

Spring 2018

# Lake State Railway

## 2018 Short Line of the Year

By Railway Age

The Turntable

**FROM THE PRESIDENT**  
*Awards*

**BUSINESS DEVELOPMENT**  
*Northern Subdivision*

**SAFETY**  
*Operation Lifesaver*







## From the President...

**T**HE first quarter of 2018 has given us many great things to be genuinely proud of. Lake State is honored to be the recipient of two Special Congressional Recognition

awards by Saginaw Future, Inc.; One for Economic Excellence in Community Investment and the other for Outstanding and Invaluable Service to the Community, both of which we are humbly honored to accept. In addition, we have been awarded the Short Line Marketing award by the American Short Line and Regional Railroad Association. These awards are more than enough to celebrate and be extremely proud of. However, the accolades don't end there as Lake State Railway was named the Short Line Railroad of the Year by Railway Age magazine. An incredible honor to say the least and a recognition we'd like to share with all those who work to make this company stand out.

First and foremost, I want to thank LSRC's employees for their hard work and dedication. These awards are a direct reflection of each and every person's efforts; Second, a hardy thank you to all of our customers for working with us to build a stronger company through additional business or improved service offerings; Third, to our connecting carriers, especially CSX for doing their part to ensure we are providing for the needs of our customers; Fourth, to our vendors, suppliers and contractors for helping us build LSRC into a company with a bright future; Last, but certainly not least, thank you to our owners for your trust and encouragement to build an exceptional company.

While we are elated about these awards and will celebrate with good reason, I can promise you that our path will not waiver and that all can expect to see a stronger, better and growing company in the years to come. As the famous artist Paul Calle titled one of his paintings "And Still Miles to Go", I

assure you that we will not rest on our laurels and achievements but will continue to go those extra miles to find ways to improve and grow, whether it be in employee training, infrastructure improvements, customer relations, marketing, or operations. Lake State is ready to



*And Still Miles to Go—Paul Calle*

### ***Lake State named Short Line Railroad of the Year—Railway Age***

push forward with our valuable and dedicated team.

I would like to take this opportunity to thank Kevin Mitrzyk for his 25 years of service with Lake State Railway. Kevin came to work for us in a rather surprising manner. In 1993, just 2 years out of college, Kevin was working for a CPA firm in Troy, MI and was looking to come back to the Tri-Cities to be closer to home and his fiancé'. As a result, he updated his resume and sent it around to some local CPA firms in the area. At that time, the Lake State CFO wanted to bring on another company accountant and decided to ask a CPA firm in Tawas if they had any resumes. They handed him Kevin's. A surprising phone call to Kevin and an interview later, Kevin was hired with Lake State as a staff accountant with no railroading background to speak of.

However, within 6 months of his hiring it was apparent he was a fast learner and was quickly promoted to Controller. Then in 2003, Kevin rightfully earned the title of Lake State Railway



**Kevin and his enormous cake**

Company's Chief Financial Officer. For the last 25 years, he has played an integral role in the tremendous growth and prosperity of this company and we are grateful for his loyalty, dedication and leadership.

**—John Rickoff**  
President & CEO



# Business Development

**A**S mentioned in John Rickoff’s article, we are very excited to receive recognition from Railway Age as the 2018 Short Line of the Year. The most gratifying aspect of this recognition is that the whole team had an impact on the award, whether it is new business from Marketing, great service from Transportation, improved track structure from MOW, responsiveness from the Administrative team, or equipment support and upgrades by Mechanical forces. Our team’s commitment to our customers has allowed the company to be recognized. A recent meeting with our largest customer in Alpena summed up how far we have come. They recalled 5 years ago that derailments on the Huron Sub were routine and very disruptive. The customer had to stuff old shirts into holes in the side of open top hoppers to prevent product loss. As a matter fact, one of my first calls from that customer five years ago was a request for ten cars that “would be able to hold fine aggregate without significant product loss.” We had to work hard to find ten cars out of three hundred available that would meet that criteria as many of the cars were built in the 1950’s. We have made proactive investments in the track structure and equipment, increased service frequency, and our customers have stepped up with new traffic. The fleet now is a purpose built aggregate fleet, the railroad is in better shape than it has been in decades, and the customers on our northern lines have increased volume over 135% over the last 5 years. One of the biggest areas of growth on the northern subdivisions is with forest products. In addition to the ARAUCO project and other newer customers in the Grayling area, we are excited to be loading outbound forest products for two new LSRC customers this month in Grayling and Gaylord. The new traffic is earning more market share from trucking, which reduces fuel consumption, is better for the environment, and ultimately a safer form of transportation.

