



# Pacific Harbor Line REPORT

2020

## Message from Otis Cliatt II



News for Customers, Employees & Friends of the Pacific Harbor Line



In 2019, we successfully navigated a challenging year. Many of the contributing factors were beyond PHL's control: the continued trade war between the U.S. Administration and

China; declining volumes in intermodal traffic from Asia for both ports; and declining carload volumes throughout the U.S.

PHL experienced specific declines in carload traffic of agricultural products and automobiles leading to an approximate 15 percent reduction compared with 2018 carloads. This led PHL to one of its most difficult decisions—the furlough of several employees.

On a more positive note, PHL's business benefitted from the fourth-quarter addition of Mazda automobile imports at WW Solutions, along with three very strong new business opportunities anticipated for the first quarter of 2020.

Although we may not have control of the stability of today's global trade market, we have explicit control of our company's safety—and safety culture—

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## WW Solutions Partners with PHL



*Andrew Prior, operations manager for Wallenius Wilhelmsen Solutions, at the company's Southern California terminal.*

Wallenius Wilhelmsen Solutions handles thousands of automobiles for its customers at its Southern California terminal every month, so it is critical that this high-value inventory gets to dealerships as safely and quickly as possible.

In this dynamic environment, "effective communications are the most important factor for successfully coordinating all that's happening at the dock," says Andrew Prior, operations manager, WW Solutions.

The terminal handles mostly imports of new vehicles, but must also coordinate other types of vehicle shipments. These include used vehicles from Hawaii, as well as loading a variety of outbound vehicles for important back-haul revenue. All these assorted shipments need to be moved

on schedule, yet not interfere with the main new car import flow.

Prior says PHL has been a collaborative partner in helping WW Solutions manage this complex operation. PHL Director of Customer Service Kimia Khatami credits WW Solutions for its transparency and open process, which helps PHL tailor services for the company.

Prior has worked at several facilities across the U.S. served by terminal rail carriers, and says PHL's services compare very well.

"Once I reach out, I get a very quick response. The customer service group has a broad wealth of knowledge when it comes to the operational group, and vice versa," he said. ♦



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which have both progressed in a positive manner. 2019 saw a 40 percent reduction in reportable personal injuries.

PHL's Collective Bargaining Agreement expired in July 2018, and since that time, PHL management and its union leadership have met, on average, every other month to resolve the lingering issues. In 2020, we look forward to ratification of a very healthy tentative agreement negotiated by PHL and the Brotherhood of Locomotive Engineers and Trainmen.

I would like to take this opportunity to thank the amazing team of managers, employees, contractors, and customers who make up TEAM PHL.

We look forward to a safe and successful 2020.

O.L. Cliatt II, President  
Pacific Harbor Line

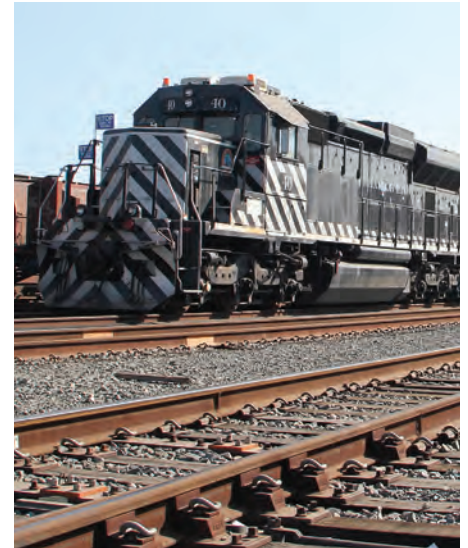
## Expanded 2020 Maintenance is in Good Hands

*Explaining PHL to an outsider isn't always easy. Is this an 18 route-mile railroad, a 59 track-mile railroad, or a railroad that moves thousands of intermodal trains plus an additional 35,000 carloads each year?*

Actually, it's all three. In other words, PHL is—by key measures—one of the biggest short line railroads in North America.

PHL's annual maintenance budget often eclipses a million dollars. Plans for 2020 are no exception. Ordinary train and train control maintenance expenses are expected to rise slightly, in line with the low rate of inflation.

Money is only part of the story, according to Robert Giannoble, PHL's chief engineer.



"PHL is a very busy railroad all of the time," he says. "Planning the necessary work windows has to take into account the need to keep trains moving."

