

Spring 2020

Lake State Railway

The Turntable

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FROM THE PRESIDENT'S DESK
CRISI Grant

BUSINESS DEVELOPMENT
Covid-19 Response

ROUNDHOUSE REPORT
Structured Management

Photo Courtesy of John Quinley

From the President...



If you haven't heard by now, Lake State Railway Company (LSRC) was recently notified by the Federal Railroad Administration (FRA) that it has been awarded a second Consolidated Rail Infrastructure and Safety Improvement (CRISI) grant.

This second grant is very similar to the first CRISI grant we were awarded last year, in that it will provide for approximately thirty (30) miles of new continuous welded rail, a number of grade crossing improvements, significant tie replacement and the replacement of several switches. The main difference is that the primary focus of this grant is to make improvements to LSRC's Huron Subdivision which encompasses track between Pinconning and Alpena. Some additional work will occur on the Pinconning Subdivision between the towns of Linwood and Kawkawlin. This latest grant is significant in that upon its completion, LSRC will be able to bring the last segment of its system up to the industry standard of 286,000 lbs. gross weight per rail car from the current weight of 263,000 lbs. This will be a tremendous benefit to many of the current and future customers.

LSRC expects that all work under both grants will be completed in approximately five (5) years. The result will be near 60 miles of new continuous welded rail along with tie, switch, grade crossing and defect detectors. These improvements will be long lasting for shippers and LSRC.

To our many customers, communities along the tracks, economic development organizations, and Federal, State and Local politicians, we can't thank you enough for your letters of support. A very special thank you also goes out to the Michigan Department of Transportation whose partnership has been instrumental in the securing of both grants. A shout out to Bergman and Associates for their efforts in guiding and supporting our submittal to the FRA for both grants. Lastly, a sincere thank you to the team at LSRC, especially Sean Pengelly, along with Klemm Consulting and Engineering for their hard work and efforts each day.

Shifting gears to another current topic, COVID-19, LSRC has been busy working to ensure the safety of our

workforce, customers and business partners. Weeks ago LSRC worked quickly to establish protocols and provide information to our team to help them understand the seriousness and prepare to minimize the risk of exposure to this virus. We also established communications to our customers and business partners and have had numerous discussions regarding what actions LSRC has taken as well as learning what actions they have taken and will be taking. As of this writing, most LSRC customers continue to operate each with protocols to protect their employees, customers and business partners. We are all in this together as we work towards the common goal of first and foremost, staying healthy and to help minimize the global economic impact.

All of us here at LSRC hope and pray that each and everyone of you remains free of the COVID-19 virus.

**- John Rickoff
President & CEO**



Rail Train near Standish - Mackinaw Sub

This Spring started on a very optimistic course for Lake State Railway along with our national economy. However, the recent COVID-19 pandemic has presented an unprecedented challenge for our company, along with literally every other company in the country. First and foremost, the safety and health of our team is top priority. The onset of this pandemic went from close monitoring to a severe issue seemingly overnight and LSRC took many proactive steps to ensure a safe working environment for our employees and mitigate service disruptions to our customers during this pandemic. Some of the actions we have taken include placing all T&E personnel into two man teams, including extra board employees, to limit potential exposure to other team members. We also purchased water proof keyboards for all shared work stations and on duty locations along with liquid disinfectants so that thorough cleaning can take place between each use. Dispatchers complete shift turnovers over the phone instead of face to face, no crews are allowed in an on duty building at the same time, locomotives are cleaned daily, including a thorough cleaning when on the fuel pad. While we continually evaluate additional safety measures, our team of essential employees has taken the challenge head-on and continue to provide 24-7 needed service to our customers.



