you about in our telephone conversations. I have enclosed some other information I thought might be of interest to you.

Again if there is anything I can do to be of help to you please feel free to contact me at anytime.

Sincerely,

A handwritten signature in dark ink, appearing to read "C J Stoffer", with a long horizontal flourish extending to the right.

C J Stoffer

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM
INVER GROVE TO DES MOINES

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	4	3	
July	3	1	
August	4	3	
Sept.	3	6	
October	3	4	
November	8	2	
December	2	3	
January		1	
February	2	1	
March	5		
April	11		
May	6	3	

TOTAL CARS SHIPPED - 2,625 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Clarks Grove	75
Glenville	75
Northwood 2 Elevators	75
Northwood	25
Manly	25
Bradford	75
Buckeye	75
Garden City	25
Cambridge	25

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM

ESTHERVILLE TO IOWA FALLS

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	9		1
July	7	2	
August	16	3	2
Sept.	11	1	2
October	9	3	2
November	10	1	1
December	9	6	1
January	4	3	3
February	4	8	2
March	4	2	2
April	15	2	1
May	11	1	3

TOTAL CARS SHIPPED - 5,825 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Graettinger	75
Emmetsburg	50
West Bend	75
Bode	75
Hardy	50
Livermore	75
Clarion	75
Dows	75

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM

FOREST CITY TO BUT NOT INCLUDING DOWS

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	7		
July	5		
August	6		
Sept.	5		
October	1		1
November	2		4
December	2		3
January	1		2
February			2
March	2		
April	1		
May			2

TOTAL CARS SHIPPED - 1,850 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Forest City	25
Garner	50
Klemme	75

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM

ESTHERVILLE TO OCHEYEDAN

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	7		1
July	7		
August	9		1
Sept.	11		
October	1		2
November			2
December	6		1
January	3		1
February		1	3
March	1		2
April	4		3
May	4		2

TOTAL CARS SHIPPED - 2,725 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Superior	75
Lake Park	75
Ocheyedan	50

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM

ROYAL TO PALMER

Interchange with ICG at Manson and with CNW at Laurens

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	6	1	
July	6	1	
August	7	1	
Sept.	10	1	
October	8		2
November	7		
December	2		
January	4		1
February	4		3
March	4		1
April	5		1
May	10	1	

TOTAL CARS SHIPPED - 2,675 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Royal	75
Palmer	25
Pochantas	25
Laurens	25

NUMBER AND SIZE OF UNIT GRAIN TRAINS SHIPPED FROM JUNE 1981 THROUGH MAY 1982 ON LINE FROM
ESTHERVILLE TO RAKE

<u>(MONTH)</u>	<u>(25 CAR TRAINS)</u>	<u>(50 CAR TRAINS)</u>	<u>(75 CAR TRAINS)</u>
June	9		
July	1	1	
August	13	6	
Sept.	10	2	
October	5		
November	5		
December	5		
January	5		
February	7		
March	7		
April	11	1	
May	12		

TOTAL CARS SHIPPED - 2,750 Grain Only

<u>(STATION)</u>	<u>(LOADING-CAPACITY)</u>
Rake	75
Lakota	75
Swea City 2 Elevators	75
Swea City	50
Armstrong	25
Gruver	25

See Section 7

HOUSE FILE 874

AN ACT

RELATING TO RAILWAY TRANSPORTATION BY PROVIDING FOR THE IMPOSITION AND COLLECTION OF A TAX ON THE USE OF FUEL FOR THE PROPULSION OF RAILWAY VEHICLES, FOR THE CREATION OF A SPECIAL RAILROAD FACILITY FUND TO WHICH CERTAIN TAX MONEYS ARE CREDITED, FOR THE PLEDGING OF THE MONEYS IN THE SPECIAL RAILROAD FACILITY FUND FOR OBLIGATIONS ISSUED BY THE IOWA RAILWAY FINANCE AUTHORITY, FOR THE INCREASE IN THE AMOUNT OF OUTSTANDING OBLIGATIONS THAT THE IOWA RAILWAY FINANCE AUTHORITY MAY HAVE, FOR AN EXPANSION AND CLARIFICATION OF THE POWERS AND DUTIES OF THE IOWA RAILWAY FINANCE AUTHORITY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 307.29, subsections 1 and 3, Code 1981, are amended to read as follows:

1. Sixty days after the tax obligations of a railway company which are owed ~~to a political subdivision of this state~~ become delinquent as provided in section 445.37 and remain unpaid, the state department of transportation shall become responsible for collection of the delinquent taxes. The county treasurer of each affected county shall transmit the unpaid tax statement of the railway company to the state department of transportation.

3. Upon the acquisition by the department of payment from the railway company in full liquidation of the delinquent taxes including payment by means of transfer of title to rights of way or other real estate, any tax lien existing prior to ~~such~~ the acquisition on the property on which the taxes were delinquent ~~shall be null and is void and the department shall not pay any of these delinquent taxes to the county treasurer.~~ The department shall take title to the rights-of-way or other real estate for administration, management, collection of rents, and disposal and shall credit all moneys collected or received from the rental or disposal of rights-of-way or other real estate to the special railroad facility fund established in section 19 of this Act. Any moneys received as payment for delinquent property taxes shall be credited to the special railroad facility fund established in section 19 of this Act.

Sec. 2. Section 307B.2, Code 1981, is amended to read as follows:

307B.2 DECLARATION OF NECESSITY AND PURPOSE. The purpose of this chapter is to benefit the citizens of Iowa by improving their general health, welfare and prosperity and insuring the economic and commercial development of the state and by promoting agricultural and industrial improvement. Access to adequate railway transportation facilities is essential to the economic welfare of the state. This One purpose of this chapter is intended to preserve or provide for the citizens of Iowa those railway facilities services now in existence or needed in the state which have a viable future but which for a variety of economic and legal reasons may well go out of service not exist if the state does not provide the financing mechanism contained or other mechanisms referred to in this chapter. It is the intent of the chapter that any public ownership and control of railway facilities provided for in this chapter be transferred to private ownership as promptly as economically practicable subject to financing requirements. It is further intended that the authority created ~~herein~~ in this chapter be vested with all powers to

enable it to accomplish ~~its~~ the purposes of this chapter except the power to operate rolling stock ~~except-as-incidental-to-the-repair-or-renovation-of-a-railway-facility~~.

It is the further intent of this chapter and of the general assembly that, in order to preserve rail competition and to provide for railway service in this state, the authority work primarily with railroad carriers already providing service in this state based upon their willingness and ability to meet these objectives.

Sec. 3. Section 307B.3, subsections 1, 3, and 10, Code 1981, are amended to read as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, for the preservation and creation of employment, and for the promotion of the economy and of agricultural and industrial improvement, which are public purposes.

3. There will exist a serious shortage of viable rail lines and railway facilities serving the urban, rural and, agricultural, and industrial communities of the state.

10. It is necessary to create a railway finance authority to encourage the investment of private capital and stimulate the construction, rehabilitation and repair of railway facilities and to prevent the abandonment of others through the use of public financing, publicly assisted financing, and other forms of public assistance.

Sec. 4. Section 307B.4, subsections 2, 3, and 6, Code 1981, are amended to read as follows:

2. "Railway facilities" means land, structures, fixtures, buildings and equipment, except rolling stock, necessary or useful in providing railroad transportation services, including, but not limited to, roadbeds, track, trestle, depot, switching and signaling equipment and all necessary, useful and related equipment and appurtenances and all franchises, easements and other interests in land and rights of way necessary or convenient as a site or sites for any of the foregoing or any part of or combination of the foregoing.