It's a demanding job. Fortunately for everyone involved with PHL's operations and services, Giannoble and his team are up to the task. ♦

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## Networking

### Anacostia 'On the Move'

by Eric Jakubowski  
Vice President & Chief Commercial Officer  
Anacostia Rail Holdings

*Transloading allows shippers without direct rail access to profit from the logistical and environmental benefits of the North American railroad network. The recent addition of independently operated Precision Terminal Logistics (PTL) to the Anacostia family adds 16 terminals to our network, offering customers more high-quality distribution locations.*

The economic, safety, and environmental benefits of rail service are attractive, but the potential complexities of multi-modal transactions can be discouraging. That is what motivated us to introduce a new company whose transload terminals provide seamless transfer of shipments between rail, water, and truck services.

PTL handles a broad range of dry bulk, breakbulk, and liquid commodities, and has the flexibility to support a

variety of supply chain and logistics strategies. It was formed by Anacostia Rail Holdings and Brown Brothers Harriman Capital Partners to operate, build, and acquire transloading terminals across the United States.

As a neutral third-party operator, PTL develops optimized network services, selecting the best partners for specific requirements.

PTL is proud to have a significant geographic footprint throughout the supply chain, with storage and processing facilities at select locations. PTL is in this for the long haul, and looks forward to expanding locations and capabilities, and to add terminals wherever demand warrants. ♦



## Perri Named Vice President

*PHL has promoted Stephane Perri to vice president.*

Perri joined PHL in 2000 as an assistant locomotive engineer. Since then, he served as a trainmaster, senior director of Transportation, superintendent, and general superintendent.



“Stephane’s dedication to PHL and its employees is shown in his daily commitment, hard work, and leadership excellence,” said PHL President Otis Cliatt.

Perri says he looks forward to continuing PHL’s critical role in maintaining neutrality and providing fair services to all customers at the ports of Long Beach and Los Angeles.

“We accomplish this by providing transparency with all parties involved and offering our expertise to those seeking solutions,” he said. ◆

## New Video Explores PHL’s Capabilities and Excellent Service

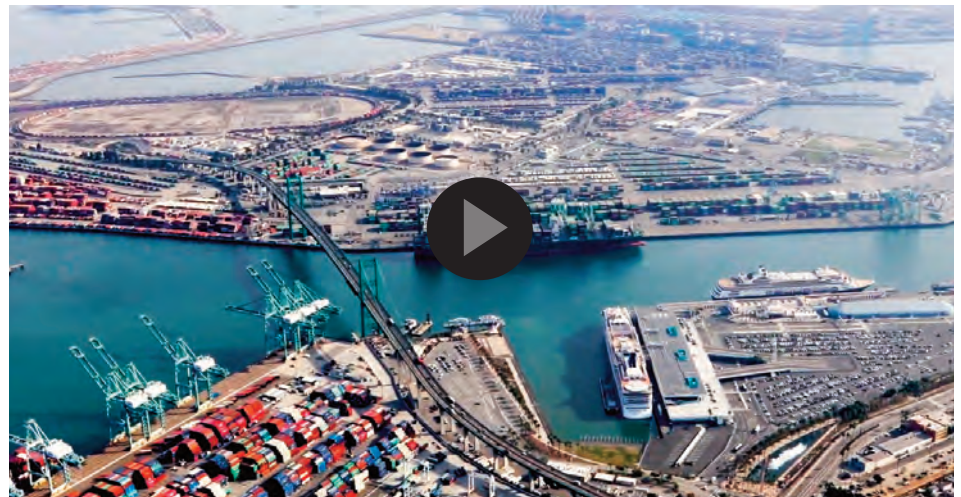
*Last fall, PHL debuted a new video that showcases how our railroad is the critical link—the first and last mile—in the global economy.*

The video demonstrates that great customer service and a commitment to the environment can go hand-in-hand with moving scores of daily intermodal trains and more than 40,000 railcars annually.

“We are continuously adapting to changes in customer needs, operating conditions, and emerging technology,” said Director of Customer Service Kimia Khatami.

In addition to interviews with President Otis Cliatt and other PHL staff, the video includes testimonials from customers and the directors of both ports served by the railroad.

The video can be viewed online at [https://youtu.be/aPFXf8\\_KNbl](https://youtu.be/aPFXf8_KNbl) ◆



## PHL in the Community

### PHL Hosts Industry Tours

We continued to develop important strategic industry relationships, hosting several key groups in 2019, including special private railcar tours of the ports complex.

