

Message from Todd Bjornstad



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



As an important last-mile carrier, we are in the best position to make sure our customers' rail shipments are properly managed.

We understand the complexities and challenges of the North

American rail network, and we take great satisfaction in working with our carrier partners to implement the best solutions.

We also know that the quality of our service must be second to none. So, it's great when a customer like GAF tells us we are meeting that goal, as you'll read in this issue.

To keep shipments moving safely and efficiently while on our lines, we focus on the basics, without letting economic or volume fluctuations distract us. This year—as usual—we are making additional infrastructure improvements, rebuilding our core locomotive fleet, and continuously reinforcing safe practices across the railroad.

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Photo: Northwest Times of Indiana

In 2022, GAF celebrated the opening of its new 200,000-square-foot distribution center in Michigan City.

New Direct Rail Service Boosts GAF Michigan City Operations

One in four U.S. homes are protected by a GAF roof. GAF is vital to the American economy and requires a precisely synchronized supply chain.

Until recently, GAF's key production and distribution point in Michigan City would receive freight and then forward rail-delivered materials across town by truck to a leased distribution warehouse due to rail access limitations.

Late last year all that changed with a ribbon cutting at the new GAF-owned 200,000-square-foot distribution center (DC) located on our line. This 27-acre com-

plex gives GAF more capacity and flexibility to serve its North American market.

"That's the beauty of this," says GAF Supply Chain Manager David Bubb. "Now we have a great new facility, and CSS is providing us with excellent service."

Bubb says the production facility is ideally located to receive a variety of inbound raw materials from suppliers across the U.S. The DC's inventory comes both from the production facility as well as from other GAF production sites. The DC's large building, combined with plenty of

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As to that last point, we are particularly proud of our team for earning the prestigious 2022 Jake Award with Distinction from the American Short Line and Regional Railroad Association.

We were also pleased last year to open yet another shipping option for our customers at the South Shore Transload Terminal with our partner Precision Terminal Logistics. The facility allows shippers who aren't located on the railroad to tap into the cost, safety, and environmental advantages of rail freight.

We are the last mile—so we make sure we go the distance.

Todd Bjornstad
President

Workforce Stability for Customer Satisfaction

In these turbulent times, CSS is fortunate to have a skilled and stable workforce that knows how to keep our trains running safely and efficiently.

Following last year's signing of a five-year agreement with SMART TD (International Association of Sheet Metal, Air, Rail and Transportation Workers), its vice president Jamie Modesitt said, "Collaboration with the company over the past eight months has created a win-win outcome for both sides."

The pact covers CSS locomotive engineers, conductors, and brakemen.

"Now," CSS President Todd Bjornstad says, "we are well positioned to handle

our customers' needs for 2023 and beyond."

SMART Local 1526 Vice-Chairman Brian "Freddie" Krueger added, "After many months of negotiation, our members got a quality contract that helps transportation employees and their families get some help to offset the inflation increase that started in 2021."

In support of the evolving and growing needs of our customers, another new-hire class of operating employees came aboard during the second half of 2022. We welcome them to a great career in railroading! ♦

Anacostia On the Move: SERVICE

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



In this time of crew shortages, there are few—if any—North American rail customers who aren't concerned about service disruptions. As a short line holding company, we are constantly working with our Class I partners to plan moves, adjust schedules, and respond with last-mile flexibility.

From my experience, this is what matters:

1. Cooperation within the rail industry must improve. Short lines are responsive because we are local—and we touch a high percentage of customer facilities. We can provide even better service in a more collaborative environment.

2. We need effective interchange performance built on explicit plans, performance measurement, and with provisions for intervention when necessary. Both Class Is and short lines should designate responsible parties to participate. Short lines are investing in technology for improved ETAs and network connectivity.

3. ETAs must be real-time, with input from experienced railroaders for accurate and frequent adjustments. Already scarce resources can be wasted waiting for deliveries that are not on schedule.

4. More generally, metrics on all service touch points must be readily available. With that data, we can monitor mutual obligations and improve service—from pick-up to delivery, and everywhere in between.

5. We can never have enough well-trained, empowered customer service advocates. A true advocate is someone who is familiar with each individual customer's business, expectations, and management. This is a critical part of our construct as a short line railroad.