3. "Project costs" ~~as-applied-to-railway-facilities~~ financed-under-the-provisions-of-this-chapter-means-the-total-of-all-reasonable-or-necessary-costs-for-or-incidental-to the means any portion of the costs of railway rehabilitation, acquisition, construction, reconstruction, repair, alteration, improvement or extension of any railway facilities including, but-not-limited-to,-the-cost-of, providing, supplementing, and relocating public capital facilities, studies and, surveys, plans, specifications, architectural and engineering services, estimates of costs, legal, organizational, marketing or other special-services,-financing,-acquisition,-demolition,-construction,-equipment-and-site-development-of-new-and rehabilitated-buildings-and-facilities,-rehabilitation,-reconstruction,-repair-or-remodeling-of-existing-buildings and-facilities feasibility studies, and all other necessary and incidental expenses including,-but-not-limited-to,-an initial-bond related to the foregoing, and reimbursement of any moneys advanced or applied by a governmental agency or other person for project costs. Project costs include, in connection with obligations, a principal and interest reserve together with interest on bonds-issued-to-finance-the-railway facilities obligations to a date not later than six months subsequent to the estimated date of completion of the railway facilities that are the object of the financial assistance.

6. "Bonds Obligations" means ~~negotiable~~ bonds, notes or other ~~obligations,-except-these-obligations-to-the-federal government, evidence of debt, including interest coupons of the foregoing,~~ issued under this chapter.

Sec. 5. Section 307B.4, Code 1981, is amended by adding the following new subsections:

NEW SUBSECTION. "Financial assistance" means direct loans and other loans, grants, and forms of assistance authorized under this chapter.

NEW SUBSECTION. "Governmental action" means any action by a governmental agency relating to the establishment, development, or operation of railway facilities that the governmental agency acting has authority to take or provide

for the purpose under law, including, but not limited to, actions relating to contracts and agreements, zoning, building, permits, acquisition and disposition of property, public capital improvements, utility and transportation service, taxation, employee recruitment and training, and liaison and coordination with and among governmental agencies.

NEW SUBSECTION. "Governmental agency" means the state or any state department, division, commission, institution, or authority; a municipal corporation, city, county, or township, or any agency thereof; any other political subdivision or public corporation; the United States or any agency thereof; any agency, commission, or authority established pursuant to an interstate compact or agreement; or any combination of the foregoing.

NEW SUBSECTION. "Person" means an individual, firm, partnership, association, corporation, or governmental agency, or any combination thereof.

NEW SUBSECTION. "Public capital improvements" means capital improvements or facilities including, but not limited to, all road facilities and related ancillary facilities, that a governmental agency has authority to acquire, pay the costs of, own, or maintain, or to do the foregoing by contract with other persons.

NEW SUBSECTION. "Bond proceedings" means the resolution, order, trust agreement, indenture, lease, and other agreements, and amendments, and supplements to the foregoing authorizing or providing for the terms and conditions applicable to or the provisions contained within, or providing for the security of, obligations issued pursuant to this chapter.

NEW SUBSECTION. "Bond service charges" means principal, including mandatory sinking fund requirements for retirement of obligations, interest, and redemption premium, if any, required to be paid by the authority on obligations.

NEW SUBSECTION. "Pledged receipts" means the revenues and receipts received or to be received by the authority from the lease, operation, or sale or disposition of railway facilities; from loan or other agreements relating to financial

assistance; from grants, gifts, or payments on guarantees made to the authority by any person; from accrued interest received from the sale of obligations; from income from the investment of special funds of the authority, including the special railroad facility fund; from the revenues and receipts deposited in the special railroad facility fund; and from any other moneys which are available for the payment of bond service charges.

NEW SUBSECTION. "Special railroad facility fund" means the fund created in section 19 of this Act.

Sec. 6. Section 307B.5, Code 1981, is amended to read as follows:

307B.5 IOWA RAILWAY FINANCE AUTHORITY. There is created an Iowa railway finance authority for the purpose of providing or providing for the financing of railway facilities and enhancing and continuing the operation of railway facilities as provided in this chapter.

Sec. 7. Section 307B.7, subsections 2, 5, 6, 7, 8, 10, 12, 13, 14, 15, 17, and 18, Code 1981, are amended to read as follows:

2. Adopt rules under chapter 17A for the regulation of its affairs and to carry out its duties and responsibilities. The authority is an agency as that term is defined in chapter 17A and is subject to the provisions of chapter 17A.

5. Acquire railway facilities, whether located within Iowa or a contiguous state, directly or through an agent, by purchase, lease, lease-purchase, gift, devise or otherwise. The authority shall not submit a bid to acquire a railway facility if any railroad company or person is negotiating for the facility's purchase and if the railroad company's or person's offer exceeds the net salvage value set by the trustee by at least fifteen percent and the offer is for a segment which originates and terminates at the intersection of another railroad mainline or is for a segment which connects to a mainline if the facility is a branchline. However, even if a railroad company or person is negotiating for a facility's purchase, the authority may submit a bid for the acquisition

of the railway facility upon approval of a resolution by the state transportation commission stating that the best interests of the state and the transportation needs thereof might not be served by the railroad company's or person's offer or negotiation. However, the commission shall not adopt such a resolution if the competing railroad corporation or person files with the state department of transportation an enforceable undertaking to operate the facility for a period of five years after its purchase.

6. Determine the location ~~and construction~~ of and select any railway facility to be ~~financed~~ provided financial assistance under ~~the provisions of~~ this chapter and ~~to~~ acquire, construct, reconstruct, renovate, rehabilitate, improve, extend, replace, maintain, repair and lease the same facility, and to enter into contracts for any of these purposes.

7. Enter into contracts, including partnership agreements, with any person, ~~federal or state government or subdivision of a state~~ for the ownership, operation, management or use of a railway facility. Provisions shall be made in any contract or partnership agreement entered into by the authority that any additional jobs which may result from the ownership, operation, management, or use of a railway facility shall be offered, when practicable, to qualified former employees of the Milwaukee Road or Rock Island railroad companies.

8. Designate an agent to ~~determine the location and construction of a railway facility under the provisions of this chapter and as agent of the authority, to construct, reconstruct, renovate, replace, maintain, repair, and lease the same and to enter into contracts for any of these purposes including contracts for the operation, management or use of the railway facility~~ perform its powers under subsections 6 and 7.

10. Issue bonds, ~~notes or other~~ obligations for any of its purposes and ~~to~~ refund the same obligations, all as provided for in this chapter. However, the total outstanding principal amount of bonds obligations outstanding at any one time shall not exceed one two hundred million dollars at any one time.

12. Fix ~~and~~, revise ~~and~~, charge, and collect rates, rents, fees and charges for the use of any railway facility or any portion of a facility that is owned or financially assisted by the authority alone or in any other association with any other person and ~~to~~ contract with any person, ~~firm or corporation or other public or private body~~ in respect to a facility.

13. Mortgage all or any portion of its railway facilities ~~and the sites~~, whether then owned or thereafter acquired, ~~to finance the~~ in connection with the financing of the particular railway facility or any portion of the facility.

14. Extend ~~loans~~ financial assistance for the purpose of ~~financing~~ providing for project costs ~~of a railway facility~~. Make interest-free loans for rehabilitation of railway tracks, roadbeds, or trestles to persons which have repaid in part the original loan from the authority which was made for the purpose of the acquisition or rehabilitation of railway tracks, roadbeds, or trestles. However, an interest-free loan to a person shall not exceed the amount repaid of the original loan made to that person and one-half of the amount of the interest-free loan repaid to the authority shall be credited to the railroad assistance fund established in section 327H.18.

15. Extend ~~loans~~ financial assistance to refund bonds, retire, or refinance obligations, including obligations running to the federal government, mortgages or advances issued, made or given for the project cost of a railway facility including the issuing of bonds and making loans to refinance indebtedness which costs were incurred for railway facilities undertaken and completed prior to or after May 20, 1980 when the governing board finds that this ~~financing~~ financial assistance is in the public interest.

17. Receive and accept from any public person or governmental agency loans, guarantees, or grants for or in aid of project costs and ~~to~~ receive and accept grants, gifts and other contributions from any source.

18. Own a railway facility under this chapter alone, in partnership, or in any other association with any person if

necessary or beneficial to preserve part of a railway system, upon the determination, after consultation with the department, that the railway facility is necessary or beneficial to the railway system, ~~and then shall~~ to be relinquished to ~~private nonauthority~~ ownership or operation as soon as economically practicable.