These tours help our business partners—as well as the larger community—understand the value PHL provides to the supply chain industry and the overall economy. The events also give us an opportunity to showcase our exceptional operational capabilities.

### Lending a Helping Hand

PHL’s charitable efforts are many and varied. We provided scholarship funds for the Los Angeles Chamber, EXP, and

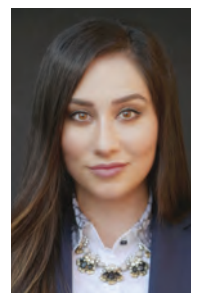
the Harbor Association of Industry & Commerce (HAIC).

Some of the other worthy causes we supported in 2019 include: Harbor Occupational career and resource fair; Law Enforcement Torch Run for Special Olympics; CDA Futbol Club; Friends of Banning Museum; National Association of Railway Business Women; Swing for a Cure cancer charity; LA Harbor Holiday Afloat Toy Drive; Susan G. Komen Foundation for breast cancer awareness; Battleship Iowa Museum, Fisher House and several other veteran associations; and fundraisers for various schools.

We are proud to help our local community stay vibrant.

### Khatami Leads HAIC

The Harbor Association of Industry & Commerce (HAIC) serves as the collective voice and advocate for the harbor business community in Long Beach and Los Angeles. HAIC addresses important issues pertaining to economic, environmental and public policies.



PHL Director of Customer Service Kimia Khatami is leading HAIC as president in 2020, after serving as vice president in 2019. She looks forward to supporting the harbor community “and ensuring its voices are heard.”

Khatami was also named as a “2019 Rising Star” by Progressive Railroading magazine. ◆



# Family Fun Days a Cool Treat in 2019

*The weather for Family Fun Days 2019 cooperated with cool, comfortable temperatures, and PHL employee families took full advantage to enjoy good food and great events.*

As always there was a serious side to the day as well, with a focus on keeping everyone on the PHL team healthy through health screenings and information. As an added benefit, the new Telemedicine Benefit was promoted (see accompanying article).

Organizer and trainmaster Eric Flores was happy that everyone enjoyed the games, events, music, and food, and that there was high participation in the free health screenings. He and his wife, Danielle, enjoy making this all happen.

“The day is focused on family health,” he says, “and most of the attendees take the screenings. As an added incentive, those who do, receive a PHL t-shirt and get to spin a prize wheel.”

“We really have enjoyed working on these events over the years, and I want to thank everyone, from top management through the entire team, who have made them possible,” Flores says. ♦



## A Quick Way to Get Medical Help, Without Leaving Home

Not every medical issue requires an in-person doctor visit, and now PHL employees have access to round-the-clock, free medical consultation via telemedicine.

Find out if your symptoms can be treated via a phone call with U.S.-based physicians. You might be able to avoid the trip to a doctor's office—as well as the wait—for a variety of common reasons.

Learn more about First Stop Health Telemedics services at [www.fshealth.com](http://www.fshealth.com).

Then, the next time you have a medical issue but aren't sure if you need to see a doctor, call one at 888-691-7867.





## For Martinez Trucking, 'It's All About Customer Service'

*Flexibility to handle metals shipments by rail, ocean, and truck has been an important advantage for Southern California's Martinez Trucking Co., Inc. as rapidly changing trade patterns have transformed the way products move over the past couple years.*

A new challenge recently emerged, as the metals market underwent rapid change primarily due to the imposition of tariffs. The mix of inbound shipments has rapidly transformed from about 90 percent international, to a nearly even 50/50 split between domestic and international sources.

Despite these changes, customers continue to expect an uninterrupted flow of goods, "from mill, to transport, to port, to warehouse, to receiver," explains Ivan Martinez, a co-owner of the 25-year-old family-run business.

"We have to keep these products

moving to keep supply chains efficient. And, sometimes a customer needs the product before it is even shipped from the mill, making fast service essential," he added.

"We provide a high level of service, and we count on PHL to do the same," Martinez says. "They always come through—they are a great outfit."

A rail crew drops and picks up the cars overnight at the Wilmington Team Track, so that when the Martinez staff reports for work in the early morning, they can get right to work moving loads to trucks for the 20-minute trip to a warehouse for handling.

"We would not be so successful if it wasn't for PHL's customer service," Martinez says. "In our business it's all about customer service, and that's something PHL understands." ♦

## Safety: Expect the Unexpected

*"Assume there's a train around that curve. Assume the next switch is lined wrong. Assume the derail is up today, even though it's usually down."*

That's the advice from PHL's veteran Director of Operations Rick VanZee. He credits PHL's continuously improving safety performance to the railroad's strong emphasis on safe operations.