Lake State continues to increase our presence in Northern Michigan. We recently purchased a new office building in Grayling, which will be an on-duty point for northern crews, 7 days per week along with a Trainmaster. We are excited about the increase in railroad resources going into the northern subdivisions, which will allow for even better service to our customers and more room for growth. The fundamentals which earned LSRC the Railway Age award will continue to improve the railroad for our customers and employees for years to come.

- **Mike Stickel**  
EVP & Chief Operating Officer



Progress continues on the Arauco track.



## UPCOMING EVENTS

Easter Sunday .....	04/01
Mother’s Day .....	05/13
Memorial Day .....	05/28
LSRC Family Loons.....	06/10
Flag Day.....	06/14
Father’s Day.....	06/17
Independence day .....	07/04





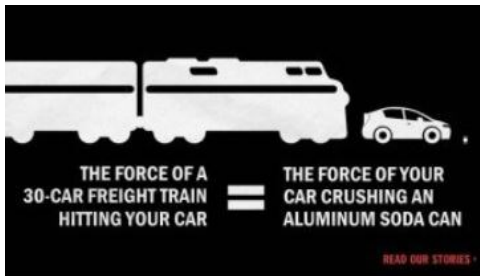
## RIP TRACK REPORT

LSRC has recognized the increased rate of growth and utilization of timber in Northern Michigan, and is proactively adding to the railcar fleet. In March, we purchased our first bulkhead flatcar with stanchions (side stakes), LSRC #3001, for the purpose of hauling logs and pulpwood. LSRC will be increasing this fleet as demand allows. However, acquiring such cars is not a simple task. With most of these cars having been produced in the 1970s, many do not have a carrying capacity exceeding 70 tons since railroads were hesitant to build new cars for a commodity that was perceived as marginal. Tracking cars down that have a carrying capacity of 90 tons or more has been challenging and making it even more difficult is ensuring that they have an adequate amount of stanchions for the purpose of carrying various lengths of logs ranging from 8 to 16



feet. LSRC's railcar repair shop, lead by Darrell Collins, has done a remarkable job of inspecting and preparing the #3001 for service. The work included general railcar inspection and repair work, fabrication of two additional stanchions to create a fourth log bunk, and adjustment of the existing stanchions. The work of Darrell and his team speaks greatly to the customer-focused effort, hard work, and dedication of LSRC employees on the RIP track.

-Sean Pengelly  
Engineer—Project & Development



### What happens when a train hits a vehicle?

A train hitting a car is like a car hitting a pop can - it's no contest.

Source: <https://oli.org/about-us/news/collisions-casulties>

## Customer Spotlight



Stella-Jones (SJ) is a leading producer and marketer of pressure treated wood products, operating thirty-seven wood treating plants, sixteen pole peeling facilities and a coal tar distillery across the United States and Canada.

With a workforce close to 1,900, Stella-Jones supplies North America's railroad operators with railway ties and timbers, and supplies utility poles to the continent's electrical utilities and telecommunication companies. SJ also provides residential lumber and customized services to retailers and wholesalers for outdoor applications, as well as industrial products which include marine and foundation pilings, construction timbers, wood for bridges and coal tar-based products.

Focused on the Environment, Stella-Jones has a quality control standard that begins before the raw wood is received for

treatment, ensuring timberlands and suppliers adhere to responsible forestry management while harvesting and reforestation measures are met within industry and jurisdiction guidelines. Stella-Jones is dedicated

to quality and a long-term sustainable renewable resource while protecting the environment and the health & safety of its employees.

Supplying over a quarter of the continent's demand for pressure treated rail crossties Stella-Jones is one of the market leaders and makes it not only a Lake State Railway customer, but a supplier as well. Stella-Jones and Lake State Railway work hand in hand to provide reliability of uninterrupted supply, low transport costs and short delivery times.

Lake State is proud to meet the transportation needs of Stella-Jones in Grayling, MI and look forward to working towards a bright future together.