Sec. 8. Section 307B.7, Code 1981, is amended by adding the following new subsections:

NEW SUBSECTION. Pledge any funds contained in the special railroad facility fund to the payment of and as security for obligations issued under this chapter.

NEW SUBSECTION. Invest moneys in the special railroad facility fund in general or limited partnership interests in a partnership formed to purchase, renovate, and operate a railway facility.

NEW SUBSECTION. Serve as a general or limited partner in a partnership formed to purchase, renovate, and operate a railway facility.

NEW SUBSECTION. Enter into agreements with persons to develop, equip, furnish, or otherwise develop and operate railway facilities, and make provision in the agreements for railway facilities and governmental actions, as authorized by this chapter and other laws.

NEW SUBSECTION. Enter into appropriate arrangements and agreements with a governmental agency for the taking or the providing by that governmental agency of a governmental action.

Sec. 9. Section 307B.8, subsections 4, 5, and 6, Code 1981, are amended by striking the subsections.

Sec. 10. Section 307B.8, Code 1981, is amended by adding the following new subsection:

NEW SUBSECTION. Consult with the Iowa conservation commission before taking any action that substantially affects wildlife habitat.

Sec. 11. Section 307B.9, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

307B.9 OBLIGATIONS. Except as provided in this chapter, all obligations are payable solely out of the pledged receipts

as designated in the bond proceedings. Tax funds which the authority receives from a political subdivision of the state shall not be pledged for payment of the obligations. Except for those tax funds deposited in the special railroad facility fund as provided in section 307.29, section 20 of this Act, and section 29 of this Act, the state shall not appropriate tax funds, directly or indirectly, to the authority for the purpose of payment of obligations of the authority.

Obligations shall be authorized by resolution of the board and bond proceedings shall provide for the purpose of the obligations, the principal amount, the principal maturity or maturities, not exceeding twenty-five years from the date of issuance, the interest rate or rates or the maximum interest rate, the date of the obligations and the dates of payment of interest on them, their denomination, and the establishment within or without the state of a place or places of payment of bond service charges. As much as is practicable within the legal and fiscal limitations inherent in bond issuance, a portion of the bonds shall be issued in denominations of five thousand (5,000) dollars and smaller, in order to allow smaller investors in the state to purchase the bonds. The purpose of the obligations may be stated in the bond proceedings in terms describing the general purpose or purposes to be served. The bond proceedings shall also provide, subject to other applicable bond proceedings, for the pledge of all or such part, as the authority may determine, of the pledged receipts to the payment of bond service charges, which pledges may be made either prior or subordinate to other expenses, claims, or payments, and may be made to secure the obligations on a parity with obligations issued at other times, if and to the extent provided in the bond proceedings. The pledged receipts so pledged and received by the authority are immediately subject to the lien of the pledge without physical delivery or further act, and the pledge of the pledged receipts is effective and these moneys may be applied to the purposes for which pledged without necessity for an act of appropriation. Every pledge and every covenant and agreement

with respect to a pledge made in the bond proceedings may be extended to the benefit of the owners and holders of obligations authorized by this chapter, and to any trustee for owners and holders, for the further security of the payment of the bond service charges. The authority shall issue a prospectus or official statement in connection with the offering of obligations. Obligations may be issued in coupon or in registered form, or both. Provision may be made for the registration of obligations with coupons attached as to principal alone or as to both principal and interest, their exchange for obligations so registered, and for the conversion or reconversion into obligations with coupons attached of any obligations registered as to both principal and interest, and for reasonable charges for registration, exchange, conversion, and reconversion. Obligations may be sold at public or private sale at the price, in the manner, and at the time determined by the governing board. Chapter 75 and sections 23.12 through 23.16 do not apply to obligations issued under this chapter. All obligations are negotiable instruments.

The bond proceedings may contain additional provisions as to:

1. The redemption of obligations prior to maturity at the option of the authority at the price and under the terms and conditions provided in the bond proceedings.
2. Other terms of the obligation.
3. Limitations on the issuance of additional obligations.
4. The terms of any trust agreement or indenture securing the obligations or under which the obligations may be issued.
5. The deposit, investment, and application of special funds and the safeguarding of moneys on hand or on deposit, without regard to chapter 453, subject to this chapter, with respect to particular funds or moneys; provided that any bank or trust company which acts as depository of any moneys in the special funds may furnish indemnifying bonds or may pledge the securities as required by the authority.

6. The provisions of the bond proceedings which are binding upon the officer, board, commission, authority, agency, department, or other person or body which has the authority under law to take actions as necessary to perform all or any part of the duty required by a provision.

7. Any provision which may be made in a trust agreement or indenture.

8. Additional agreements with the holders of the obligations, or the trustee for the holders, relating to the obligations or the security for the obligations.

Before the authority can incur an obligation for the acquisition or purchase of railway facilities under this chapter, the proceeds of which are to be contributed, loaned, or otherwise provided to a partnership of which the authority is a partner, the other partners of the partnership must pledge to the partnership in the aggregate an amount equal to at least twenty percent of the amount of the obligations to be incurred for the acquisition or purchase.

Sec. 12. Section 307B.10, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

307B.10 REFUNDING OF OBLIGATIONS. The board may authorize and issue obligations for the refunding, including funding and retirement, and advance refunding with or without payment or redemption prior to maturity, of any obligations previously issued by the authority. These obligations may be issued in amounts sufficient for payment of the principal amount of the prior obligations, any redemption premiums on the prior obligations, principal maturities of any obligations maturing prior to the redemption of the remaining obligations on a parity with them, interest accrued or to accrue to the maturity date or dates of redemption of the obligations, and any project costs including expenses incurred or to be incurred in connection with this issuance, refunding, funding, and retirement. Subject to the bond proceedings, the portion of proceeds of the sale of obligations issued under this section to be applied to bond service charges on the prior obligations shall be credited to the appropriate account for

those prior obligations. Obligations authorized under this section shall be deemed to be issued for those purposes for which the prior obligations were issued and are subject to the provisions of this chapter pertaining to other obligations. Obligations refunded shall not be considered to be outstanding for purposes of section 307B.7, subsection 10.

Refunding may be made without regard to whether or not the obligations to be refunded were issued in connection with the same railway facilities, separate railway facilities or for other purposes, and without regard to whether or not the obligations proposed to be refunded shall be payable on the same date or different dates or due serially or otherwise.

Sec. 13. Section 307B.11, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

307B.11 SECURITY FOR OBLIGATIONS. Obligations may be additionally secured by a trust agreement or indenture between the authority and a corporate trustee which may be any trust company or bank having its principal place of business within the state. Any such agreement, indenture, mortgage, or deed of trust, or any combination thereof, may contain the resolution authorizing the issuance of the obligations, any provisions that may be contained in any bond proceedings, and other provisions which are customary or appropriate in an agreement or indenture of such type, including, but not limited to:

1. Maintenance of each pledge, trust agreement, indenture, or other instrument comprising part of the bond proceedings until the authority has fully paid the bond service charges on the obligations secured by the instrument, or provision for payment has been made.

2. In the event of default in any payments required to be made by the bond proceedings or any other agreement of the authority made as a part of the contract under which the obligations were issued, enforcement of the payments or agreement by mandamus, appointment of a receiver, suit in equity, action at law, or any combination of these.

3. The rights and remedies of the holders of obligations and of the trustee and provisions for protecting and enforcing them, including limitations on rights of individual holders of obligations.

4. The replacement of any obligations which become mutilated or are destroyed, lost, or stolen.

The principal of and interest on obligations shall be secured as provided in the bond proceedings by the pledge of pledged receipts and by assignment of leases or other contract rights of the authority, or any person acquiring, leasing, or operating railway facilities assisted under this chapter to third parties, which assignment may cover all or any part of the railway facilities from which the receipts may be derived, including, but not limited to, any enlargements of or additions to any of these railway facilities.

Each pledge shall continue in effect until the principal of and interest on the obligations has been fully paid or provision for the payment has been duly made pursuant to the bond proceedings.