### PHL Safety

One move at a time

One shift at a time

One day at a time

"If it takes a little longer to do things safely, we're entirely okay with that," he says. "The goal is no incidents; that everyone goes home safe."

Most recently, PHL enhanced its safety program through a more effective follow-up process for employees found to be deficient in operational testing.

"This process ensures the employee has learned from the experience and fully understands and demonstrates compliance with the applicable rules going forward," he explains.

The railroad now produces an internal weekly list of employees who have experienced operational testing failures. The list is provided as an essential diagnostic tool, and it is accompanied by areas of concentration for the employee to follow that should result in future compliance.

Employees are supported in this process with coaching and mentoring. The goal is to create an overall positive message, not a negative one.

"By testing for compliance and coaching and mentoring, we hope to groom them for a long, safe career," he says. ♦

## PHL Veterans Serve with Honor

*PHL takes pride in employing veterans and ensuring active military reservists can fulfill their duties to both the railroad and in service of their country.*

Approximately 25 percent of PHL's employees have served our country in military service.

Our PHL veterans include Lyle George, Nic Pilato, and Francisco Pena.

Last March, Locomotive Engineer George retired from 27 years in the U.S. Coast Guard. Also in 2019, Assistant Trainmaster Pilato and Locomotive Engineer Pena returned to their work at PHL from military deployments. Pilato, who has 12 years of service with the Coast Guard, was stationed in Cuba. Pena serves in the California Army National Guard, and was

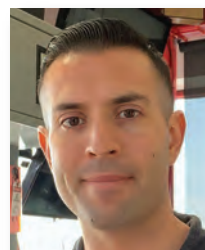
most recently deployed on the U.S./Mexico border. ♦



Lyle George



Francisco Pena



Nic Pilato

*The Pro Patria Award honors PHL's support of the National Guard and Reserve.*



## Milestones

**PHL employees reached the following milestones in 2019. We thank you for your service.**

### Anniversaries

#### 20 years

Raymond Gutierrez  
Jeffrey Robinson  
Eubaldo Contreras  
Armando Meza

#### 15 years

Gregory Jelks  
Eric Fernandez  
Alejandro Gomez, Jr.  
Vondrick Jenkins

#### 10 years

Sergio Padilla  
Peter Figueroa  
Antonio Flores Moreno

#### 5 years

Daniel Anderson  
Gianni Camello  
Jared Houchen  
Justin Ward  
Luis Diaz

### Promotions

Kyle Barrick  
promoted from Locomotive Engineer  
to Assistant Trainmaster

### 2019 Eagle Eye Honors

#### January

Rick Rico

#### February

Alberto Herrera  
Daniel Anderson

#### March

Joseph Watson  
Jose Perez

#### April

Guillermo Guerra

#### June

German Alvarez  
Eubaldo Contreras

#### July

Frank Carter

#### December

Joseph Gonzalez  
Dan Anderson

## 2019 Employees of the Month



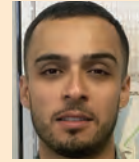
**January**  
Sean McCarthy



**February**  
John Sanchez



**March**  
Scott Bailey



**April**  
German Alvarez



**May**  
Gregory Jelks



**June**  
Justin Ward



**July**  
Timothy Herron



**August**  
Luis Diaz



**September**  
Thomas Quinzel



**October**  
Michael Moreno



**November**  
Fernando Macias



**December**  
Alex Gomez

## Elvia Maciel Honored by U.S. Department of Defense

***“It is an honor to be able to serve even a small part in the lives of our military veterans,” says Elvia Maciel, PHL Administration & Human Resources manager.***

Her modesty notwithstanding, Maciel was named PHL’s Patriotic Employer by the U.S. Department of Defense, “for contributing to national security and protecting liberty and freedom by supporting employee participation in America’s National Guard and Reserve Force.”

She explains that she is happy to help PHL’s military reservists by keeping them in touch with developments at work while they are on duty.

Maciel is proud to have been named a Patriotic Employer, and she is particularly grateful to Francisco Pena, locomotive



**Francisco Pena with Elvia Maciel**

engineer, who nominated her. Pena is among those she has helped.

“This is one of the things that make it great to be a part of the PHL team,” Maciel says. “We support one another.” ♦