Lake State Railway's customer mix includes numerous chemical industries which produce products ranging from adhesives to Ziploc bags to inputs into the fight against COVID-19. Our agricultural customers provide black beans for Busch's Beans, wheat and flour for Post and Kellogg's cereal, feed ingredients for many of the major chicken producers, inputs for ethanol production, sugar for products ranging from Nesquik to cereal, organic grain for pet food producers among many other important products. We continue to haul millions of gallons of fuel for heating homes, paper products for medical grade applications and food grade packaging, fertilizers for farm production, coal for energy production, building products, and animal feed. We are proud to say our team has stepped-up, taking the responsibility for service seriously while keeping themselves safe and healthy.

Sadly, an unforeseen necessity in our national rail network has developed in the form of a tremendous quantity of idle assets. Our team in operations and engineering has been working to find creative ways to maximize rail car storage capacity for our customers. We have many long dormant rail yards as part of our inherited infrastructure that once provided vital support for Michigan's automotive industry. Many of these forgotten facilities have not had the weight of a steel wheel on them in decades, in some cases up to 25 years. However, the bones of a rail yard are still there and we are investing significant capital to provide much needed storage capacity. We expect shortly to have the capability to safely store nearly 5,000 railcars and knock the rust off the rails of our once busy automotive support yard.

- Mike Stickel
EVP & COO



Track work to expand storage capacity—Saginaw yard

LSRC SAFETY REALLY COUNT

Heck of a year so far, eh?!

In serious matters, we are working hard behind the scenes to try to get cleaning supplies arranged and stationed in the places everyone works. Sometimes that means managers trying to track down supplies themselves at stores all up and down our system. I just want everyone to know that we're competing with the general public when it comes to getting those supplies, and that comes with mixed results (like trying to find toilet paper). I know it's a stressful time for us all. Keep your managers informed if supplies are running short. As most everyone is aware, we are trying very hard to set up operations to keep people as separated as possible, and keep specific employees "lined up" together to minimize impact should any of us become ill. If you have any ideas on how to help the cause, do not hesitate to contact me or Brian Edwards with those ideas.

I'm reminded of an old Trainmaster from when I started railroading that was fond of the phrase *"...we are only as safe as the least safe among us."* That adage seems appropriate now more than ever. I know you do your part at work—I see it every day as I make my rounds. Whether that is maintaining "social distance" or wearing facemasks when in the truck with your co-worker; your work during this stressful time is noticed and appreciated. However, keep in mind that all of that good work is for naught if we don't follow those good practices at home or when we have to leave our homes for the necessities during this "shelter in place" time period. On the train, we're all in this together-literally!

In happier--but no less important--news, we have 2 new

conductor and 3 new engineer promotions to report. First, I'm proud to announce that Jim Brown, Jordan Norman and Kyle Reilly have all completed their requirements to attain FRA certification as locomotive engineers. I have often compared getting my engineer's license to becoming a journeyman. It's a skill that takes time to learn, and a lifetime to master. One of the things I enjoy most in my job is explaining some of the "art" of being an engineer during check rides. It's one of the main reasons I took this promotion to Road

Foreman—I want to teach the next generation how to run trains the same way I was taught. With skill, knowledge and problem solving "on the fly" it makes the job fun! I also want to take a moment and thank all of the current engineers that took the time to help train these coworkers. Your efforts make my job easier.

Secondly, I'm also pleased to welcome Travis VonGrey who recently joined the LSRC Transportation Department as a Certified Conductor. Travis (yes, that name should be familiar, as he is the son of veteran engineer Joe VonGrey) is a great addition to our growing team and already settling in to his assigned job.

Finally, I know I speak for the whole Safety Department when I say I know that these are challenging times, and we all have a lot on our minds dealing with this strange new daily reality. Try to leave that behind as best you can when you come to work.

To all the field workers out there, remember to take your time to do your

work the right way. Take the time to double check that tool, that switch, that padlock, that cutout valve, or whatever you use to do your job.

A careful check avoids a wreck!

