

# Rail Closure Still Hurting Industries in Counties

Railroads—Utah, 1983

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SALT LAKE TRIBUNE

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By Joe Rolando  
Tribune Staff Writer

The effect the closure of Denver & Rio Grande's Marysvale branch line is having on Draycutt Corporation at Milburn, Sanpete County, becomes apparent as soon as Korry Holden steps away from the assembly line to talk about it.

Production of windshield washing fluid suddenly stops because it takes Mr. Holden and at least two others to keep the line moving and they are the plant's only employees these days. Fifteen others have been laid off since April when a mudslide formed Lake Thistle, which covered the Marysvale branch's connection to the D&RG's main line.

## Difficult to Compete

Caine Alder, rail planner for the Utah Department of Transportation, said Draycutt, which manufactures products ranging from antifreeze to charcoal lighter fluid, is among at least 20 Sanpete and Sevier county businesses which have found it more difficult to compete for sales since the closure of the branch because they have had to transport goods at higher expense by truck. He said while he has been unable to put a dollar figure on how much the businesses have lost, three of the firms alone are significant enough to have annual payrolls totalling about \$6.7 million.

Draycutt president Fred Haydock said the firm has made only about \$600,000 in sales so far this year compared to about \$2.6 million for all of 1982. He said the closure of the branch line is adversely affecting the business enough that he must decide no later than March whether to move it to another county.

That's ironic considering Mr. Haydock said he built the plant at Milburn in 1979 because of Sanpete County's good workforce, reasonable land prices and good business climate. The plant opened in 1980.

## To Lose Jobs

Allen Fawcett, director of the Six County Economic Development District of Sanpete, Sevier, Piute, Wayne, Millard and Juab counties, said "We estimated that about 1,200

jobs in Sanpete and Sevier counties will be immediately eliminated if not the branch line is not re-established within a year."

Mr. Fawcett said Sanpete County is probably more hurt by the closure now. But he said Sevier County will loose considerably too if the branch is not opened within a year because a lot of jobs expected to open there won't.

The economic development district director said officials are particularly concerned what the branch closure will mean to six proposals to open coal mines in the two-county area too. He said one of the larger proposals calls for the opening of a mine in Sanpete County and "the whole strategy is based on shipping coal from the Fairview area by rail."

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# Counties Still Reeling From Rail Closure

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And if the mine has to transport the coal over to Emery County by truck to reach the D&RG's line, the cost will be so prohibitive that 400 jobs might be lost on just that one job."

Mr. Fawcett said the branch closure also is hurting the efforts of six cities to convince businesses to locate at their relatively new industrial parks. The cities are Mount Pleasant,

ant, Mantli, and Ephraim in Sanpete County and Gunnison, Salina and Richfield in Sevier County.

The closure of the Marysvale branch is expected to force Moroni Feed Co. of Moroni, a cooperative and the largest employer in Sanpete County with about 450 employees, to pass on about \$600,000 in extra transportation costs to its members by the end of the year.

"It's raised our cost," said Mr. Blackham. "It's tough for us to be competitive. Turkey prices are already depressed."

For example, Mr. Blackham said it now costs growers 68 cents to produce a pound of turkey for which they will get only 64 cents.

Mr. Blackham said the growers won't go broke this year but they will be hard pressed. "They can't keep going forever like this . . . I dare say we have another bad year and we'll have a lot of farmers who can't get financed."

Mr. Blackham also noted if the branch is closed through next year, Moroni Feed would have to increase its unloading facilities to better accommodate trucks. He said the firm's unloading facilities now becomes congested because it takes 90 to 100 semitruck loads to equal the load of 20 rail cars, which arrived each week before the Thistle mudslide.

## No Speculation

No one, including D&RG officials, is speculating when or if the branch will open. Robert L. Jacobsen, director of transportation research for the Denver-based railroad, explained officials can't even make a decision about whether to reopen the branch until Lake Thistle is drained and they are able to assess the extent of the damage.

"At that time we'll look at the cost-benefit ratio," said Mr. Jacobsen. "To rebuild is really expensive and we have to determine the return on the line."

History compiled by UDOT shows construction on the branch began in 1891. By 1896 it had reached Richfield and by 1900 it arrived at Marysvale, Piute County, its southernmost point, where there was a considerable amount of mining activity.

Over the last nine decades, the line has transported agricultural stock, feed, minerals, coal and at one time even passengers from the towns along its path.