As we move through today's challenges, our focus is to build more reliable communication and planning in support of our customers' critical supply chain requirements. It is imperative that we respond effectively and that we apply the lessons learned now, and even when times are a little easier. ♦

Power To Move

Connecting Industry ♦ Delivering Value ♦ 2023



News from the
Chicago South Shore &
South Bend Railroad Company

505 North Carroll Avenue
Michigan City, IN 46360-5082

Tel (219) 874-9000

Fax (219) 879-3754

www.anacostia.com/railroads/css

President

Todd Bjornstad

Tel (219) 214-4275

Customer Service

Tel (219) 214-4286

csscusterservice@anacostia.com

Director—Sales & Marketing

Tony Kazakevicius

Tel (219) 214-4294

Photo courtesy of Cleveland-Cliffs



CSS serves the second-largest Cleveland-Cliffs U.S. facility at Burns Harbor, Indiana.

'A Major Advantage' for Cleveland-Cliffs

As the largest producer of flat-rolled steel in North America, Cleveland-Cliffs requires superior performance from its providers of outbound transportation.

CSS serves the Burns Harbor facility—the second largest in the U.S. for Cleveland-Cliffs. The massive plant can produce five million net tons of raw steel annually, and it employs 3,170 workers.

“CSS has performed very well—and

they are very fair,” says Cleveland-Cliffs Director of Rail Logistics Conrad Victor.

Victor has been with Cleveland-Cliffs since 2012 and moved into logistics in 2018. To him, CSS stands out as a carrier that gives him the confidence to “ship it and forget it.”

“It’s a major advantage that they connect with every Class I railroad and—in particular—that they supply their

own cars,” he says. “That really makes it easy for us.”

Victor and Cleveland-Cliffs also appreciate the significant investment CSS made at this facility in 2018. Until then, operations at the plant were conducted over a single track, resulting in cars sometimes filling the available storage space and conflicting with switching operations. To relieve this problem, CSS constructed a 2,000-foot second track with additional storage capacity for 32 cars. This created new flexibility to manage car movements efficiently.

Whenever the plant’s heavy shipments can be transported by rail, there are significant cost savings. Though there have been service issues with some railroads in the past two years, “we just don’t have problems when CSS is involved,” Victor says. “We are glad to have them as partner.” ♦

On Track for Double Track

The Northern Indiana Commuter Transportation District (NICTD) Double Track Project between Michigan City and Gary, Indiana is now well underway. The \$491 million project includes approximately 18 miles of new track within a 26-mile corridor of NICTD, and construction of new or improved passenger platforms, stations, and parking areas.

The project started in March 2022 and is forecast to go through mid-2024. Work began last year on the first 10 miles from the east end of Michigan City—between the city and Dune Park Station.

CSS leased two extra locomotives to assure service continuity during the construction.

Although NICTD has been busing passengers around these limits, CSS has continued operating trains in overnight



Photo by Mike Shore

Second track being added in Michigan City will improve both freight and passenger operations.

operations to allow for the largest possible construction windows.

The railroad and NICTD have coordinated several multiple-day outages since the beginning of this project to allow for the construction of culverts, realignment, and cutover of track segments through this area. Work will continue to move west from Dune Park to Gary.

“We have a very good working rela-

tionship with our passenger partner NICTD to minimize any disruptions for our freight customers,” said CSS Vice President Mike Shore. “It takes a lot of teamwork, but it will result in improved operations for both passenger and freight rail in Northern Indiana.” ♦

More information about the NICTD project is available online at:
www.doubletrack-nwi.com/construction



South Shore Transload Offers New Rail Shipping Access

Easy access to the North American rail network is now available at our South Shore Transload facility in Michigan City (<https://bit.ly/CSS-Transload>). Together with our experienced operator Precision Terminal Logistics (precisiontl.com/) we are ready to handle a wide range of bulk commodities.

"This facility is perfect for Southwest Michigan and Northwest Indiana shippers who need safe, efficient, and green transportation," says Director of Sales and Marketing Tony Kazakevicius.

The 10-acre site currently has capacity for 10 rail cars and is located just three miles from I-94 and US Route 12. Facilities include a newer truck scale as well as

upgraded water, power, and sewer services, with seven acres available for material storage and working space.