-Ryan Krengel, Road Foreman of Engines

"A careful check avoids a wreck"



The first of the year has kicked off with many changes within the shop. In October of 2019, we started the movement towards a more structured management of repairs and preventative maintenance. As of March of 2020, we have fully implemented those changes within defined groups, to improve the quality and the utilization tailored to the talents of each technician within the shop.

First Group: Preventative Maintenance & Inspections

Mark Eickholt has taken lead of a very talented inspection/repair crew consisting of Chris Copp, Dan Heimberger and Ken Schramm. They are responsible for all the 92 day, 1-year and 3-year inspections (preventative maintenance). This would also include the annual in-depth block inspections that will set forth our preventive engine block maintenance as we move forward. They have also been responsible for minor upgrades and adjustments. You may have seen some of their work with the new heated automatic blow downs that are mounted behind the cabs. Along with insulation under the cab floors, this will help provide freeze protection of the air valves by removing moisture before it gets to the critical air components.



Second Group: Heavy Repair & Upgrades

This group is co-led by Tom Leaman and Travis Smith and will handle what was traditionally known in most shops as the “back shop”. They are the first two employees to attend our electrical class. The new overhead crane installed in October was for the purpose of heavy repair. On March 23rd, they started with the removal of two main generators. One from the 805 and the second from the 1162. They will be replaced with rebuilt generators that should last 30 years. I’m told these are the first generators changed out by Lake State Railway. In addition, they will be installing integrated camera and event recorders on two of our SD50’s, along with the much requested rear ditch lights. They will also perform our first in-house ZTR control system re-wire to the 800 engine.



Third Group: Daily Inspection and Running Repair

This group is led by Brendan Forrest with the freshly-trained group of Dustin Tomczak who came to Lake State in late February, and Travis Bishop. Travis had previously worked a short stint for another railroad but received his inspection qualities and good eye for defects at the Lake

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State car shop under the leadership of Darrell Collins. They will be responsible for seeing that quality is consistent as locomotives roll off the fuel pad. Their group will also be handling change out and upgrades of several “short nose relief facilities” (better known as the toilets). This will be done so



we can ensure the discharge pipes are plumbed correctly for better emptying. With the latest health issues, they are also our first line of defense against the coronavirus. Brendan's team has been busy with disinfecting the many surfaces inside and outside the cabs of the locomotives. When not busy on the fuel pad, they will supplement the other two groups as needed. In addition, Brendan will assist with repairs to our business train fleet.

These three groups all come under the leadership of one very busy man, our Superintendent of Mechanical, Jack Lau-

rin. I will continue with my assistance to Jack with development of policy, training and troubleshooting (in addition to repairs on the business car fleet).

We are now working directly with our Road Foreman of Engines, Ryan Kregel to get his input to help bridge that gap of understanding between the locomotive shop, and operations. Mr. Kregel has already attended our four day class of Federal Rules that cover a lot of overlapping regulations as it relates to operations and locomotives.

This April, I started working with the Fuel Pad group and the Inspection crew for 92 days on troubleshooting the handful of dynamic brake systems that are currently deactivated under federal regulations. After that we will start fine tuning the ones that are working, but need additional adjustments.

Thanks again for all those part time mechanics out there that help keep our fleet running. We have some great train crews out there that I have enjoyed troubleshooting issues with over the phone.

In addition, thanks to all those men listed above who are working hard to make our fleet more reliable. We are working hard to make sure they have the tools to succeed through education so they can continue to excel with their individual talents. My job is simple, teaching and watching them excel past my abilities. In some ways, they already are.

**-Be Safe,
W. Roger Fuehring
Chief Mechanical Officer**



A throwback to World War II that is still visible on the backside of the LSRC Roundhouse. How appropriate for the war footing that we are currently on against this virus.