## Anticipating Traffic

Mr. Jacobsen said the D&RG, anticipating increased coal traffic, invested a lot in 1979 and 1980 to in-

stall heavier weight rail on the branch. He said coal had been among the commodities moving on the branch when it closed but the amount had not yet warrant mass unit train transportation.

Mr. Jacobsen said the D&RG kept intact the last 32 miles of the branch between Richfield and Marysvale, which has not been used for years, in anticipation of future coal production out of that area, which includes the Kaiparowits Plateau.

Mr. Fawcett said he's found the railroad "pretty open" and willing to involve the local people in determining whether the branch should be rebuilt. He said it has been a little difficult to get answers about the branch's future from the D&RG. But he added that's understandable because there is no way the railroad can decide whether to rebuild the line when the issue of whether to keep Lake Thistle is still up in the air.

Nevertheless, Mr. Fawcett said the six county organization has been looking for alternate ways of financing repair work on the branch so the cost won't be so high. He said some of the proposals are as exotic as having the state or county improve the branch and then lease it back to the D&RG or even Union Pacific.

Meanwhile, the six county organization, with the assistance of a Brigham Young University graduate student, is surveying all of the branch's clients to determine how much more they have had to pay for transportation of their products and to measure how much the rail line's closure will affect their long-term plans.

# Proposal to Obtain Thistle Rail Line Intrigues State

Railroads -- Utah, 1985

By Paul Rolly  
Tribune Staff Writer

State officials are buzzing over a proposed state-county-business venture to obtain the railroad line left lying in the muck of the 1983 Thistle mudslide and restore economic life to the devastated central Utah area.

The unique proposal, being pushed by a former Utah legislator, contains several scenarios. But essentially it would involve the state, along with Sevier and Sanpete counties, purchasing the right-of-way to the 132-mile Marysvale Branch of the Denver and Rio Grande Western Railroad and turning it over to private interests to operate a new rail line.

"Everything is so preliminary right now, there are a lot of things that can happen. But this [the railroad line] is such an important resource, we don't want it to slip through our fingers," said State Community and Economic Development Director David W. Adams.

"That [the closure of the Marys-

vale line] was devastating to the small rural counties of central Utah," said Allen Fawcett of the Six County Economic Development District. "Job loss and company closures cost Sanpete County \$60,000 a year in lost property tax revenues and cost Sevier County about \$40,000."

The proposal is being put together by attorney Kirk Rector, a former Republican member of the House of Representatives. It envisions the state and the two counties putting up a combined \$621,000 to purchase the right-of-way for the damaged line from the Denver-based railroad. The governments would then let a central Utah business consortium represented by Mr. Rector operate the line.

"There are a lot of different options we could exercise," said Mr. Rector. "But, depending on the route we choose, we could get a new line in and a railroad operating at about \$9 million on the low side, and \$38 million on the high side."

He said his clients, who wish to

remain anonymous at the time, have had positive feedback from enough potential shippers in Central Utah to make them believe "the chips coming in would be enough to make it economically feasible to run a profitable line."

About six miles of the Marysvale line, which branches off from the main Denver and Rio Grande line through Spanish Fork Canyon, was damaged by the mudslide in April, 1983, that backed up the Spanish Fork River and destroyed the town of Thistle.

The railroad spent most of its \$30 million insurance money to repair the damaged six-mile portion of the main line connecting Denver and Salt Lake City. But it decided it was not economically feasible to repair the Marysvale connection that branched off to the south.

That left about 20 shippers primarily in the central Utah counties of Sevier and Sanpete without rail transportation and forced them to opt for more expensive trucking to transport their freight.

"The difference between rail

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and trucking has cost us about an extra cent a pound in transportation costs, said Joe Nielsen, of Moroni Feed Co. "We haul in over 40 million pounds of grain annually, so that works out to about \$400,000 of lost revenue a year," he said.

Moroni Feed Co., one of the firms hit hardest by the loss of the rail system, provides grain for a cooperative of turkey farmers in the central Utah area. Mr. Nielsen said the co-op has about 125 members and represents about 2,000 patrons.

"If the rail line is abandoned permanently, we may have to decide to move our operation completely and lay off 600 to 700 people," he added.

Mr. Fawcett said several central Utah companies went out of business because of the rail line closure and 399 workers lost their jobs. Sanpete County now has an unemployment rate of 12.8 percent, about twice the state average.