- Shasta Duffey  
AVP of Sales & Marketing



# LSRC SAFETY REALLY COUNT



For many years now, Lake State has participated in an Operation Lifesaver event in Northern Michigan with the goal to help educate snowmobilers on train track and railroad crossing safety. The Michigan State Police, Operation Lifesaver and Lake State spend the day monitoring rail crossings on State-owned snowmobile trails which are clearly marked with a stop sign. Many snowmobilers mistakenly believe those stop signs are not

subject to the law, but like our roadways, it is against the law to run them and the violation is subject to a citation and fine. This year, we are happy to report that there were no citations given out. However, the conditions were such that there were not many snowmobilers out riding. We are still glad to see those that were riding were obeying the law and staying safe.



The Operation Lifesaver program is a non-profit organization that was started in 1972 to educate people on how to be safe near railroad tracks and crossings. Many people are not aware that most railroad tracks are private property and that it is considered trespassing and illegal to walk or stand on them. Compared to road traffic, trains seem to be infrequent, so there is a misconception that tracks are safe and many fail to use cau-

tion. Operation Lifesaver programs have played a role in reducing the number of train/motor vehicle collisions by 82% from 12,000 in 1972 to 2,065 in 2016 (FRA preliminary 2016 statistics) (see chart below from Operation Lifesaver's website).

When you see statistics like this, you realize the efforts put into safety programs pay off. Lake State is honored to participate in Operation Lifesaver events and we thank them for providing a safety platform to help all railroads educate the public on being safe around trains, tracks and crossings.

**-Michael O'Sullivan/DH**  
Safety & Training Manager

## CROSSING COLLISIONS & CASUALTIES BY YEAR

All Highway-Rail Incidents at Public and Private Crossings, 1981-2017

Source: Federal Railroad Administration

Updated 3/10/18

Year	Collisions	Fatalities	Injuries
1981	9,461	728	3,293
1982	7,932	607	2,637
1983	7,305	575	2,623
1984	7,456	649	2,910
1985	7,073	582	2,687
1986	6,513	616	2,458
1987	6,426	624	2,429
1988	6,617	689	2,589
1989	6,526	801	2,868
1990	5,715	698	2,407
1991	5,388	608	2,094
1992	4,910	579	1,975
1993	4,892	626	1,837
1994	4,979	615	1,961
1995	4,633	579	1,894
1996	4,257	488	1,610
1997	3,865	461	1,540
1998	3,508	431	1,303
1999	3,489	402	1,396
2000	3,502	425	1,219
2001	3,237	421	1,157
2002	3,077	357	999
2003	2,977	334	1,035
2004	3,077	372	1,092
2005	3,057	359	1,051
2006	2,936	369	1,070
2007	2,776	339	1,062
2008	2,429	290	992
2009	1,934	249	743
2010	2,051	260	887
2011	2,061	250	1,045
2012	1,985	230	974
2013	2,101	232	975
2014	2,296	262	871
2015	2,078	236	1,046
2016*	2,041	255	843
2017*	2,105	274	807

\*preliminary

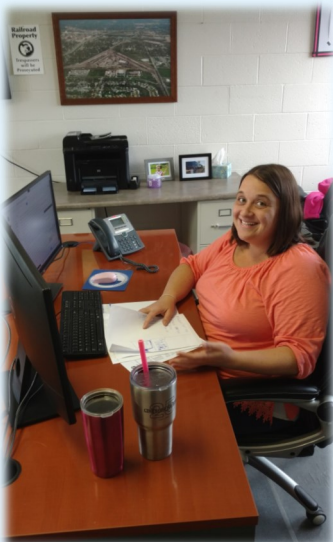
Source: <https://oli.org/about-us/news/collisions-casulties>



## Employee Spotlight

### Melissa Podgorski—Customer Service Representative

Meet Melissa Podgorski, LSRC's friendly Customer Service Representative. Melissa was born in Detroit, MI but was mainly raised in the West Branch area where she graduated from Ogemaw Heights High School. Melissa hired on with Lake State originally as a dispatcher over 4 years ago and is now our primary communication link between our valued customers and operations. She feels the most important aspect of her job is to ensure the customer gets what they need as quickly and efficiently as possible. Customer Service can be demanding in any industry and railroading, with its dynamic and ever-changing demands, can be especially challenging. Melissa, however, feels Lake State has the greatest customers who are always nice to work with, so she embraces the challenge of making sure they are taken care of in the best way possible. Her peers say she is polite and thorough and her sparkling personality is a perfect fit for her role in Customer Service.



Before Melissa came to work for Lake State, she was .....wait for it.....a trucker. Yes, our friendly Melissa worked with her husband Dennis as a truck driving team for many years, traveling around the country and visiting every State in the Continental U.S. They eventually decided to settle in one place and, lucky for us, it brought her here to Lake State. She and Dennis have been married for almost 10 years now and have a sweet 2-year old daughter named Amelia.