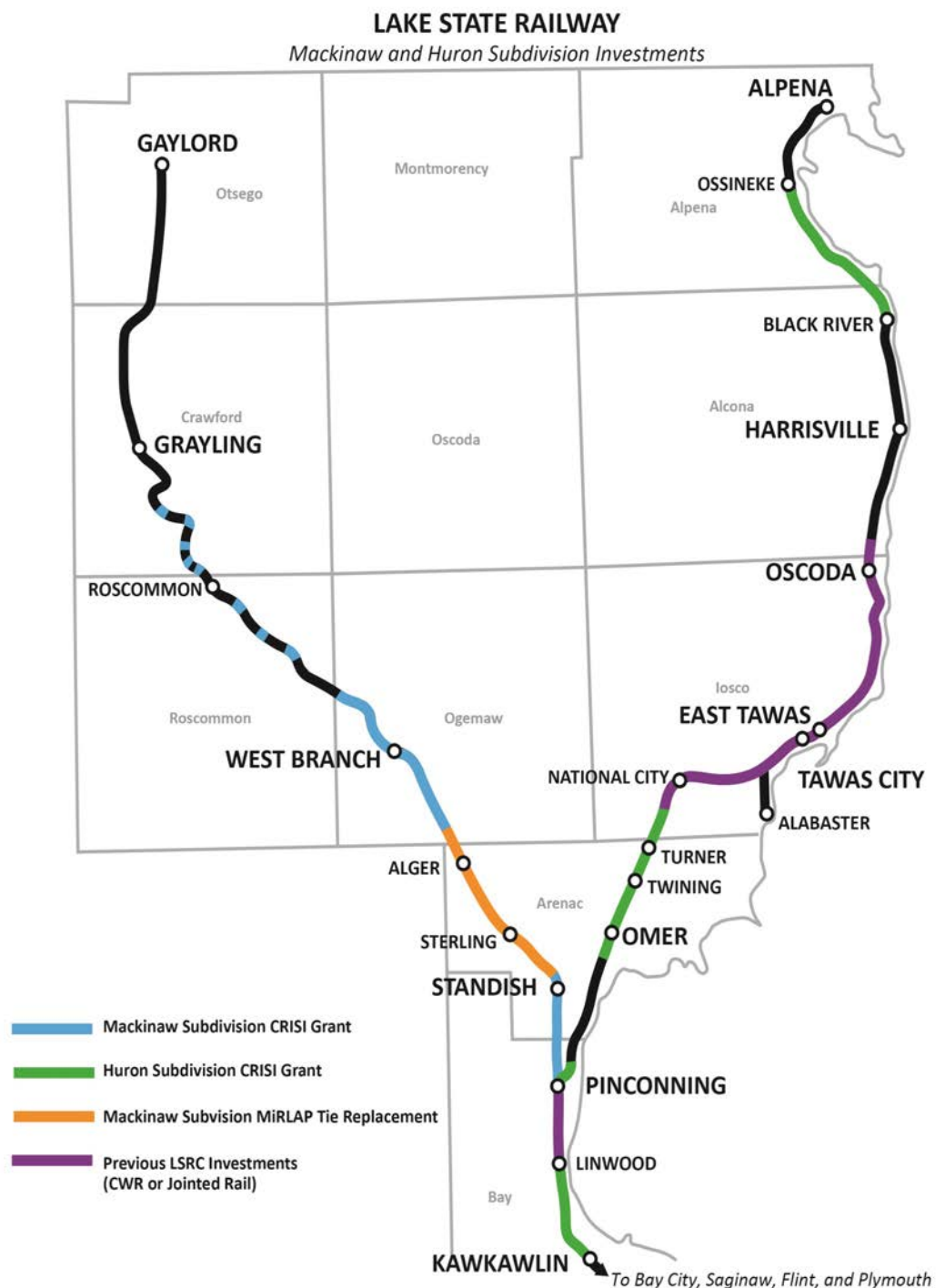
Capital Investments

Capital and maintenance projects on LSRC are off to a busy start at the beginning of 2020. The highlighted project that has commenced this spring is associated with the FY18 Consolidated Rail Infrastructure and Safety Improvement (CRISI) grant on the Mackinaw Subdivision. As of early April, two of the four continuous welded rail (CWR) trains for the project, each loaded with over 7.5 track-miles of 115 RE rail, have been unloaded and prepared for installation. Planning for the FY19 CRISI, which is a project in similar scope and magnitude focused on the Huron Subdivision, is well underway with the Grant Management team at the Federal Railroad Administration (FRA).