"If the railroad is abandoned, I believe you could see another 600

people laid off in those two counties from direct shippers, and the total could reach 1,000 if you include the suppliers to those shippers," he said.

The proposal to purchase the line came after an administrative law judge for the Interstate Commerce Commission ruled Denver & Rio Grande could properly abandon the line. His ruling came after the state filed a protest with the ICC and attempted to get the federal regulatory agency to force the railroad to restore the line.

The state's argument was based on the fact the railroad was granted a certificate of convenience and necessity by the federal agency, giving it the exclusive right of way to provide rail service to the area. So it had an obligation to serve it, said attorney Thomas McFarland, who represented the state in the ICC hearings.

But Denver & Rio Grande officials protested it would cost about \$14 million to repair the Marysvale line in documents submitted

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# Proposal to Obtain Thistle Rail Line Keeps Many State Officials Buzzing

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at the hearing. That was more than twice the state estimate of between \$5 million and \$7 million.

After the judge's decision allowing the abandonment, the state appealed the administrative law judge's decision to the ICC, which is expected to rule on that appeal next week.

But the Rector proposal was put together as a result of the judge's decision giving the state a limited amount of time to try to purchase the line itself.

"When we protested abandonment and lost the case, one of the things stipulated was that we had a limited amount of time to file with the ICC a letter of intent to acquire

the right-of-way," said Ruth Ann Storey, staff aide for natural resources to Gov. Norman H. Bangert.

"We filed the letter of intent to acquire on June 3 to keep our interests alive," she said. "That gives us 30 days to complete negotiations."

The state's offer was for \$621,000, which was the amount set by the administrative law judge as a fair replacement value for the line. But Denver & Rio Grande has not accepted that offer and proclaimed in documents to the judge the fair market value of the line actually exceeds \$1 million.

State officials have said, however, that the ICC has the authority to force a sale and set a price at

the end of the 30 days, as long as the purchase is by the state and the right-of-way is used to resume rail service in the area.

"If the amount set is more than \$1 million, it could blow the deal," said Mr. Rector.

Promoters of the project would also like the state to make a decision on its own commitment before the scheduled special session of the Legislature later this month, when lawmakers act on a previously uncommitted \$5 million fund the governor wants to spend on economic development.

"There is no money committed in the budget so far for this project," he said. "So it would need to come out of that \$5 million."

# State, D&RG near accord on sale of Marysvale spur

Railroads, 1986.

MAR 21 '88 DESERET NEWS

By Dan Harrie  
United Press International

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The state was expected to complete by Friday a \$1.3 million agreement to buy the Marysvale spur from the Denver & Rio Grande Railroad, an aide to Governor Norman H. Bangerter said.

"The railroad gave me what they understand to be the final agreement (Wednesday). I'm in the process of reviewing it and if it matches our understanding, I'll initial it," Ruth Ann Storey, Bangerter's administrative assistant for physical resources, said.

But the agreement includes a clause allowing the state to back out of the purchase if it can't find a private owner-operator to take over the line within about 90 days, Storey said.

"If there is any way we can do it we want to be in the railroad business as short a time as possible," she said.

But under an Interstate Commerce Commission ruling, Utah would be required to retain ownership for five years, making a lease-purchase agreement to a private operator likely, Storey said.

The Central Utah rail spur has been shut down since it was wrecked by the 1983 Thistle landslide. D&RG wanted to abandon the line and sell the track and equipment for scrap.

But the state decided the spur was important to industries in economically depressed areas of central Utah. It asked the ICC to intervene when the railroad refused a state purchase offer.

The ICC ruling was a partial victory for the state. It said the state could buy the spur, but it also said Utah would have to double its offer, from \$675,000 to \$1.3 million.

The Legislature agreed to close the deal by appropriating the money in its recent session.

The state wants to turn the property over quickly to a private operator and already has been contacted by three interested companies, Storey said.

"It won't be sold for less (than \$1.3 million) and we're not interested in making a profit," she said. "We're only involved because it's vital to the economic health of that part of the state."

In addition to servicing existing industries, the line could be important for future development of coal reserves in the area, she said.

Storey said current plans do not include contractually forcing a private buyer to maintain the line for a minimum period of time.

"If somebody purchases it and restores it and truly tries to operate it and it doesn't make a profit, then it doesn't make a profit and it probably shouldn't be in business," she said.