Sec. 14. Section 307B.12, Code 1981, is amended to read as follows:

307B.12 PAYMENT OF BONDS OBLIGATIONS--NONLIABILITY OF STATE. Bonds Obligations issued under ~~the provisions of~~ this chapter, and judgments based on contract or tort arising from the activities of the authority or persons acting on its behalf, ~~shall~~ are not ~~constitute~~ a debt or liability of the state or of any political subdivision within the meaning of any constitutional or statutory debt limitation and ~~no~~ are not a pledge of the state's credit or taxing power within the meaning of any constitutional or statutory limitation or provision and no appropriation shall be made, directly or indirectly, by the state or any political subdivision of the state for the payment of the bonds obligations or judgments or to fund any deficiency in the special railroad facility fund, or for the indemnification of a person subject to a judgment arising from that person's actions on the authority's behalf, ~~but~~. These obligations and judgments are special

obligations of the authority payable solely and only from the sources and special funds provided in this chapter. Funds from the general fund of the state shall not be used to pay interest or principal on obligations of the authority in the event that receipts from the taxes designated for deposit in the special railroad facility fund are insufficient.

Sec. 15. Section 307B.13, Code 1981, is amended by striking the section and inserting in lieu thereof the following:

307B.13 REMEDIES OF HOLDERS OF OBLIGATIONS.

1. The bond proceedings may provide that a holder of obligations or a trustee under the bond proceedings, except to the extent that the holder's rights are restricted by the bond proceedings, may by legal proceedings, protect and enforce any rights under the laws of this state or granted by the bond proceedings. These rights include the right to compel the performance of all duties of the authority required by this chapter or the bond proceedings; to enjoin unlawful activities; and in the event of default with respect to the payment of any bond service charges on any obligations or in the performance of any covenant or agreement on the part of the authority in the bond proceedings, to apply to a court to appoint a receiver to receive and administer the pledged receipts which are pledged to the payment of the bond service charges on these obligations or which are the subject of the covenant or agreement, with full power to pay and to provide for payment of bond service charges on these obligations and with powers accorded receivers in general equity cases, excluding any power to pledge additional revenues or receipts or other income or moneys of the authority or the state or governmental agencies of the state to the payment of the bond service charges; and if provided in the bond proceedings, the power to take possession of, mortgage, or cause the sale or otherwise dispose of any railway facilities.

Each duty of the authority and the authority's board, officers, and employees, and of each governmental agency and its officers, members, or employees, undertaken pursuant to the bond proceedings or any agreement or lease, lease-purchase

agreement, or loan made under authority of this chapter, and in every agreement by or with the authority, is a duty of the authority, and of each board, officer, member, or employee having authority to perform this duty, which may be specifically enjoined by the law resulting from an office, trust, or station under chapter 661.

2. If the bond proceedings do not contain provisions authorized in subsection 1, if the authority defaults in the payment of principal or interest on obligations as they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or if the authority fails or refuses to comply with this chapter or defaults in any covenant or agreement in the bond proceedings made for the benefit of the holders of obligations, the holders of twenty-five percent in aggregate principal amount of obligations of the issue then outstanding by instrument filed in the office of the clerk of the county in which the principal office of the authority is located and proved or acknowledged in the same manner as a deed to be recorded may appoint a trustee to represent the holders of the obligations for the purposes provided in this section.

The trustee selected may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of obligations then outstanding, shall:

- a. Enforce all rights of the holders of the obligations including the right to require the authority to carry out its agreements with the holders and to perform its duties under this chapter.
- b. Bring suit upon the obligations.
- c. By action require the authority to account as if it were the trustee of an express trust for the holders.
- d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.
- e. Declare all the obligations due and payable and, if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of obligations then outstanding, annul the

declaration and its consequences. Before declaring the principal of obligations due and payable, the trustee shall first give thirty days notice in writing to the governor, to the authority, and to the attorney general of the state.

The trustee selected shall also have all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general representation of holders in the enforcement and protection of their rights.

3. The district court has jurisdiction of any action by the trustee on behalf of holders. The venue of the action shall be in the county in which the principal office of the authority is located.

Sec. 16. Section 307B.14, Code 1981, is amended to read as follows:

307B.14 AUTHORITY AS PUBLIC INSTRUMENTALITY. The authority is performing a public function on behalf of the state and is a public instrumentality of the state. Income of the authority and all properties owned by or leased by to the authority shall be are exempt from all taxation in the state of Iowa. This chapter shall does not be-construed-as-exempting exempt from taxation properties comprising railway facilities financed financially assisted under any-of-the-provisions of this chapter which are owned by persons or-entities other than the authority except those leased by to the authority. However, properties owned by the authority which are leased or rented to a private person shall include as part of the rates, rents, fees, or charges payable by that person a sum equal to the amount of tax, determined by applying the tax rate of the taxing district to the assessed value of the property, which the state, county, city, school district or other political subdivision would receive if the property were owned by a private person, any other statute to the contrary notwithstanding. This sum shall be distributed to each taxing district based upon its tax equivalent. For purposes of arriving at that tax equivalent, the property shall be valued and assessed by the assessor in whose jurisdiction the property is located, in accordance with

chapter 441, but the authority, the lessee or renter on behalf of the authority, and other persons as are authorized by chapter 441 shall be entitled to protest any assessment and take appeals in the same manner as any taxpayer. The valuations shall be included in any summation of valuations in the taxing district for all purposes known to the law. Income from this source shall be considered under the provisions of section 384.16, subsection 1, paragraph "b".

Sec. 17. Section 307B.15, Code 1981, is amended to read as follows:

307B.15 POWERS NOT RESTRICTED--LAW COMPLETE IN ITSELF. This chapter ~~shall is~~ not ~~be-construed-as~~ a restriction or limitation upon any powers which the authority ~~might-otherwise have or another governmental agency has~~ under any laws of this state, but ~~shall-be-construed-as~~ is cumulative ~~of to~~ any such powers. No proceedings, referendum, notice or approval ~~shall-be is~~ required for the creation of the authority or the issuance of any ~~bonds obligations~~ or any instrument as security except as herein provided, ~~-any-other-law-to-the contrary-notwithstanding,-provided,-that in this chapter. However, nothing herein-shall-be-construed-to-deprive in this chapter deprives~~ the state and its ~~governmental political~~ subdivisions of their ~~respective~~ police powers over properties of the authority or ~~to-impair impairs~~ any power ~~thereover over the authority~~ of any official or agency of the state and its ~~governmental political~~ subdivisions which ~~may-be is~~ otherwise provided by law.

Sec. 18. Chapter 307B, Code 1981, is amended by adding the following new sections:

NEW SECTION. GOVERNMENTAL AGENCIES. A governmental agency may enter into an agreement with the authority, another governmental agency, or a person to be assisted under this chapter to take or provide for the purposes of this chapter any governmental action it is authorized to take or provide and to undertake on behalf and at the request of the authority any action which the authority and the agency are authorized to undertake. Governmental agencies of the state shall

cooperate with and provide assistance to the director and the authority in the exercise of their functions under this chapter.

NEW SECTION. BOND ANTICIPATION NOTES. The power to issue obligations under this chapter includes power to issue obligations in the form of bond anticipation notes and to renew these notes by the issuance of new notes, but the maximum maturity of these notes, including renewals, unless otherwise authorized by the general assembly, shall not exceed five years from the date of the issuance of the original notes. The holders of these notes or interest coupons of the notes have a right to be paid solely from the pledged receipts pledged to the payment of the bonds anticipated, or from the proceeds of those bonds or renewal notes, or both, as the authority provides in the bond proceedings authorizing the notes. The notes may be additionally secured by covenants of the authority to the effect that the authority will do those acts authorized by this chapter and necessary for the issuance of the bonds or renewal notes in appropriate amount, and either exchange the bonds or renewal notes therefor, or apply the proceeds of the notes to the extent necessary, to make full payment of the principal of and interest on the notes at the time contemplated, as provided in the bond proceedings. For such purpose, the authority may issue bonds or renewal notes in a principal amount and upon terms as are authorized by this chapter and are necessary to provide funds to pay when required the principal of and interest on the outstanding notes, notwithstanding any limitations prescribed by this chapter, other than the limitation contained in section 307B.7, subsection 10. All provisions for and references to obligations in this chapter are applicable to notes authorized under this section to the extent not inconsistent with this section.