In addition to the CRISI grant projects, LSRC will be commencing production crosstie replacement on the Mackinaw Subdivision, which is assisted by MDOT's Michigan Rail Loan Assistance Program (MiRLAP) and includes the replacement of 10,000 crossties over nearly 16 miles. Furthermore, LSRC is undertaking a significant yard expansion project in Grayling. Two new yard tracks, totaling approximately 7,300-feet of new track space, will increase capacity in the Grayling terminal and allow for increased efficiency when switching the growing traffic.

Further south on the LSRC system, production crosstie replacement has commenced on the Bay City Subdivision. This project will replace 10,000 crossties over nearly 15 miles between Saginaw and Bay City. System-wide, grade crossing replacements will occur throughout the construction season and LSRC's Maintenance-of-Way department will be busily maintaining their territories. We appreciate the hard work from our MOW Department in getting these projects underway.

-- Sean Pengelly
Engineer – Projects & Development



**LSRC
hauling
windmills
for GE
Energy.**



WELCOME

On February 22nd, Lake State Railway welcomed State Representatives Annette Glenn and Rodney Wakeman along with LSRC customers Free-land Bean & Grain and Port Fisher for a rail inspection tour between Midland and Saginaw. Discussions commenced on the importance of freight rail to Mid-Michigan customers as part of the Michigan Transportation System.

Railroad History of Capital

There's no disputing that railroads built this country. The industrial revolution and western expansion made this country an economic super power in less than 120 years from its founding. Those early tracks laid down the foundational legacy of what would be known as the railroad model for the world in efficiency, and safety by the time World War II started. In 1939, railroads handled 333.44 million tons of freight, and by 1942 that had almost doubled to 637.99 million tons. There is no doubt that railroads are crucial to making our country stronger economically, and provide the most efficient land based logistics for our national defense.



The Rapid Decline:

After the war, railroads took off with new technology and advancements that had started prior to 1940. This included new diesel locomotives, radios and improved dispatching, however, 20 years later, the railroads started a rapid decline for various reasons. Our trains were running on turn-of-the-century (or older) rail and even older bridges. Onerous regulation, continued requirements to run non-profitable passenger trains and continued labor demands for tasks that were no longer needed based on automation, increased the downfall of the once proud railroad network in the United

States. By June of 1970, the Penn Central Railroad had entered into the largest bankruptcy to date. Many other railroads would follow. At one point, PC was losing 1 million dollars a day (\$6,816,286.47 today). Hurricane Agnes in 1972 expedited those losses during the bankruptcy. Railroads were becoming a thing of the past. Poor service was causing a shift to trucking by many industries, which would have a lasting effect on our Interstate Highway System, and safety for our families on those roads.

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Mike Rose - IT Support Manager

Here's the guy who keeps us all connected and working during this unprecedented time of quarantine as well as during normal business operations. W. Mike Rose is our own real life MacGyver who can tackle just about any IT related issue and beyond. Mike, better known around here as "Rose", started working for LSRC almost 2 1/2 years ago and it didn't take us long to wonder how we functioned without him. His job at Lake State involves implementing and managing all the IT infrastructure and operations across the whole LSRC railway and even though that in itself is more than a full-time job, he somehow seems to tackle and conquer many other projects that seem to always arise.