# State Buys Rights to Idle Rail Line, But Must Sell It to Someone Else

Railroads, 1986

By Paul Rolly  
Tribune Staff Writer

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railroad town of Thistle, a section of highway in the canyon and about six miles of railroad line. Estimates for repairing the damaged section of the Marysvale branch have varied from about \$5 million to nearly \$15 million.

The railroad has made it clear it is not worth it to the company to spend that kind of money and the Interstate Commerce Commission has upheld the railroad's application to abandon the line unless the state would buy it for \$1.3 million.

The state, based on an earlier administrative law judge's decision the line could be sold for about \$600,000, has filed a lawsuit challenging the purchase amount set by the ICC, but this latest purchase agreement with D&RGW includes the dropping of that suit.

Mr. Meyer said numerous companies in central Utah have gone out of business since they lost their ability to ship their products by rail and the

area has lost 750 direct jobs in those firms and another 750 indirect jobs from suppliers of those now-defunct businesses.

In addition, he said, the minimum loss to shippers in the area is more than \$1.8 million and the tax loss in the two affected counties is \$110,000.

"Besides, the major contributor in that area is coal," he said. "And it is estimated that shipping the coal by truck instead of rail costs the state \$500,000 a year in road repairs."

One of the coal companies in the area has been designated as a major coal supplier for the Intermountain Power Project in western Utah so the road damage will be even more than that in the future, he added.

"Also," he said, "there are significant coal reserves in the mountains east of the Sanpete Valley that will

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The state of Utah is the proud new owner of a used and somewhat damaged railroad line, but if it doesn't find someone to take it off its hands soon it has the option to back out of the deal.

The state, for \$1.3 million, has retained the rights to the idle 180-mile Marysvale branch of the Denver & Rio Grande Western Railroad line in central Utah. Gov. Norm Bangert's Office confirmed Friday.

But the purchase is conditional, said Ruth Ann Storey, an aide to Gov. Bangert. Another buyer must be found by June 30 or the agreement is off.

"What we've retained is an option to purchase the line, dependent on us finding an owner-operator by June 30. If we don't have someone to buy it by then, we will not purchase the line.

"The state is not interested in getting into the railroad business," she added. "But we want to do whatever we can to get the line back into service because it is extremely important to Utah's economy."

What's at stake is about \$500,000 in annual road repair costs to the state, about \$2 million a year to private companies in central Utah, about 1,500 jobs and about \$110,000 in annual tax dollars, according to Ed Meyer, of the State Division of Economic Development.

The Marysvale branch, which diverts from the main Denver-to-Salt Lake City route at Spanish Fork Canyon and swings into Sanpete and Sevier counties, has been closed since April, 1983, when millions of tons of mud, rocks and dirt slid off Spanish Fork Canyon and backed up the river into a three-mile-long lake.

The disaster destroyed the small

# **Spends \$1.3 Million for Idle Rail Line**

**Continued From B-1**

never be tapped if there is no railroad to reach them."

Ms. Storey said the railroad, which the state battled for a year in an attempt to prevent the abandonment of the line, has been "extremely cooperative and helpful" in reaching a final purchase agreement as the state tries to find a way to reopen the line.

If the state cannot find a buyer by June 30 and the deal falls through, the

railroad will probably sell the materials in the railroad line for scrap.

"We have had three companies express interest in it," she said. "And now that we have reached this agreement, there may be more."

Former state legislator Kirk Rector has been actively trying to put together a business consortium to buy the line for nearly a year. He has said in the past his group believes an intrastate rail line can be operated at a

profit in the area and would help revitalize central Utah's beleaguered economy.

"Right now there is no one group or company that has a foothold over the other in buying the line," Ms. Storey said. "We're still evaluating the interest in purchasing the line by a private firm. The state does not intend to make a profit. We will resell it for the \$1.3 million that we bought it for."

# Offers for RR branch don't meet criteria

B-3 DESERET NEWS JUN 5 '86 Railroads, 1986

By Roger Pusey

Deseret News staff writer

No proposal to purchase the Thistle-Richfield branch of the Denver & Rio Grande Western Railroad met criteria spelled out by the state, but a selection committee remains undaunted and will try other avenues to find a buyer for the 103-mile line.

Selection committee members seemed discouraged during a meeting Wednesday in the Capitol, but determined to meet again June 17. Meanwhile, those companies that expressed interest in the request for proposals will be asked if financial arrangements are changed, if they will submit proposals.

None of the companies making a proposal attached the required cashier's check for \$1.3 million. Some committee members wondered if that requirement discouraged some companies from submitting proposals.