The site is ready for quick installation of a trailer or permanent office for use by customers or transloaders. It also allows access on both sides of the track for center beam lumber car loading/unloading. South Shore Transload is well suited to additional commodities, including: structural steel such as beams, pilings, and rebar; aggregates; stone; cement; other covered hopper materials; chemical products; and other non-hazardous liquids. ◆



New Life, Reliability for Locomotives

The upgrade program for 10 mainline GP38 locomotives continues this year, with four units scheduled for a "below deck" major refurbishment, including:

- Complete inspection
- Sandblasting of all metals, and replacement as necessary
- Replacement of flooring in cabs and lavatories
- Replacement of air compressors as necessary

This project follows an "above the deck" renewal five years ago and will further increase the lifespan and reliability of this workhorse fleet. The units are cycled into the shop one at a time, with completion of the fleet scheduled for 2024.

"These rebuilt locomotives will help us grow with our customers," says Vice President Mike Shore, who oversees the program. ◆

Continuous Investment Supports Safety, Customer Service

"Once again we have planned a robust capital program to keep the railroad in a very good state of repair to maximize safety and minimize service interruptions," says CSS President Todd Bjornstad.

This year's plan builds on our 2022 program which featured the replacement of 3,000 crossties between Michigan City and Kingsbury, along with State Route 4 and Park Street grade crossing upgrades, and the initiation of our locomotive rebuild program.

During 2023, we will install another 1,500 crossties and upgrade the Burnham Yard, as well as rebuild four locomotives.

Separately, we also have leased two additional locomotives to assure service continuity during the major Northern Indiana Commuter Transportation District (NICTD) track project.

Overall, CSS customers will continue to benefit from the excellent condition of our track and equipment. ◆



GAF in Michigan City Continued from Page 1

outdoor storage, supports GAF's efficient supply chain operations.

The expansion also has been a boon for Michigan City. Mayor Duane Parry was quoted in coverage of the opening in The Northwest Indiana Times, saying, "This is the future of Michigan City right here. We're glad to be a part of it."

Cost savings are an important factor when Bubb and his team select rail for

inbound or outbound shipments. At the same time, they know they can't risk customer dissatisfaction with unreliable logistics services.

"I've worked in supply chain management for most of my career," Bubb says, "In my experience, the people of CSS have distinguished themselves among the carriers—rail or truck—I've dealt with. When something out of the ordinary happens, we can rely on them to smooth out any issues."

He also appreciates the shipment visibility CSS provides.

"We get excellent inbound shipment reports, and once shipments are in our local area, they keep us informed about when we can expect delivery of the boxcar, hopper car, and tank car shipments we need to keep our production on schedule," he says.

Above all, Bubb looks to his carriers for safe operations.

"GAF is all about safety, and we know that CSS shares this value," he says.

Working closely together, GAF and CSS help Americans keep a roof over their heads. ◆



Our Focus on Safety is Non-Stop



Herman E. Crosson

CSS had another solid year of safety in 2022 as the railroad focused on employee well-being and safe, reliable service to customers.

"We had the lowest totals in our history for derailments and human-factor incidents," said President Todd Bjornstad. "We work hard on safety education and training every day and every shift."

Last year, CSS received the coveted Jake with Distinction Award for safety from the American Short Line and Regional Railroad Association (ASLRRRA). It was awarded for the railroad's safety record in 2021. ASLRRRA recognizes member railroads that perform better than the

Class II and III railroad industry average for injury frequency rate, as reported by the FRA during the calendar year.

"The railroad industry is safe, and getting safer," said ASLRRRA President Chuck Baker, when the most-recent awards were handed out. "Our short line members are doing their part to continue to drive those statistics in the right direction, placing safety above all competing priorities."

Oversight for safety training at CSS—and all Anacostia railroads—is now under the command of Herman E. Crosson, the new Anacostia Chief Safety and Compliance Officer.

Thomas Leopold, an industry leader who led a wide variety of safety initiatives over his 16 years with the company, retired at the end of 2022.

Crosson is focused on improving individual safety performance, safety action plans, regulatory compliance, training and education standards, and environmental performance.

He has 24 years of industry experience, most recently as a VP with Patriot Rail Company.

Additionally, he will continue as the South Carolina National Guard's 59th Troop Command, Brigade Commander. ♦



ARH Creates Advisory Board

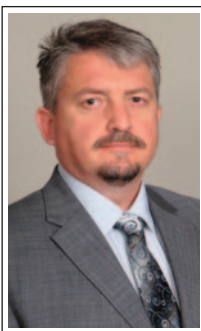
To assist the company in meeting its strategic objectives, Anacostia Rail Holdings (ARH) created an Advisory Board made up of individuals with extensive leadership experience in the railroad industry.