Rose was born in Dodge City, KS and moved to Saginaw where his parents were from, when he was 5. He went back to Kansas when he started college, but ended up returning to Saginaw in 2011 when he and his wife Stepheny were expecting their first child. Before coming to work for Lake State, Rose worked in just about everything, spending 5 years in retail and moving on to food and beverage where he spent a number of years bartending. He claims he learned to be an *"exemplary sandwich artist"*. I think he is going to have to prove that self-proclaimed title. While in food service Rose went back to college and ended up in IT. Before coming on board with Lake State, he spent the previous 8 years working for Dow Corning and Heiden Technology Solutions.

Rose and Stepheny (a neonatal nurse at Covenant Medical Center) have 2 energetic daughters, Emma-8 and Madison-6 who attend elementary in Saginaw Township. Rose enjoys teaching computers and technology to his kids especially during this time of quarantine. At the moment, they are learning to program in Python and are expecting some books to walk them through how to make computer programs for children. Their family has started 2 annual traditions: 1) Attending the spring open practice at the Big House, and 2) Cutting down their Christmas tree together the weekend following Thanksgiving.

Last summer, they moved their family into a new home where Rose enjoys working in their yard and spending time with his wife on some DIY home improvement projects.

When asked what he enjoys most about his job he replied, *"The company I work for is made up of a great group of people. I am a problem solver by nature and get to spend time working with people that help solve issues and answer questions that benefit the company and our customers. LSRC's culture is very adaptive in meeting the needs of our clients which lines up with how I feel about problem solving in Information Technology. Being adaptive is a necessity to coming up with solutions that make work easier, quicker and more rewarding."* I asked Rose if there was any other information about himself he would like to add and with his normal quick-wit he concluded with, *"Dear LSRC, all our fans and great customers: $9x-7i>3(3x-7u)!!$ ".* — 🤔 Smarty Pants.

In all seriousness, Mike has a great attitude, an incredible work ethic and is willing to go above and beyond to help keep LSRC functioning in this electronic and virtual era. We are really blessed to have such a gifted person on our team. His efforts cross over each and every department of Lake State and his coworkers have nothing but positive things to say.

"What a huge asset to our team. The man knows his stuff." - Kevin Mitrzyk

"Mike's efforts and can-do attitude are making a significant difference in LSRC's ability to utilize technology to a higher level." - John Rickoff

"In the short time that I've known Mr. Rose, you can tell he's a man devoted to his wife and girls. He approaches his job with that same energy and dedication. I am blessed to work with a man of such character." - Roger Fuehring.



Railroad History of Capital *continued...*

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Americas Railroad Renaissance

The Staggers Rail Act of 1980 began the process for a re-birth in the railroad industry. Without the deregulation that the 1980 rail act provided, much of the trackage that Lake State Railway operates on, would no longer exist. That would include most of the manufacturing along those lines, and the good paying jobs in those communities. One recent study in a neighboring state showed 2800 jobs created in just 23 miles of railroad that was to be torn out in 1976. By saving that railroad, along with the staggers act, they created an economic future for that area that has exceed all expectation over the last 40 plus years. That would include relocation of industries that would only relocate with rail service being available, regardless if they had plans to utilize rail service.

Just look north out of Bay City on Lake State Railway for similar examples. The growth at Grayling and other locations along our lines would have never been possible without deregulation. Continued investment with our own capital, CRISI Grants, State of Michigan funds and the extension of the 45G tax credit, will ensure the continued economic growth of the communities we serve.

