

Message from Todd Bjornstad



News for Customers, Employees & Friends of the Chicago South Shore and South Bend Railroad



Coming off a good year in 2018, we see much promise for 2019. Our proudest achievement last year was receiving the President's Safety

Award from the American Short Line & Regional Railroad Association (ASLRRA). This recognition demonstrates our commitment to safety, from which we will never waver.

Other great achievements included handling a record volume of outbound metals shipments for ArcelorMittal—a valued customer for which we made some significant investments detailed in this issue. We also were delighted to support the growth of GAF at Michigan City with a reliable and increasing volume of inbound materials.

Looking forward, we are supporting the coming U.S. rail network implemen-

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Hickman Williams: A New Start Is Working Out Well



A range of products are produced at the LaPorte facility.

When a major metals industry supplier moved one of its primary manufacturing facilities to LaPorte, Indiana in 2017, there were some unknowns about how its new rail partner would perform.

"We selected our location because it would allow us to grow for years to come, among other reasons," says John A. Kalinowski, plant manager, LaPorte manufacturing division, Hickman Williams & Company.

That growth, however, would hinge on reliable delivery of the company's primary raw material—petroleum coke—from West Coast and Gulf Coast refineries. Due to the nature of that product, most of it moves by rail. A reliable supply chain is critical to the company's produc-

tion process and ultimate customer satisfaction.

"We had become accustomed to less than stellar rail service at our previous location," Kalinowski says, "and we weren't sure of what to expect when we started operations with CSS as our delivering rail carrier."

Status Quo Won't Do

At LaPorte, Hickman Williams screens and blends carbon products; manufactures ferroalloy briquettes; and provides special packaging material for various metals, alloys, and carbon products. The demand for these products is robust and can vary depending on rapidly changing

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tation of Positive Train Control (PTC), ensuring safer, uninterrupted, and reliable operations for our customers.

Capital expenditures planned for 2019 include new rail, crossties, and upgraded public highway crossings, as well as the introduction of fuel conservation devices that will reduce the railroad's emissions.

Finally, our dedication to providing excellent rail and customer service continues to keep our railroad growing. No one can tell that story better than our customers, and we're proud to bring you the perspectives of on-line customer Hickman Williams in this issue. Their experience can help other industrial leaders understand how and why freight rail is alive, well, and ready to serve.



Power To Move

Connecting Industry ♦ Delivering Value ♦ 2019

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New Flexibility at Burns Harbor



A ready supply of the right type of rail cars is essential for the efficient operation of a steel mill. Although we've been able to meet that need for one of our major customers—ArcelorMittal—the single-track access to their major Burns Harbor complex presented operational challenges.

We supply a variety of equipment, including coil cars, gondolas, and flatcars in significant numbers from our Burnham Yard. In the past, those movements sometimes conflicted with switching operations that were underway in the steel mill's yard. Delays resulted.

We determined that this growing customer would be best served if we made a capital investment in the form of a second track. This would permit us to stage cars for delivery when the customer wasn't yet ready to receive them, and still leave the original track open for other operations.

In late December we completed construction of a 2,000-foot second-track, with storage capacity for 32 cars.

This investment by CSS has created new flexibility to manage rail car movements efficiently. We look forward to the continuation of this important, long-term relationship with our biggest customer. ♦



Construction of a new 2,000-foot second-track was completed in December.



Hickman Williams,

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market conditions, making the prompt delivery of raw material critical.

The company takes delivery of about 12 covered hopper cars each week, and has storage for up to 13 cars on its property. So, there isn't a lot of buffer stock available to absorb delivery snags. Though a small amount of product is received by truck, it's nowhere near enough to make up for any rail failures.

"One week we might need eight cars, and the next week 15, which is where CSS really steps up to the plate to help us," Kalinowski says. "After working with this railroad for two years, I'm happy to say they are really on the mark, and our rail deliveries are 100 percent improved."

Kalinowski says the scheduled Monday, Wednesday, and Friday deliveries are very reliable, and the railroad's crews understand how to place cars on the plant's

property for the most efficient intake. Two grades of petroleum coke are used, making it important that cars containing specific grades are placed for efficient unloading after delivery. Kalinowski reports that when his people request a special switch or special placement of cars, "the rail crews are more than happy to do it."

Great Service and Visibility

He says the reliable on-site operations by CSS are backed by excellent customer service. The railroad provides daily messages about equipment availability, and if customer support sees a potential problem looming, a railroad representative immediately alerts Hickman Williams along with suggested actions.

Kalinowski says the entire CSS customer service team has been great to work with, including Melissa Zdyb, Eric Arnholz, and Arnold Niederer.



John Kalinowski, Hickman Williams Plant Manager

He says there is a particular positive incident that stands out in his experience with CSS.