In their spare time, they enjoy being outdoors, family outings, going to the zoo and are avid campers. She did let it slip that she enjoys checking her work email while at home as well. Lake State isn't sure if they should applaud her for her loyal work ethic or scold her for taking her work home. ☺ In all seriousness, we are proud and honored to have such a helpful and dedicated star on our team.

—DH



### 2018 2nd Qtr Birthdays

Rick Krajniak .....	04/05
Joe Vongrey .....	04/07
Devin Kern .....	04/08
Brandan Pennington.....	04/15
Mike O'Sullivan .....	04/17
Kevin Filarski.....	04/18
Ken Suszek.....	04/21
Kris Kent .....	04/24
John Rickoff.....	04/28
Keith Jammer .....	05/05
Steven Johnson .....	05/09
Dan Heimberger .....	05/11
Kevin Klepser .....	05/15
Jack Laurin .....	05/18
Mike Stickel .....	06/02
Mike Rose .....	06/04
Scott Baker.....	06/06
Nate Beach.....	06/06
Ken Schramm .....	06/10
Troy Mott.....	06/13
Sean Pengelly .....	06/23
John Agnew .....	06/26
Amber Neumeyer.....	06/28
Rich Joles .....	06/29

### 2018 2nd Qtr Work Anniversaries

Brian Benson.....	19 Years
Scott Baker.....	17 Years
Rich Hanson .....	12 Years
Don Hasty .....	11 Years
Trista Wolgast .....	11 Years
John Agnew .....	11 Years
Nate Frasier .....	6 Years
Allen Gooch .....	6 Years
Kris Kent .....	6 Years
Mark Pennell.....	6 Years
Mark Eickholt.....	4 Years
Rich Joles .....	4 Years
Ralph Rogers.....	1 Year
Michael Davis.....	1 Year
Sean Pengelly.....	1 Year

## Rail Humor



## Congratulations

### Promotions:

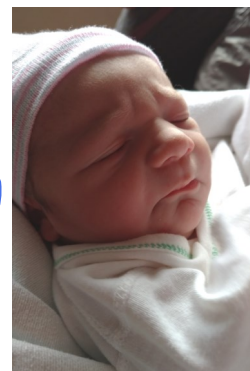
Rick Krajniak— Track Foreman  
Don Hasty—DSLE  
Michael Edwards—Conductor  
Dylan Wiggins—Conductor



### Meet Sweet Baby Ray IV

Congratulations to Ray Stomberski (MOW) and Alisa Hardy on the birth of their son Raymond Stomberski IV weighing in at 8 lbs. 12 oz. and 20 inches long.

It's a  
Boy!



## Welcome

All Aboard!!

*We want to give a warm welcome to our newest team members who joined Lake State January—March 2018. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to LSRC.*

**Tony Kolnowski** - 02/15/18 Track Laborer  
**Mike Ewing** - 03/12/18 Trainmaster

## Farewell

We bid farewell and Happy Retirement to Ed Krajniak who has been a valuable asset to Lake State Railway for over 19 years. Ed came to LSRC as a Track Foreman in our Maintenance of Way Department and after 45 years in the Railroad industry, he has finally decided it's time to hang up his steel-toed boots and orange vest for a more relaxed attire. We thank you, Ed, for your loyal and dedicated service to Lake State and wish you the best in the future. You will be missed.



### FUN FACT:

The prior owner of Lake State Railway's Mackinaw Subdivision (Michigan Central Railroad (MC) helped fund and build the Grand Hotel on Mackinac Island. MC was partial owner of the Grand Hotel, built in 1887, as a means to attract more passenger traffic on its line through Grayling and Gaylord to Mackinaw City.



## Lake State Railway Company

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Mailing Address Line 4  
Mailing Address Line 5

## News Spotlight

### **LAKE STATE RAILWAY AMONG 35 COMPANIES HONORED FOR OUTSTANDING ECONOMIC INVESTMENT**

[Saginawfuture.com](http://Saginawfuture.com)



“Saginaw Future honored 35 developments valued at nearly \$171 million that will create and retain more than 1,400 jobs in 2017. These projects represent significant growth in manufacturing and service industries and continued investment in communities throughout Saginaw County. “

[www.saginawfuture.com](http://www.saginawfuture.com)