The \$1.3 million is necessary to reimburse the state if Gov. Norman H. Bangerter decides to exercise an option with D&RG by June 30 to purchase

the branch line. The Legislature appropriated the money earlier this year with the proviso that the state find an operator and repay the money.

In addition to giving the interested companies more time to respond to the request for proposals, company representatives will be invited to the June 17 meeting for some quizzing by committee members. The committee was formed by the governor to find a buyer and make a recommendation to him.

Ruth Ann Storey, the governor's administrative aide for physical resources, said the state and D&RG officials agreed on June 30 for the state to exercise its option to purchase the branch line. After that, presumably the company will salvage what it can of equipment.

She will ask company officials if they can extend the option deadline for a short time while the committee makes further attempts to find a buyer.

In 1983 a landslide in Spanish Fork Canyon blocked the river, creating a lake that flooded the town of Thistle and closed the branch line. Rather than spend money to restore the line, D&RG received permission from the Interstate Commerce

Commission to abandon the line. That's when the Legislature stepped in and appropriated the money to purchase it.

Two companies, Western Railroad Builders, Ogden, and A&K Railroad Materials Inc., Salt Lake City, submitted brief proposals, but apparently want the state to own the railroad with the companies operating it. That doesn't meet the legislative intent.

Alice Shearer, committee chairwoman, said a proposal by Sanpete and Sevier Railroad Co., Manti, said some potential investors were out of the country until June 16 and asked for that much time before a decision is made.

Sanpete and Sevier is interested in moving a coal-loading facility from Levan to Salina, but that would cost \$5 million. That figure puts Sanpete and Sevier and Southern Utah Fuel Co. in a Catch-22 situation: Sanpete and Sevier can't make a commitment to purchase and restore the rail line without a long-term contract from SUFCO, and SUFCO doesn't want to make a long-term commitment without the rail line operational.



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JUN 5 '86  
**State Rejects  
Offers for**

# Rail Line

Railroads -- Utah, 1986.  
By Paul Rolly  
Tribune Staff Writer

The state has received three proposals from private parties to take over the Marysville branch of the Denver & Rio Grande Western Railroad, but every offer lacks the necessary \$1.3 million payment to make it viable.

State Community Development Director Alice Shearer told a special advisory committee to the governor Wednesday that none of the offers are acceptable in their current forms, so Utah still is the proud, although reluctant, owner of a railroad.

"The state does not want to be in the railroad business and we have made that clear," Mrs. Shearer said. "None of the offers we have received contained the \$1.3 million reimbursement we have required."

In an agreement worked out through the Interstate Commerce Commission, the state retained the option, based on a \$1.3 million offer specially allocated this year by the Legislature, to purchase the section of railroad that has been closed since the Thistle mudslide wiped out several miles of track in Spanish Fork Canyon in 1983.

The D&RGW deemed it was not worth repairing the section, which has been a crucial economic and transportation artery for Sevier and Sanpete counties, and was ultimately granted permission by the ICC to abandon the line.

But state officials protested that permanent closure of the line would severely deter business activity in the already economically depressed area of central Utah and eventually gained the option to purchase the 180-mile section for \$1.3 million.

The option expires June 30 and if the state declines to exercise it by then, the railroad can abandon the line and sell the railroad parts for scrap, said Mrs. Shearer. The ultimate success of the plan to reopen the line depends on finding a party willing to reimburse the state's \$1.3 million option payment and take over the line, she added.

"We are going to ask the railroad to extend our option," Mrs. Shearer said. "If they agree to that, we will have more time to find a buyer."

The offers came from Sanpete and Sevier Railroad, Manti; Western Railroad Buyers, Ogden, and A&K Materials Inc., Salt Lake City.

Each of the offers, however, would have required the state to carry the \$1.3 million obligation, "and we need to have a guarantee that we will be reimbursed," Mrs. Shearer said.

Another meeting of the advisory committee has been scheduled for June 17 and by then, Mrs. Shearer said, it is hoped a more solid offer with the guaranty of the \$1.3 million will be in the works.

# Decision on rail section is back in Bangerter's lap

Railroads -- Utah, 1986.

**By Roger Pusey**  
Deseret News staff writer

Still reluctant to make a decision on what to recommend Gov. Norman H. Bangerter do with the Thistle-Richfield portion of the Denver & Rio Grande Western Railroad line, a committee decided Tuesday to pass part of the problem back to the governor himself.

