

STRASBURG RAIL ROAD

FULL STEAM AHEAD FOR MECHANICAL SHOP



CASE STUDY



COMMUNITY
Lancaster County

REGION
Southeast Pennsylvania

EMPLOYEES
146 (46 full-time, 100 part-time)

IMPACT

- Added capacity to growing repair and manufacturing job
- \$1.75 million invested
- 12,000 square feet expansion
- Six full-time positions created
- Preserving Strasburg Rail Road's legacy

"I would easily recommend the PIDA program to other companies. DCED has been wonderful to work with — very accommodating, very helpful, and very clear about the guidelines of the loan. We appreciate their partnership in ensuring the Strasburg Rail Road can operate for many years to come."

— Linn Moedinger, President and Chief Mechanical Officer, Strasburg Rail Road

OUTGROWING THE SHOP

The Strasburg Rail Road is known to many as a tourist destination, hauling approximately 300,000 tourists per year on antique cars through the rolling Lancaster countryside. However, what many people do not know is that the Strasburg Rail Road Company is also home to a growing contracting business, serving as a repair and maintenance shop for historic passenger cars and steam locomotives. For more than 50 years, welders, mechanics, and machinists have been working to repair, restore, and reproduce antique machines from around the nation. Strasburg has become known for its world-class work, and its boiler shop is one of just a few in the country that have ASME and NBIC certificates. These unique capabilities paired with a strong reputation resulted in a high level of demand for services, and the Rail Road had to consistently turn away customers due to insufficient capacity. In 2008 when the economy experienced a downturn, Strasburg continued to see an uptick in business. Finding a way to increase space and manpower was paramount for Strasburg's future.

APPLYING FOR ASSISTANCE

Recognizing the need to grow the contracting business, Strasburg Rail Road began to evaluate the situation. It started with planning — determining how big of a shop they could physically build on Strasburg's property and compiling a budget estimate. From there, Strasburg shared its proposal with the Pennsylvania Department of Community and Economic Development (DCED) in hopes of utilizing the Pennsylvania Industrial Development Authority (PIDA) program for a loan.

In June 2016, PIDA approved the project, awarding a \$765,000, 15-year loan at 2.25 percent for the first seven years through the EDC Finance Corporation. This loan amounted to half of Strasburg's projected investment for the \$1.53 million expansion, allowing the Rail Road to move forward with its plans for the new shop. The project will add 12,000 square feet to the existing 18,000-square-foot facility, creating seven full-time jobs and retaining 46 existing positions.

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GROWTH TO PRESERVE THE MISSION

When the project reaches completion in May 2017, Strasburg aims to grow operations and continue to diversify its sources of income. At its current capacity, the shop services 80% of the Rail Road's machines, and 20% percent of outside projects. Strasburg plans to bring this ratio closer to 50/50 in the new space, with the hopes of bringing more customers in than turning away.

Since tourism spending fluctuates with the economy, Strasburg relies on its ancillary revenue streams, like the contracting shop, to maintain the company's mission. With a charter date of 1832, Strasburg is the nation's oldest railroad that is still operating under the original charter. This expansion, and all other initiatives at the railroad, will work to secure this legacy – to preserve railroading as it was around the turn of the twentieth century.

Pennsylvania Industrial Development Authority (PIDA)

PIDA provides low-interest loans and lines of credit to eligible businesses that commit to creating and retaining full-time jobs, as well as the development of industrial parks and multi-tenant facilities. Loan applications are packaged and underwritten by certified economic development organizations – in this case, the EDC Finance Corporation. Visit dced.pa.gov/pida to learn more.

