

From the Rock's ashes rises Iowa Northern

Midwest regional has a good story to tell, and with traffic growing, the story only gets better

When TRAINS visited the Iowa Northern Railway in April to research the article on ethanol that appears on pages 30-39, we found a hidden gem of a 142.6-mile railroad whose story hasn't been widely told. Iowa Northern operates on an ex-Rock Island line that limped along under various owners after the Rock's 1980 bankruptcy.

Dan Sabin and several partners bought the line in 1994, just before he was assigned to Maine as chief operating officer of the Iron Road's Bangor & Aroostook System and the Nova Scotia-based Windsor & Hantsport Railway. Sabin left Iron Road Railways in February 2001 and returned to his native Iowa after an absence of 26 years.

In 1994, Iowa Northern's freight business was flagging. The line had been owned mostly by on-line grain shippers, and the manager in charge ordered a series of rate hikes to stem a tide of red ink. With each rate increase, however, elevators shipped fewer grain cars, throwing the books further off balance. When Sabin's team took over, they slashed rates 20 percent, doubled service, leased more grain hoppers, and within 120 days, business on the line doubled.

In the mid-1980s, the state of Iowa financed a big tie project on the line but specified the use of inexpensive used ties. So when Sabin stepped in, the bulk of his ties were disintegrating under the growing weight of increased business. Engineer Ed Raye recalled, "We really started tearing the hell out of [the track] when the traffic picked up."

To fix the problem, Iowa Northern received a \$2.1 million matching grant from the Iowa Department of Transportation. To come up with Iowa Northern's share, Sabin sold "prepaid freight vouchers" to customers at a discount off their normal rates. The railway has spent \$15 million on track since 1996 and will spend \$50 million to \$75 million more on track over the next five years.

Motive power was another huge problem. While Iowa Northern was still fixing its track, the Federal Railroad Administration bad-ordered all but one of the railroad's tired leased locomotives. The railroad would have had to shut down were it not for connecting regional Dakota, Minnesota & Eastern, which loaned Iowa Northern a couple of SD9 locomotives, delivering them to the interchange at Manly the next day. The bad-ordered locomotives led to a lawsuit between the Iowa Northern and the leased locomotives' owner, tying up further precious money. To this day, Sabin prefers not to lease locomotives.

Since that time, the railway has won the respect of Archer Daniels Midland Co., now a key customer. Iowa Northern hauls a large amount of corn to ADM's huge processing plant in Cedar Rapids. And in 2003, Sabin won lease rights to service most of the ex-Chicago Great Western line to Oelwein, gaining another key customer in Transco, a railcar rebuilder in the old Oelwein shops complex. With ethanol going gangbusters and a \$25.5 million FRA loan bringing welded rail across the system, the



TRAINS visited Iowa Northern Railway in April. From left: **TRAINS** columnist Roy Blanchard, Conductor Bill Poorman, Engineer David "Scooter" Rehlander, **TRAINS** Associate Editor Andy Cummings. *Jonah Sabin*

line is in better shape than it's been for decades. Said engineer David "Scooter" Rehlander, "I can't see the end of the line, as far as growth, now." Sabin bought out his partners a few years ago, and now the former Rock Island operator and dispatcher employs his sons Josh and Jonah and brother Mark as the company's officers. Over dinner and drinks with them at the Montage Restaurant in Cedar Falls, Dan Sabin said, "Let's accept one point: There is no limit to what we can do." — *Andy Cummings*

»» UP collision closes key BNSF line in Washington state

A May 16 collision between two Union Pacific trackage-rights double-stack container trains near DuPont, Wash., between Tacoma and Seattle, sent this UP engine careening off the track and onto Old Nisqually Road. Initial reports indicated a southbound UP Seattle-Chicago freight (led by engine 5261) was meeting a northbound when it derailed at a switch and collided with the northbound around 3:15 a.m. No injuries were reported in the collision, but BNSF's busy Seattle-Portland, Ore., line was closed until the following morning. During the outage, Amtrak based *Coast Starlight* and *Cascades* passengers between Seattle and Portland. Union Pacific uses BNSF trackage rights to access ports and industry in the Seattle/Tacoma area. *Steve Carter*