Committee members want Bangerter to meet with shippers who might use the spur in an effort to get a commitment on how much the line would be used in the event it is sold by D&RG to another company.

Alice Shearer, Utah Division of Community Development director and committee chairman, said if the governor gets a commitment from some shippers he will relay the information to potential rail-line purchasers.

Ruth Ann Storey, the governor's administrative assistant for physical resources, said it might be difficult for the governor to put together such a meeting before June 30. That is the date the governor and D&RG officials agreed would be the deadline for the state exercising its option to purchase the line for \$1.3 million appropriated by the Legislature.

The committee also voted to recommend that the governor consider a longer period of time for a successful bidder to pay the \$1.3 million purchase price. When the Utah Department of Transportation advertised for

bids on a rail line purchase, none of the replies contained the required \$1.3 million check.

Portions of the rail line were damaged in 1983 when a landslide below Thistle in Spanish Fork Canyon blocked the Spanish Fork River and formed a reservoir. D&RG reopened its main line, but received permission from the Interstate Commerce Commission to abandon the Thistle-Richfield spur. The state was given the opportunity to purchase it for \$1.3 million.

Not wanting to be in the railroad business, state officials asked interested companies to step forward and purchase the line. Even though the proposals submitted so far don't comply with the request, any company can still negotiate a purchase with D&RG.

Committee members agree they are in a "Catch 22" situation since anyone interested in purchasing the rail line wants a commitment from potential shippers, but these shippers don't want to make a commitment until they are given some rates.

The proposal discussed the most during a meeting two weeks ago and also at Tuesday's meeting came from Sanpete and Sevier Railroad in Manti.

The first option calls for the state to purchase the line from D&RG; then, under a lease/purchase arrangement, Sanpete and Sevier Railroad would pay the state \$130,000 annually until the line is paid for.

A second option is for Sanpete and Sevier to purchase the line from D&RG for \$1,383,196, with the payment being made Sept. 15, 1986. That option is contingent upon Bangerter calling a meeting to obtain commitments from potential shippers so the rail operation will be successful.

The purchase also is contingent upon the company being exempted from state and local property taxes and other assessments, fees and expenses for five years. If selected, the company will provide additional financial information to the governor and the committee.

Don J. Bertel, Sanpete and Sevier board chairman, said his offer will expire July 2.

# Lack of offer dooms Marysvale spur

*Railroads. 1986.*

Lacking any credible proposal to buy the Marysvale spur of the Denver & Rio Grande Western Railroad, state officials have all but given up in their efforts to save the line, which is scheduled to be torn up for scrap by D&RGW.

Portions of D&RGW's line from Thistle to Richfield were damaged in 1983 by a landslide in Spanish Fork Canyon that blocked the Spanish Fork River and turned the village of Thistle into a lake. Rather than repair the Marysvale spur, railroad officials got approval from the Interstate Commerce Commission to abandon the line.

Government officials and businesses in Sevier and Sanpete counties objected, saying it would be one more economic blow to an already depressed area. Abandoning the line would leave the two counties without some \$100,000 in tax revenue and totally dependent on trucking for the transportation of

goods.

The state then entered the picture, putting up \$1.3 million to buy time so a private buyer could be found. As it now appears there are no qualified buyers, that money will return to the state's general fund.

State officials said they had no real plans to own the line, but the money appropriated by the Legislature gave state officials time to take bids on the line from interested parties. Estimates ran as high as \$15 million on what it would take to restore the line.

So far however, none of the proposals has met the criteria set by a seven-member committee set up by Gov. Norman H. Bangerter to manage the sale.

Ruth Ann Storey, the governor's administrative aide for physical resources, said Monday talks between Bangerter and D&RGW Chairman William Holtman left little hope the line can be saved.

"We advertised nationally and had about five responses, but none met the criteria we established. What we wanted was someone who could put the line back into operation," Storey said.

"We've been working to find a buyer for about five months," Storey said. "We still have a little hope, but it doesn't look too good."

That hope is in the form of a last-minute deal officials hope will surface before D&RGW firms up plans to start the salvage operation. Railroad officials have let three deadlines come and go so far and even said Monday if a buyer can be found before salvage begins, they'll consider any legitimate 11th hour offer.

The railroad has several bids for salvage of the line, said John Walker, D&RGW attorney in Denver. It will probably be a week before any action is taken on those bids, but officials would like to complete the salvage operation before winter.

# Ysedale Rail Line Appears

SALT LAKE TRIBUNE

AUG 5 '86

## Headed for the Scrapheap

Railroads 1986.