NEW SECTION. INVESTMENT IN OBLIGATIONS. All banks, trust companies, building and loan associations, savings and loan associations, investment companies and other persons carrying on a banking or investment business, all insurance companies,

insurance associations, and other persons carrying on an insurance business and all executors, administrators, guardians, trustees, and other fiduciaries may legally invest any sinking funds, moneys, or other funds belonging to them or within their control in obligations issued pursuant to this chapter. However, this section does not relieve any persons from a duty of exercising reasonable care in selecting securities for purchase or investment.

NEW SECTION. NOTICE. The authority shall publish a notice of its intention to issue obligations in a newspaper published in and with general circulation in the state. The notice shall include a statement of the maximum amount of obligations proposed to be issued, and in general terms, what receipts will be pledged to pay bond service charges on the obligations. An action which questions the legality or validity of obligations or the power of the authority to issue the obligations or the effectiveness or validity of any proceedings adopted for the authorization or issuance of the obligations shall not be brought after sixty days from the date of publication of the notice.

Sec. 19. Chapter 307B, Code 1981, is amended by adding the following new section:

NEW SECTION. SPECIAL RAILROAD FACILITY FUND. There is created in the office of the state treasurer a "special railroad facility fund". This fund shall include moneys credited to this fund under section 307.29, section 20 of this Act, section 29 of this Act, and other funds which by law may be credited to the special railroad facility fund. The moneys in the special railroad facility fund are hereby appropriated to and for the purposes of the authority as provided in this chapter. The funds in the special railroad facility fund shall not be considered as a part of the general fund of the state, shall not be subject to appropriation for any other purpose by the general assembly, and in determining a general fund balance shall not be included in the general fund of the state but shall remain in the special railroad facility fund to be used for the purposes set forth herein.

The state treasurer shall act as custodian of the fund and disburse amounts contained in it as directed by the authority. The state treasurer is authorized to invest the funds deposited in the special railroad facility fund at the direction of the authority and subject to any limitations contained in the bond proceedings. The income from such investment shall be credited to and deposited in the special railroad facility fund. This fund shall be administered by the authority and may be used to purchase or upgrade railroad right of way and trackage facilities or to purchase general or limited partnership interests in a partnership formed to purchase, upgrade, or operate railroad right of way and trackage facilities, to pay or secure obligations issued by the authority, to pay obligations, judgments, or debts for which the authority becomes liable in its capacity as a general partner, or for any other use authorized under this chapter.

Any moneys credited to the special railroad facility fund under sections 20 and 29 of this Act shall be deposited in a separate account within the special railroad facility fund. The authority may issue obligations under this chapter which are secured solely by the moneys to be deposited in that separate account and the holders or owners of any such obligations shall have no rights to payment of bond service charges from any other funds in the special railroad facility fund, including any moneys accruing to the authority from the lease, sale or other disposition, or use of railway facilities, or from payment of the principal of or interest on loans made, or from any other use of the proceeds of the sale of the obligations, and no such moneys may be used for the payment of bond service charges on any such obligations, except for accrued interest, capitalized interest, and reserves funded from proceeds received upon the sale of the obligations.

Sec. 20. Chapter 435, Code 1981, is amended by adding the following new section:

NEW SECTION. For the fiscal years beginning on or after July 1, 1983, the net proceeds of the tax imposed by section 435.2 and penalties collected under this chapter shall be

credited to the special railroad facility fund established in section 19 of this Act and any refunds made pursuant to this chapter shall be made from this fund. However, for each fiscal year of the fiscal biennium beginning July 1, 1981 and ending June 30, 1983, the total of the net proceeds of the tax imposed by section 435.2 and penalties collected under this chapter in excess of one million fifty thousand dollars collected in the fiscal year beginning July 1, 1981 and in excess of one million one hundred forty thousand dollars collected in the fiscal year beginning July 1, 1982 shall be credited to the special railroad facility fund.

Sec. 21. Sections 22 through 29 of this Act shall be codified as a separate chapter.

Sec. 22. NEW SECTION. PURPOSE. The purpose of this chapter is to impose an excise tax upon the use within this state of fuel to power railway vehicles.

Sec. 23. NEW SECTION. DEFINITIONS. As used in this chapter, unless the context otherwise requires:

1. "Fuel" means a combustible gas or liquid suitable for the generation of power for the propulsion of railway vehicles, except that it does not include motor fuel as defined in section 324.2.
2. "Department" means the department of revenue.
3. "Railway vehicle" means a vehicle designed and used primarily upon railways for self propulsion or for propelling conveyances.
4. "Railroad company" means a person responsible for the operation of a railway vehicle within this state.

Sec. 24. NEW SECTION. TAX IMPOSED. For the privilege of operating railway vehicles in this state, an excise tax is imposed at the rate of three cents per gallon beginning October 1, 1981 and is imposed at the rate of eight cents per gallon beginning July 1, 1982 upon the use of fuel for the propulsion of a railway vehicle within the state. The tax attaches at the time of use and shall be paid monthly to the department by the railroad company using the fuel. Fuel dispensed in this state shall only be through meters

which have been approved for accuracy by the department of agriculture and sealed by the department. Fuel dispensed through sealed meters shall be presumed taxable unless the railroad company proves otherwise.

Sec. 25. NEW SECTION. RAILROAD COMPANY LICENSE. A railroad company responsible for paying the tax imposed by this chapter shall obtain a license from the department. To obtain a license a railroad company shall file an application with the department which shall include the following information:

1. The name of the railroad company.
2. The location of its principal office within the state, if any.
3. A list of each location where fuel will be dispensed on a regular basis.
4. Other information the director of revenue requires.

Sec. 26. NEW SECTION. RAILROAD COMPANY REPORTS, TAX COMPUTATION AND TAX PAYMENT. For the purpose of determining a railroad company's tax liability, each railroad company required to obtain a license under this chapter shall file with the department a monthly report. The report shall be filed by the end of the month following the month of use. The report shall include the following information:

1. The total gallons of fuel dispensed in Iowa.
2. The total gallons of fuel dispensed in Iowa and placed in railway vehicles used solely within the state during the reporting period.
3. The total gallons of fuel dispensed in Iowa for nontaxable purposes.
4. The total gallons of fuel dispensed in Iowa and placed in railway vehicles used within and without the state.
5. The total gallons of fuel dispensed outside Iowa and placed into railway vehicles traveling within and without the state.
6. Other information the director of revenue requires.

The report shall be accompanied by a payment equal to the tax due. The taxable gallons of fuel shall be computed by

adding the number of gallons of fuel dispensed in Iowa and placed into railway vehicles traveling solely within the state during the reporting period and the result of multiplying the total gallons of fuel used in railway vehicles traveling within and without Iowa by a fraction the numerator of which is miles traveled in Iowa by railway vehicles traveling within and without Iowa, and the denominator of which is the total miles traveled by the same railway vehicles. The tax shall be computed by multiplying the taxable gallons times the per gallon tax rate.

7. If a railroad company believes that the method of computing the tax by the prescribed mileage formula has operated or will so operate as to subject to taxation a greater portion of fuel than is reasonably attributable to use for the propulsion of a railway vehicle in this state, it shall be entitled to file with the department a statement of objections and of such alternative method of determining fuel use in this state as it believes to be proper under the circumstances. If the department concludes that the mileage formula, in fact, does not reasonably attribute fuel use to the state, it shall redetermine the tax per gallons of fuel by such methods as seems best calculated to assign to the state the portion of fuel reasonably used in this state.

Sec. 27. NEW SECTION. RECORDS RETAINED. Records reasonably required by the department shall be retained by the railroad company for three years.

Sec. 28. NEW SECTION. STATUTES APPLICABLE. The department shall administer the taxes imposed by this chapter in the same manner as and subject to division IV of chapter 324.

