

Little Railroad Development Corp. controls a global empire

The parent of Iowa Interstate and importer of 2-10-2s owns railroads on four continents

Railroad Development Corp. may be one of the most far-flung enterprises of its kind on the planet, and unique in attributes that are pleasing to railroad enthusiasts, comeback fans, and professionals alike.

The umbrella company that imported two Chinese 2-10-2s earlier this year and planned to run them on its flagship property, Iowa Interstate, in mid-September, is impressive for many reasons.

Its skeleton staff of five runs eight railroads in seven countries on four continents. Its overseas properties are formerly publicly held railroads in Argentina, Estonia, Guatemala, Malawi, Mozambique, and Peru, and many of their locomotives sport paint schemes featuring some sort of variation on the Conrail "can opener" logo.

RDC's only U.S. property, 552-mile-long Iowa Interstate, which operates the former Rock Island route between Chicago (Blue Island) and Council Bluffs, Iowa, has just completed a \$32 million rebuild of its main line (thanks to a Railroad Rehabilitation and Improvement Financing loan). This comes after years of uncertainty and just in time to ride a surge in ethanol shipments, agricultural products, and steel. Iowa Interstate already serves one of the largest ethanol plants in the world at Cedar Rapids, and four others and a biodiesel plant are locating on-line. Traffic is expected to climb from 80,000 cars this year to 120,000 in 2012.

At the same time, Iowa Interstate still finds time to work on projects like the QJ-class engines, brought to the States as an investment, but which could still make a permanent home on the Cedar Rapids-based regional. "We're a different kind of animal," said President Bob Pietrandrea.

The short story of the company behind the QJs is this: RDC got its start when a group of railroaders set out to save the struggling Pittsburgh & Lake Erie (coincidentally, RDC is headquartered in Pittsburgh). When P&LE management scuttled that effort in 1990, RDC was a railroad company without a railroad — until spring 1991, when shippers on the old Rock Island came looking for a new operator of the Iowa



Steve Glischinski

RDC's flagship property, the Iowa Interstate, operates 552 miles of the former Rock Island. GP38-2 No. 704 leads a Chicago-Council Bluffs train at West Liberty, Iowa.

Interstate. Between the early 1990s and 2004, the company went from a 20 percent stake in the Iowa Interstate to full ownership.

Amazingly, the international side of the business took off about the same time with a call from Argentinean investors seeking a partner for privatization of their state railroad system, said Chairman Henry Posner III. "Nobody else would talk to them," he said. "They were viewed as unstable and politically problematic, but as someone who had traveled around Latin America, I thought we had an opportunity."

The mix of domestic and international operations presents some challenges with regard to distance and language, but the company relies heavily on field operators and grassroots management. "We're not the kind of company where people need permission from headquarters before they try something new," Pietrandrea said. It also offers the chance for one railroad culture to aid another. For example, when locals stole corrugated pipes from beneath the tracks of the Central East African Railways, RDC Operations Vice President (and president of RDC's Ferrovias Guatemala railroad in Central America) Bill Duggan suggested a solution proven during his time on the Iowa Interstate. "We cut the ends off of two tank cars and put them in place of the corrugated pipes," Pietrandrea said. "They're much more indestructible."

And so is the Iowa Interstate, apparently. In the past two years, the company rebuilt the railroad end-to-end, making tracks 286,000-lb.-car compliant



Henry Posner III

Several of RDC's railroads sport versions of Conrail's "can opener" logo, such as this Ferrocarril Central Andino unit in Peru.

and eliminating slow orders, President Dennis Miller said. The line replaced elderly Geeps with 22 GP38-2s and 4 SD38-2s (while keeping a handful of GP7s, '9s and straight '38s). And the company enjoys a good relationship with both the Union Pacific and BNSF Railway. It handles UP overhead trains between Des Moines and Council Bluffs as a relief valve during times of congestion or trackwork, and feeds 95-car "ethanol express" unit trains to BNSF for forwarding to California.

All of this is quite rich for many of the company's field and management employees who are veterans of the much-beloved Rock, which met its demise in bankruptcy in 1980. Carved up with some parts left for dead, survival of what is today's Iowa Interstate main line wasn't guaranteed. "It's been a struggle," Pietrandrea said. "But within the last five years, things have really turned around."

Then he added: "It's not the UP, but it's a solid 40-mph railroad." Solid, indeed, just like a rock. — *Jim Wrinn*