By Paul Rolly  
Tribune Staff Writer

Central Utah's hopes of regaining a railroad line to revive its ailing economy came to a near screeching halt Monday with Gov. Norm Bangerter's concession that the state has failed to find a viable buyer for Denver & Rio Grande Western Railroad's Marysvalle branch.

With the news of that failure, D&RGW officials began to put in motion plans to sell pieces of the 160-mile line for scrap.

A third apparent option, that of donating the rail materials to an international organization interested in shipping food from the coast of Africa to the inner villages of drought-stricken Ethiopia, looked to be nothing more than an unreachable dream.

With the news of the state's inability to sell the line — closed since it was damaged by the Thistle mudslide of 1983 — industries in the region's Sanpete and Sevier counties are left only with the option of shipping their products by the more expensive trucking mode.

The state purchased the line on a conditional basis last spring to keep alive the hope of restoring rail service to central Utah. The \$1.3 million purchase option was made possible through a special appropriation by the Legislature. But it was never considered as a permanent purchase by the state. It was agreed upon only on the condition that Utah would find an alternative buyer.

"We had several proposals, but none met the criteria we needed for selling the line," said Ruth Ann Storey, Gov. Norm Bangerter's administrative aide for physical resources.

"We never purchased the line with the idea of getting into the railroad business," she said. "The idea was to give us time to find a buyer that had the financial capabilities to provide a rail service for central Utah. We didn't want to sell it to someone who would just turn around and sell it for scrap."

When Gov. Bangerter told D&RGW Chairman William Holtman during a telephone conversation Monday that a viable buyer had eluded extensive state efforts to sell the line, Mr. Holtman said the company would begin preparing the necessary steps to sell

the line to the highest bidder for scrap.

But he told Gov. Bangerter that if the state could find a buyer before the package was completed, the railroad would still entertain the possibility of allowing the state to sell to that buyer.

That left a small opening of light for industries in central Utah wishing for restored rail service. But the picture remained bleak.

"We've been trying to find a buyer for five months now," said Ms. Storey.

"We still have a little hope. But realistically, it doesn't look good."

She said the railroad's willingness to give the state so much time to find a buyer is a demonstration of D&RGW's good-faith efforts to cooperate throughout Utah's painful and uphill battle to win a new railroad for central Utah.

The door to that possibility was all but slammed last winter when the Interstate Commerce Commission

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# Line Appears Headed for Scrapheap

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ruled D&RGW had the right to abandon the line and the state could only prevent that abandonment by purchasing the rail for \$1.3 million.

When the state bought an option on the line with the condition it would find an alternative buyer, it was given until June 30 to find that buyer or turn the rail back over to D&RGW for abandonment.

When state officials failed to find a buyer by the deadline, the railroad granted another 30 days. When that deadline passed last Thursday, Gov. Bangert was given until Monday to make a deal with one of several parties expressing interest in the line.

Even when Monday passed with no deal and the railroad decided to finally make its move to sell the materials

and permanently reduce central Utah to a one-transportation-mode shipping area, Mr. Holtman said if a viable buyer was found before the scrapping plans were complete, Utah could still make its deal.

"They've bent over backward to be cooperative," Ms. Storey said.

While about a half-dozen companies submitted proposals to a special task force appointed by the governor to handle the railroad issue, none could come up with the necessary \$1.3 million nor convince the task force it had the financial ability to get a railroad going in the area.

Ms. Storey said she has received several calls from a Mark Skansberg of AfricAid USA in Loveland, Colo., who wanted to know when the state's option would expire so he could make

a pitch to the railroad for donations of the rail material for a project to feed starving Ethiopians.

She said Mr. Skansberg's group wanted to build a rail line in Ethiopia so it could transport donated food from the coast to the inner areas of that country.

But D&RGW officials said they have not been approached by Mr. Skansberg. They said if he wanted to bid on the line like everyone else, he would be welcome, but they probably would not be interested in donating the materials.

The permanent closing of the rail service in central Utah is a severe financial blow to the area. When the mudslide in Spanish Fork Canyon backed up the canyon's river in April 1983, it destroyed the town of Thistle,

the canyon highway and about six miles of the rail line.

D&RGW repaired the main portion of the line that runs from Denver to Salt Lake City, but it determined it was not economically feasible to repair the damaged portion of the Marysvale branch that split off into Sanpete and Sevier counties.