Sec. 29. NEW SECTION. DEPOSIT OF REVENUES. The net proceeds of the excise tax imposed on the use of fuel in railway vehicles and any penalties collected under this chapter shall be credited to the special railroad facility fund established in section 19 of this Act.

Sec. 30. The Iowa railway finance authority in conjunction with the Iowa department of transportation shall conduct a study on the feasibility of providing rail passenger service

along any portion of the trackage of the Rock Island railroad company. The report of the study shall be submitted to the Sixty-ninth General Assembly, 1982 Session, not later than January 11, 1982.

Sec. 31. Sections 22 through 29 of this Act are repealed July 1, 2008.

Sec. 32. Section 1 of this Act takes effect July 1, 1982 for delinquent property taxes collected on or after the effective date.

Sec. 33. This Act, except for section 1, being deemed of immediate importance, takes effect from and after its publication in the Muscatine Journal, a newspaper published in Muscatine, Iowa, and in The Red Oak Express, a newspaper published in Red Oak, Iowa.

DELWYN STROMER

Speaker of the House

TERRY E. BRANSTAD

President of the Senate

I hereby certify that this bill originated in the House and is known as House File 874, Sixty-ninth General Assembly.

ELIZABETH A. ISAACSON

Acting Chief Clerk of the House

Approved _____, 1981

ROBERT D. RAY
Governor

H.F. 874

In the early 1960's the Chicago & North Western Railroad merged with the Minneapolis & St. Louis Railway. At the time of the merger, the Minneapolis & St. Louis Railway consisted of approximately 1385.5 miles. A breakdown of miles by each state and the percentage of the system trackage in each state follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of system total miles</u>
Iowa	641	46.3 %
Minnesota	501.1	36.2 %
South Dakota	154.8	11.1 %
Illinois	88.6	6.4 %
	<hr/>	<hr/>
	1385.5	100 %

By early 1981, the Chicago and North Western Railroad had either abandoned, filed for abandonment, or quit operating approximately 747.7 miles, or 54 % of the former Minneapolis and St. Louis Railway. A breakdown of the number of miles in each state and the percentage of track within each state that has been abandoned, or filed for abandonment follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of state's miles</u>
Iowa	283.4	44.2 %
Minnesota	246.4	49.2 %
South Dakota	154.8	100.0 %
Illinois	63.1	71.2 %

The lines, or portions of lines used in these figures are:

Iowa: Oskaloosa to Illinois state line (Oskaloosa to Menmouth, Ill. line); Minnesota state line to Humboldt (Albert Lea, Mn. to Fort Dodge line); Terril to Minnesota state line (Spencer to Winthrop, Mn line); Denhart to Kanawha and Belmond to Hampton (Denhart to Hampton line); Minerva Jct to Reland, Newton to New Sharon; Manly to Mason City (Albert Lea, Mn to Marshalltown line):

Minnesota: Albert Lea to Iowa State line (Albert Lea, Mn. to Fort Dodge, Ia. line); Iowa State line to Winthrop, Mn (Spencer, Ia. to Winthrop, Mn line); Madison, Mn. to South Dakota State line (Morton to Watertown, S.D. line); Hopkins, Mn. to Nerwood (Hopkins to Morton line); Golden Valley to Weseta (Minneapolis to Weseta line of the Minneapolis Industrial Railway co.);

South Dakota: Watertown to Minnesota State line (Morton, Mn to Watertown line); Watertown to Leola (Watertown to Leola line):

Illinois: Iowa State line to Menmouth (Oskaloosa to Menmouth line); Menmouth to Middle Grove (Menmouth to Peoria line):

In 1968 the Chicago & North Western Railroad merged with the Chicago Great Western Railway. At the time of the merger, the Chicago Great Western consisted of 1408.6 miles. A breakdown of miles by each state and the percentage of the system trackage in each state follows.

<u>State</u>	<u>Miles</u>	<u>Percentage of system total miles</u>
Iowa	752.6	53.5 %
Minnesota	348.5	24.7 %
Illinois	178.1	12.6 %
Missouri	102.3	7.3 %
Kansas	27.1	1.9 %
	<hr/> 1408.6	<hr/> 100 %

By early 1981, the Chicago & North Western Railroad had either abandoned, filed for abandonment, or quit operating approximately 647.7 miles, or 46 % of the former Chicago Great Western Railway. A breakdown of the number of miles in each state and the percentage of track within each state that has been abandoned or filed for abandonment follows..

<u>State</u>	<u>Miles</u>	<u>Percentage of state's miles</u>
Iowa	304.1	40.4 %
Minnesota	202.8	58.2 %
Illinois	140.8	79.1 %

The lines, or portions of lines used in these figures are:

Iowa: Dubuque to Oelwein; Oelwein to Minnesota state line (Oelwein to Randolph line); Tripoli Branch; Coulter to Clarion; Somers to Carroll; Harlan to Council Bluffs; Manly to Minnesota state line (Manly to Austin line); and Osage to Minnesota state lines (Osage to Pine Island line).

Minnesota: Randolph to Iowa state line (Randolph to Oelwein line); Iowa state line to Austin (Manly to Austin line); Austin to Waltham; Iowa state line to Pine Island (Osage to Pine Island line); Faribault to Mankato (Red Wing to Mankato line).

Illinois: Chicago to Sycamore and Byron to Dubuque.

Manly, Iowa
April 12, 1982

Mr. Les Holland
Director Iowa DOT
Iowa Department of Transportation
Railroad Transportation Division
800 Lincoln Way
Ames, Iowa 50010

Dear Mr. Holland,

I would like to provide you with some information on the railroad facilities located at Manly, Iowa on the Spine Line of the former Rock Island Railroad. I have attached some information on the City of Manly, Iowa that would be of interest to a new railroad operating the Spine Line.

I am sure you are aware, Manly Yard, is an ideal switching yard. It has a car capacity of 750 cars, with a natural slope and without any public road crossings to interfere with switching. The railroad owns 13 acres to the west of the present yard that could accommodate three additional 125 car tracks. There is an additional 40 acres of farm land to the west of the railroad property that would make expansion of Manly Yard relatively easy.

Manly Yard has one of the best Diesel house facilities on the former Rock Island, and a very good yard office building. I feel Manly Yard could be very useful as a major classification yard.

Manly Yard is located 125 miles from Des Moines, 124 miles from Minneapolis, 127 miles from Cedar Rapids and 110 miles from Estherville. Considering the condition of the track at the present time, trains could be operated from connections with the BN, SooLine, and MILW railroads at the Twin Cities as they are received and then switched and blocked at Manly. Connections could be worked out with the MN&S at Northfield, Mn. so a Northfield turn could be operated out of Manly to handle some of the local work between Albert Lea and Northfield.

This Northfield turn could move the traffic out of Northfield and set out Albert Lea traffic on return trip and still arrive at Manly Yard within the hours of service law.

Manly Yard could then make up a Eastbound train with the Cedar Rapids, Silvis and Chicago traffic and the Iowa Falls, Des Moines, Omaha and Kans City traffic could be switched in block. A road switcher could be operated from Manly Yard to Mason City to handle the industril switching in Mason City and return to Manly Yard with outbound traffic to move in block to Des Moines. This would make only one set out and one pick up at Iowa Falls, for southbound trains between Manly and Des Moines. This should eliminate the problem with the hours of service and still maintain a traffic pattern that would accomodate the shippers and avoid delayed car movements. A local could operate out of Des Moines to Iowa Falls to handle short work. Waterloo and Cedar Rapids traffic could be moved out of Manly Yard over the Iowa Northern Railroad connection at Manly. Also traffic coming off the former Manly to Cedar Rapids line of the Rock Island now operated by the Iowa Northern could be interchanged at Manly.

Manly Yard is in the center of operations on the North end of the spine line. A Car Dept. at Manly could handle derailments and bad orders within a 50 miles radius, eliminating the problem of carmen from Des Moines or Twin Cities driving over 100 miles to cover problems in the Manly area. Also because of being a central location a Roadmaster and two Track Supervisors could be located at Manly to cover trackage from Des Moines to Minneapolis. I also feel it would be beneficent to have Trainmaster's located at Manly to handle Yard operations and road operations from Manly to Minneapolis and Manly to Des Moines. Again because of it's central location and reputation for being a problem spot during the winter months, a Dispatchers office could be located at Manly to handle the track between Des Moines and Minneapolis, and Estherville branch lines.