The members of the Advisory Board include:

- **Ronald L. Batory**—45 years of industry experience, most recently as the 14th Federal Railroad Administrator.
- **Rodney Case**—30 years of industry experience, most recently as lead partner in charge of operations on six continents for Oliver Wyman.
- **Andrew Fox**—50 years of industry experience, including serving as president of PHL, then CSS.
- **Dean H. Wise**—40 years of industry and consulting experience, most recently as vice president, network strategy, BNSF.

"We are privileged to have this talented group of railroad executives assist us in strategic thinking about rail safety, revenue growth, and technology," says President Peter Gilbertson. "They have diverse backgrounds and reputations as thought leaders." ♦

Business Magazine Highlights Kazakevicius



Tony Kazakevicius, CSS Director of Sales & Marketing, was among several transportation experts featured in a recent news article about the impact of large infrastructure projects underway in Northern Indiana.

"Indiana is a strategic location for many national and international companies—institutions that rely on transportation to move their products," said the article in Northwest Indiana Business Magazine. "Every year, 724 million tons of goods pass through

the state. That makes it the fifth busiest state for commercial freight in the nation. By 2040, that number is expected to grow by 60%, according to the Indiana Department of Transportation."

Kazakevicius told the magazine that the "great business climate" here—and Northwest Indiana's proximity to Chicago—make it an ideal location.

"The most encouraging thing has been, over the past couple of years, the amount of industry that is looking to move into Northwest Indiana—into our territory," he said.

The entire article is available at <https://bit.ly/3ZbXC8s>



MILESTONES

Congratulations to our employees for their service, especially those who celebrated the following accomplishments in the past year.

Anniversaries

35 Years

Brian Krueger, Conductor

25 Years

Dennis Eldridge, Trainmaster, DER

15 Years

Michael Steinhiser, Engineer

10 Years

Ryan Hochstein, Engineer
Donald Trent, Roadmaster

Retirement

Charles McLemore, Engineer (1980–2022)

New Hires

Eric Blankenmyer, *Customer Service Representative*

Sean Bloomquist, *Carman*

Andrew Chandler, *Train Service*

James Higgason, *Train Service*

Peter Oliver, *Director of Operations*

Jody Scalf, *Customer Service Representative*

New Arrivals

Robert & Tracey Novotny

Son, Remington, in February 2022

Jesus & Eleisah Hernandez

Daughter, Aura, in May 2022

Dalton & Rebecca Dabkowski

Daughter, Noelle, in June 2022



CSS is Committed to the Community

CSS has always supported the communities it serves—often through charitable donations and employee involvement.

Last September, CSS was a sponsor of the Staley Hope Run in New Carlisle, Indiana. The run honors former CSS employee Steven Staley and raises funds for mesothelioma awareness.

Staley was a military veteran and, every March, CSS donates to charities in his memory, including: Wounded Warrior Project; Homes for Our Troops; and the Gary Sinise Foundation.

Other community organizations that received support from CSS in 2022 include:

- Boys & Girls Clubs of LaPorte County
- City Life Center of Northwest Indiana
- LaPorte County Sheriff Department and K9 Unit Program
- Michiana Humane Society
- Town of Pines Fire Department
- Local organizations supporting Autism and Alzheimer's awareness



Go, Cubs, Go!

CSS hosted 84 employees and family members at our annual family baseball outing last July in South Bend to see the minor league Cubs play. A good time was had by all of our baseball fans and also by those who wanted to beat the heat at the ballpark splash pad.

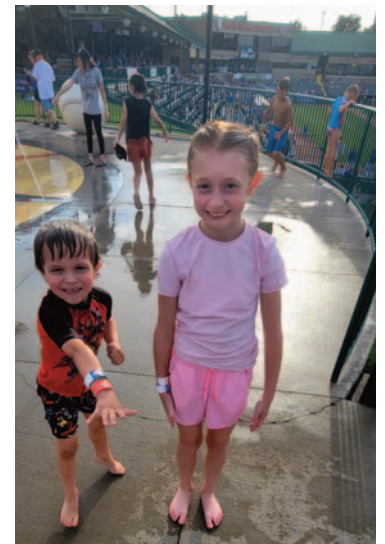


Photo courtesy of Mellisa Dodrill