The railroad estimated it would cost as much as \$15 million to repair that section and that it was not a good business decision to make that investment. The state initially fought the railroad's decision to abandon the line and tried to get the ICC to force D&RGW to repair and reopen it. But the state lost that battle and the railroad then agreed to let the state find an alternative buyer to restore the service.

# State Loses Its Battle To Reopen D&RGW Rail Line

Railroads. 1986.

## Sale to Salt Lake Materials Supplier Dashes Africa-Aid Group's Hopes

By Paul Rolly  
Tribune Staff Writer

Any last-gasp chance the state had to reopen a railroad line in economically-depressed central Utah is now dead.

The 180-mile Marysvale branch of the Denver & Rio Grande Western Railroad line will never see trains hauling freight to breathe new life into the area's ailing economy again.

It won't even be used to help feed starving Africans in Ethiopia.

It will be extracted from the ground and sold for scrap.

But it didn't go down without a fight.

This past week, D&RGW sold the line that runs from Spanish Fork Canyon through Sanpete and Sevier Counties to A & K Railroad Materials Inc. for about \$1.1 million.

The sale culminated years of confusion, disagreement and legal battles about the future of the railroad line, ever since it was closed by the Thistle mudslide in the spring of 1983.

The railroad spent millions of dollars to repair the main line between Denver and Salt Lake City, but it decided it was not economically prudent to sink its estimated \$13 million to \$15 million into repairing the Marysvale branch that split off to the

south and served the coal mines and other strategic companies in central Utah.

After the rail line was closed, the only method of hauling products from the central Utah industries was the more expensive mode of long-haul trucks. Many businesses in central Utah subsequently closed and unemployment soared.

The state, citing the railroad's government-granted monopoly status because of the operating authority given by the Interstate Commerce Commission, tried to force D&RGW to reopen the line through administrative fiat.

But after hearings before the ICC, the federal agency ruled D&RGW had the right to abandon the line. It did give the state the opportunity to purchase the line before anyone else could bid on it, however, and it said if Utah officials were willing to pay the determined market value of \$1.3 million for the line, the state could be the proud new owner of a railroad.

Utah did exercise that option last spring, using a special allocation granted by the Utah Legislature to buy the line on the condition it could find an alternate buyer to take the railroad off its hands.

Several proposed railroad compa-

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# State Loses Battle to Reopen Railroad In Economically-Ailing Central Utah

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nies expressed an interest, including a central Utah consortium of businessmen and government leaders hoping to form a railroad company to once again serve their industries, and a non-profit organization out of Colorado Springs that wanted to use the materials to build a railroad in Africa to ship donated food from the coast to drought-stricken inner-continent villages in Ethiopia.

But nobody could meet the specific requirements of the sale — the \$1.3 million price to get the state off the hook and the promise that a rail service would be reopened in central Utah — so after several extensions on the deadline that were granted by D&RGW, the state finally had to admit defeat at the end of July and turn the line back to the railroad.

Still, there was a glitter of hope.

D&RGW told Utah officials if they could find a buyer to reopen the line

before it completed its own bidding process, it would still go along with the Utah plan so beleaguered central Utah could still have a railroad.

That didn't happen and A & K Railroad Materials won the bid.

"The main thing is they guaranteed the money up front," said John Walker, chief counsel for D&RGW in Denver. "The second thing is they agreed to have the job completed [the railroad line extracted] within 540 days.

"We will then go about the business of selling off the right-of-way on the private land that we own," Mr. Walker added. "Some of the land is owned by the federal government, but we'll sell the private areas."

John Garner, of A & K Railroad Materials, said the scrap that is salvageable will be sold, mostly to other railroad companies that may be able to reuse the tracks.

"That's our business," he said. "We

salvage old materials and sell to those who need it."

Mark Skansberg, of Africaid USA, had hoped the rail could be donated to his group to build a railroad in Africa to bring food to starving villagers. He said if donation wasn't possible his group would have been willing to bid on the materials.

"The first priority, of course, would be to keep the railroad in Utah," Mr. Skansberg said. "But if it's not possible to keep the railroad there, we just thought it would be better to use the materials to help feed the needy than it would be to melt down the iron and make Toyotas out of it."

The Africaid people attempted to bid on the line after the state failed in its attempt to keep the it open, but in some kind of breakdown in communications, the bid was never made and Mr. Walker said he had not heard about Africaid USA, even though Mr. Skansberg said he had talked to some officers in the company.