There is a two story building directly across the street from the Depot at Manly that is for sale and could be turned into an office building to accommodate additional personal. I also feel there is a need for a Roundhouse force at Manly. We encounter many problems during cold weather where electrician's and machinist could save not only valuable time but also equipment.

Thank you for your attention and I hope I have expressed some of the valuable assets Manly Yard would give a railroad operating the Spine Line of the Rock Island.

Sincerely

A handwritten signature in cursive script, appearing to read "C. J. Stoffer", with a long horizontal flourish extending to the right.

C. J. Stoffer

STANDARD

JUN 05 1980

INTERSTATE COMMERCE COMMISSION

DECISION

Finance Docket No. 29369

CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY, DEBTOR
(WILLIAM M. GIBBONS, TRUSTEE) - EMPLOYEE PROTECTION AGREEMENTS

Decided: June 4, 1980

The Commission is required to impose a fair and equitable arrangement with respect to employee protection for the employees of the Chicago, Rock Island and Pacific Railroad Company, Debtor (William M. Gibbons, Trustee) (Rock Island), if Rock Island and labor organizations representing its employees cannot reach an agreement. See section 106 of the Rock Island Transition and Employee Assistance Act (RITEA), Pub. L. No. 96-254 (May 30, 1980).

The Rock Island and labor organizations have until June 9, 1980 to reach an agreement. If they cannot come to an agreement by that time, the matter must be submitted to the Commission. The Commission then has until June 29, 1980 to impose a fair and equitable arrangement.

In order to submit the dispute to the Commission, the Rock Island and labor organizations shall file the following information with the Commission (original and 10 copies to the attention of the Rock Island Task Force, Room 5414) on June 9, 1980, and serve copies on the parties to the Rock Island Reorganization Proceeding No. 75B2697:

- (1) Draft employee protection agreements;
- (2) Statements of areas of agreement and disagreement, with reasons;
and
- (3) Comments addressing:
 - a) The applicability of section 9 of the Milwaukee Railroad Restructuring Act, Pub. L. No. 96-101 (November 4, 1979) (MRRRA) including its legislative history, H. R. Rep. No. 96-583 (November 2, 1979);
 - b) The applicability of the "Labor Protective Agreement Between Railroads Parties hereto involved in Midwest Rail Restructuring and Employees of such Railroads Represented by the Rail Labor Organizations Operating through the Railway Labor Executives' Association," dated March 4, 1980;
 - c) The number of Rock Island employees to be adversely affected by the proposed liquidation broken down by years of service;
 - d) The applicability of the employee protective agreement entered into between the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor (Richard B. Ogilvie, Trustee) and labor organizations representing that railroad's employees; and
 - e) The construction of an employee protection agreements given the \$75 million limit of the Rock Island's liability to its employees under the RITEA.

Other parties wishing to comment shall restrict their comments to the information required in (3) above. The comments shall be filed with the Commission by June 16, 1980, and served on parties to the Reorganization Proceeding No. 75B269F. The original and 10 copies shall be filed with the Commission directed to the Rock Island Task Force, Room 5414.

Because the Commission must issue a decision by June 29, 1980, time is of the essence in filing these comments and no time extensions will be granted.

It is ordered:

1. Anyone commenting in this proceeding shall comply fully with its procedural requirements.
2. This decision is effective on the date of service.

By the Commission, Darius W. Gaskins, Jr., Chairman

JAMES H. BAYNE
Acting Secretary

(SEAL)

13 June 1980

Copies to all division CRIP.



BURLINGTON NORTHERN

ALVIN E. EGBERS
Vice President - Labor Relations

176 East Fifth Street
St. Paul, Minnesota 55101
Telephone (612) 93-2121

FS-R&S

JUN 6 1980

Labor Relations Officers of the
Railroads Signatory to 3-4-80
Protection Agreement

June 2, 1980

Chief Executives
Railway Labor Executives' Assoc.

Gentlemen:

This is further to our letter of May 5, 1980, concerning the Management-Labor-Government Committee to consider matters that have arisen under the March 4, 1980 Hiring Agreement.

We are setting forth below the recommendations of the Committee respecting the questions set forth in the letter of May 5, 1980, and also our recommendations respecting a number of additional questions that were brought to our attention at meeting on May 16, 1980.

- (1) Procedures for notification of labor unions and employees of bankrupt railroads of needs for additional employees under the March 4 Agreement.

Pursuant to Article II, Section 4, purchasing carrier should notify appropriate General Chairmen on bankrupt carrier by letter or phone of its specific needs and to whom interested employees should apply. The parties should cooperate in determining how to advise interested employees of the job opportunities.

- (2) Are employees of bankrupt carriers hired pursuant to March 4, 1980 Agreement subject to probationary period?

The understanding of the parties negotiating the agreement was that pursuant to Section 4 of Article II, if a bankrupt carrier employee passed any required physical and rules examination for "in-service" employees, the probationary rules disapproving application would not be applicable.

- (3) Do bankrupt carrier employees hired by interim operator lose right to claim protective benefits under legislation during interim operation pending final consummation of purchase of the property?

No--See Section 7 of Article II.

- (4) If senior bankrupt carrier employees failed to accept employment during interim operation for personal reasons, but maintain an employment relationship with bankrupt carrier at time purchase is finally consummated, will they be given a further opportunity at the time of the latter occurrence? If so, how will their seniority be handled as related to junior employees who accepted service during interim operations?

Committee recommends that if agreement not already reached, this matter should be covered in the preliminary Implementing Agreement.

- (5) Should senior employee unable to accept work when job offered at time of interim operation because of sickness, disability or discipline, be treated differently than those in Question 4?

No.

- (6) Under Article II, Paragraph 2, should not details sufficient to provide a basis of the manpower requirements of the interim or purchasing carrier be provided employee representatives; for example, in the case of signalmen, should not an interim operator or acquiring carrier notify the organization how much signal equipment such as signals, interlockers and crossing gates are involved on acquired property thereby enabling the organization to inform its members of the basis for the determinations made by management and notify its member employees in the seniority district involved of the jobs available?

Agreement contemplates that purchasing carrier give detailed information pursuant to Article II, Section 2. However, purchasing carrier determines how many, if any, bankrupt employees are to be hired.

- (7) Does a bankrupt carrier employee hired by a carrier

pursuant to the March 4, 1980 Agreement need to complete a new union dues checkoff?

Yes, purchasing carrier requires authority directed to it by the individual employee.

- (8) If a bankrupt carrier operated closed yards, i.e., yardmen with point seniority only but interim operator does not establish any yard service but does employ additional road crews who do the work in the yard as part of a road trip--are the yard service employees who have no road seniority entitled to be offered jobs in road service by the interim operator under the March 4, 1980 Agreement? If so, how should their seniority be treated?

Where agreement has not yet already been reached, the Committee recommends the following understanding be followed when considering applications from Rock Island employees for road or yard jobs offered by a purchasing carrier: Yard employees on Rock Island will be considered as having seniority date in road service as of February 1, 1972 or date of hire as yardman, whichever is later, and road trainmen on Rock Island will be considered as having seniority date in yard service as of February 1, 1972, or date of hire as road trainmen, whichever is later.

- (9) Under Article II, Section 5, how many years will a participating railroad offer job opportunities to employees of the bankrupt railroads?

Both Milwaukee and Rock Island legislation provide a date of April 1, 1984.

- (10) Under Article II, Section 2, what is the last phrase-- "until after bankrupt carrier employees in appropriate seniority rosters have exhausted their opportunity to be hired hereunder" mean?

If a Rock Island or Milwaukee employee hired pursuant to the March 4, 1980 Agreement is attrited on a purchasing carrier and it would otherwise require hiring a new man or recalling a man from furlough because of such attrition, another Rock Island or Milwaukee employee

would be subject to be hired in his or her seniority order under this Agreement. If manpower requirements are increased because of the purchased property, the additional manpower should come from the Rock Island or Milwaukee, as the case may be.