Inbound petroleum coke is dumped via hopper doors under the rail cars, and the product occasionally becomes clogged and won't fully discharge. In such cases, plant employees use a 130-pound vibrator to clear the load.

Customer Care

"One day I was asked to come out into the rail yard to deal with a problem," Kalinowski says. "When I arrived, the crew was embarrassed to tell me that the vibrator—which costs about \$2,000—was missing, presumably having been left in an emptied car which had already been picked up by the railroad."

He was happy to find out that the CSS engineer had discovered the valuable piece of equipment on the departing train. Despite its very heavy weight, and the need to handle it on a cold winter day, the engineer lifted it off the car and left it on the plant's property.

Caring actions like that are the reason, Kalinowski says, "I've told my CSS representatives that if they have potential customers considering locating on the railroad that I am more than happy to tell them how good it is to do business with the South Shore Railroad." ♦

Capital Expenditure Program for 2019 Coming Together

Plans for the CSS capital programs are being finalized in early 2019, and include:

- ▶ Installation of a quarter mile of new 115-pound rail on the Kingsbury Industrial mainline between Michigan City and Kingsbury. This project will help maintain consistent train speeds to meet customer requirements for reliable service.
- ▶ Upgrade public highway crossings at two locations in La Porte County at County Road 350 and Nelsen Street. Public highway crossing upgrades are continuously scheduled to support community safety.



New ties are being installed.

- ▶ Installation of 1,500 crossties across the railroad at several key switching locations to support ongoing safe and reliable switching operations that provide quality service schedules for all customers.
- ▶ Install fuel conservation devices on five locomotives. The new equipment minimizes engine idling when the outside temperature drops below 40 degrees. The result will be lower environmental impact due to reduced emissions. ♦



Milestones

Congratulations to our employees for their service, especially those who are celebrating the following anniversaries with CSS.

40 years
Brian Zebell

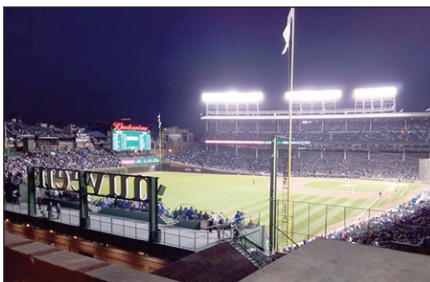
20 years
Doug Brasseur
William Cummings

15 years
Zach Davison
Jeff Hinshaw

5 years
Nigel Burt
Greg Dougherty
T.J. Luchene
Adam Mullins

*Thank you for
your service and dedication
to our railroad.*

CSS Customers Enjoy a Night Out at Wrigley Field



In September, CSS treated customers to a night out at the ballpark to watch the Cubs play at Wrigley Field. About 40 people attended the event, including customers, connecting railroad representatives, and business development partners. The view was great from the rooftop seats adjacent to the stadium.

Veteran Focus

Prior to Veterans Day in 2018, CSS honored our six employee veterans with these framed awards. In addition, CSS placed patriotic decals on several locomotives to honor active duty service members and veterans across the territory we operate on. ♦



Anacostia Rail Holdings HR Director David Hankins, who is retired from the Marine Corps, and CSS Director of Operations Steve Staley, retired Army, hold the artwork that was turned into decals for the railroad's locomotives.



We're Staying Prepared

All our efforts are focused on preventing emergencies, but we also must be prepared in the event of an incident.

In addition to our daily focus on safe operations, we also engage in periodic training and preparedness exercises. Every other year, we host a multi-day training event using tank car equipment that allows first responders and railroad personnel to receive hands-on training.

Complementing those events was 2018's tabletop hazardous materials spill exercise. Together with the Northern

Indiana Commuter Transportation District, TSA, and local emergency responders, CSS department heads and managers were presented with multiple scenarios that involved all parties. Contingencies for critical events—including the establishment of command centers, train operations, communications with train riders, evacuation, etc.—were reviewed.

It's behind-the-scenes activities like these that help keep our employees, customers, first responders, and our nearby communities prepared. ♦

ASLRRA President's Safety Award Sets the Bar

Receiving the prestigious President's Safety Award from the American Short Line & Regional Railroad Association (ASLRRA) in 2018 raised the bar for CSS in the future. We are focused on continuously strengthening our safety culture.

Overall, we're proud of our safety record. The Mechanical Department had 1,924 injury-free days through the middle of last year, before there was a reportable injury that, fortunately, was not serious enough to result in lost time. Our other two primary departments also have a strong safety culture, resulting in the following continuous days of injury-free performance through early 2019:

- ▶ Transportation: 1,634 days (an all-time CSS record)
- ▶ MOW: 2,892 days

Leading our safety achievements are the following department heads:

- ▶ Steve Staley, Transportation
- ▶ Justin Moon, Mechanical
- ▶ Don Trent, Maintenance of Way

Under their guidance, everyone on the railroad puts safety first, every day. ♦