- (11) Under Article II, Section 6, may an employee retain this option until all interim operators become permanent operators?

No. The employee must elect the option when it becomes available to him.

- (12) May an employee apply and receive separation allowance from his bankrupt railroad and then take a job with a participating or nonparticipating carrier?

If he were hired by another carrier under these circumstances, he would have no rights under the March 4, 1980 Agreement. He should be treated as a new hire.

- (13) Some railroads are requiring Rock Island and Milwaukee employees to forfeit their rights with the Rock Island before they will hire them.

The March 4, 1980 Agreement does not require this.

- (14) In the expansion of seniority districts, is a purchasing carrier limited to the present limits of the Rock Island or Milwaukee seniority districts the same as they are at common yard points?

No. The agreement permits the purchasing carrier to integrate Rock Island or Milwaukee trackage with a purchasing carrier's adjoining existing seniority districts.

- (15) Article IV, Section 3--Does this mean that a hired employee is entitled to full pay for a vacation in 1980 that he would have received had the bankrupt railroad continued to operate?

This question continued on the docket.

- (16) Where a purchasing carrier commingles work on acquired property with work on its own property, may it change a designated tie-up point?

The purchasing carriers' rules determine.
Acquired property is treated the same as that
of the purchasing carrier.

- (17) May a purchasing carrier create a road assignment that will commence work at a point that was formerly a yard on the bankrupt carrier, perform work within that yard and in designated road territory of the purchasing carrier?

If the purchasing carrier elects the option to commingle the work under Article II, Section 8 (c), then unless there are some prohibitions in the purchasing carrier's existing agreement, this is permissible.

- (18) Should prior rights be observed where assignment of work is clearly separate and/or identifiable?

This should be covered in the Implementing Agreement.

- (19) Experienced Rock Island and Milwaukee employees are being subjected to entry rate provision when employed by nonparticipating carriers and by interim operators and purchasing carriers at other than work points on acquired Milwaukee or Rock Island property. Is this proper under the March 4, 1980 Agreement?

This subject is not covered by the March 4, 1980 Agreement.

- (20) In hiring employees to fill acquired work assignments, carriers contending that it must observe certain minority hiring percentages in lieu of the exclusive hiring of affected employees. Is this proper under the March 4, 1980 Agreement?

There are insufficient details furnished to permit the Committee to make a recommendation.

- (21) Article III, Section 1, reads in part:

"(2) are in active service on a date that interim operation is begun or purchase complete whichever firsts occurs."

Carrier's position is that its own employees who are furloughed prior to its becoming an interim operator, are not "active employees" for the

purpose of the above-quoted provision. Is the carrier correct?

Yes. See Article II, Section 2, last sentence thereof.

The Labor-Management-Government Committee will meet again on June 12, 1980, to consider further questions referred to it.

Sincerely,

A. E. Eggers

A. E. Eggers, Vice President-Labor Relations
Burlington Northern Inc.

William G. Mahoney

William G. Mahoney
Railway Labor Executives' Association

vt411

cc: Mr. Wm. Loftus
Mr. M. E. Parks
~~Mr. F. A. Hardin~~
Mr. R. T. Bates
Mr. W. R. Denton
Mr. R. W. Russell

13 June 1980

Copy to all division.

Copy

September 29, 1982

CONFIDENTIAL

Memorandum to File

From: Thomas M. Beckley/*T.M.B.*

Re: Rock Island Twin Cities-Kansas City Acquisition

Today I received calls from Mr. James R. Wolfe, President of the Chicago & North Western, and William M. Gibbons, Trustee of the Chicago, Rock Island & Pacific.

Mr. Wolfe indicated that the C&NW was aware that the Soo had made an offer to the Trustee to acquire certain Rock Island trackage currently operated by the C&NW. He stated that he could understand that the Soo might have an interest in obtaining access to Kansas City particularly in light of the Milwaukee-Grand Trunk proposal. At the same time, he said that acquisition of the Rock Island grain gathering lines in Iowa by the Soo would interfere with the C&NW program for restructuring Iowa railroad facilities in order to reduce costs and make the operations more efficient. He stated that it should be possible for the C&NW and the Soo to negotiate for joint operation of the spine line on some basis with the C&NW to acquire the grain gathering lines.

I indicated to Mr. Wolfe that the Soo was indeed interested in getting to Kansas City, but that in making its appraisal of the traffic potential over the spine line it appeared that there was not enough volume to support the operation without the grain gathering lines. I indicated to him also that we understood that the C&NW has entered into an agreement with the Missouri Pacific for trackage rights between Omaha and Kansas City, and that it appeared to us that traffic might well be diverted over this route rather than being handled through Des Moines over the Rock Island line. In that case it appeared to me that the right of the C&NW to use the line between Des Moines and Kansas City would be of little importance and that if the Soo were to operate over the line it would stand that major portion of the maintenance costs associated with the operation of the spine line. Mr. Wolfe stated that although the line between Iowa Falls and Dows would be taken out of service under his proposal, it was the intention of the C&NW to continue to handle grain to Kansas City via another line into Des Moines since the Omaha routing would involve so

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much circuitry as to make the use of those lines uneconomic. He stated that in the event the Soo were to acquire the Rock Island line to Kansas City, he would have to make other arrangements to get to Kansas City from Des Moines (presumably by rehabilitating the old CGW line).

I indicated to Mr. Wolfe that I was somewhat concerned about making an effort to discuss the possible joint operation with the C&NW in the light of Section 401 of the 4R Act which would involve participation in the discussions by the FRA. Mr. Wolfe advised that his Law Department had advised him that it would not be necessary to seek 401 protection for discussions between the C&NW and the Soo for joint operation of the spine line, although Mr. Wolfe indicated that he had some reservations as to what the attitude of Mr. Gibbons might be if such negotiations took place while offers were pending from both the Soo and C&NW.

I advised Mr. Wolfe that I was not in any position to respond on the phone as to what our position might be but that I would discuss it with members of our management and get back to him in the fairly near future.

Later in the day I received a call from Mr. Gibbons who told me that he had not contacted me earlier since he did not wish to interfere with my activities in responding to the railroad engineer's strike, but that he wished to report that he had reviewed the offer which the Soo had made. He stated that the C&NW had recently met with his staff with respect to its offer. The Trustee's analysis of the two offers indicated that while they were not strictly comparable, on balance it appeared that the Soo offer was somewhat more favorable than the C&NW. He stated, however, that on the basis of the evaluation made by the Trustee's staff, he did not believe that either offer would be adequate. He stated that he would propose to negotiate separately with the C&NW and the Soo, and that he would be willing to submit to the Court an offer to acquire the lines for consideration in the neighborhood of \$125 million. He stated that he did not wish to be in a position of sponsoring a bidding war between the two parties, but that he felt he had a responsibility to obtain a fair price for the property and that when he had arrived at that price he would submit the figure to the Court.

He recognized that the Soo offer did not include certain properties which were included in the C&NW property and that the difference in the amount of property to be acquired represented a significant variation between the two bids. It was on the basis of his review of the value

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of the properties which did not overlap that led him to believe that the Soo offer was somewhat more favorable.

Mr. Gibbons stated that his only alternative to the process of separate negotiations with each carrier would be to have the Court call for a judicial sale of the properties. Mr. Gibbons thought this was inappropriate since the two competing railroads were seeking different portions of the Rock Island properties, and since any judicial sale would involve sale of properties as defined in the notice, might not respond to the requirements of the two parties seen as potential bidders.

Mr. Gibbons indicated that his office would prepare a response to the Soo offer and have it in our hands during the next week. He suggested that it might be possible to conduct negotiations on an informal basis and to a certain extent by phone rather than by personal contact.

cc: ~~D.~~ M. Cavanaugh
C. H. Clay
R. H. Smith
R. L. Murlowski
B. D. Olsen
J. D. Darling
D. J. Boyer