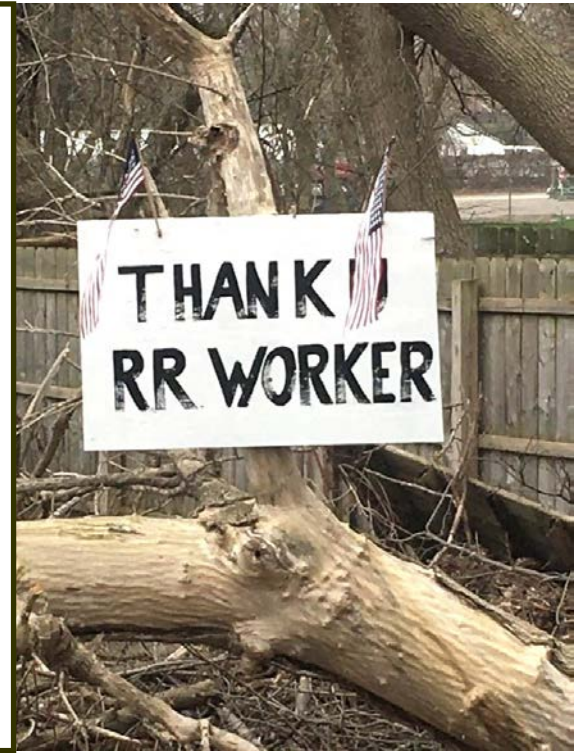
How well has the rest of the railroad industry done since 1980? Railroads poured \$685 billion of private capital into their infrastructure and equipment and now operate 140,000 privately owned track routes. Train accidents are down 76% and a rail shipper can move *close to more than twice the amount of goods for the same price as in 1980 (given the same dollar level)*. In addition to being safer and more affordable, we move products and goods in a more environmentally responsible manner than any other form of transportation.

So remember, we can only make our customers and employees successful if we can continue to move forward *without additional regulation*. In addition, *we need more support* for the permanent implementation of the 45G tax credit, known as the Brace Act of 2019. To find out more information about these issues and how you can help, check out the American Short Line and Regional Railroad Association website at aslr-a.org, and click on the advocacy tab.

Thank You and Be Safe.

-Roger Fuehring
Chief Mechanical Officer

A big shout out to our Facebook fans, friends and the person or persons who posted and shared this sign near our rail line in Clio, Michigan. We thank you for your support.



UPCOMING EVENTS

Admin. Prof. Day.....04/22
Cinco De Mayo.....05/05
National Day of Prayer05/07
Mother's Day05/10
Memorial Day05/25
D-Day.....06/06
Summer Solstice06/20
Father's Day.....06/21



Welcome Back

Welcome Back to Joshua Johnson who has returned from a year-long tour, proudly serving our country overseas with the United State Navy Seabees. We are happy to have you back and thank you for your service.

Welcome

We want to give a warm welcome to our newest team members who joined Lake State January-March, 2020. Welcome aboard! We look forward to all the great knowledge and workmanship you will bring to Lake State Railway.

Janine Denay—Administration
Andrew Einhardt— Car Shop
Tyler Haubenstricker—Car Shop
Nicholas Inman—Car Shop
John Inman—MOW
Dustin Tomczak—MOE
Travis VonGrey—Transportation
Thomas Wagner—Car Shop

Promotions

James Brown—Engineer
Jordan Norman—Engineer
Kyle Reilly—Engineer

Congratulations! LRSC thanks you for your commitment to Excellence in Transportation!

Team Building Tips

Working with Difficult People

The weakest person in a relationship will rule that relationship if the behavior continues. You will fall to the lowest denominator based on the poorest attitude within a team. It will control you through your emotions and pull down those of positive influence. Take the higher road. Do not react but detach from your initial emotions. Come along side and listen to them. Take time to mentor through encouragement and guidance. Hopefully, you will succeed together for the benefit of the individual, and the team.

Be the Difference

2020 2nd Qtr. Work Anniversaries

Brian Benson..... 21 years
Scott Baker 19 years
Richard Hanson..... 14 years
Donald Hasty 13 years
Trista Wolgast..... 13 years
John Agnew 13 years
Allen Gooch 8 years
Kristopher Kent..... 8 years
Mark Pennell 8 years
Mark Eikholt 6 years
Richard Joles 6 years
Ralph Rogers..... 3 years
Michael Davis 3 years
Sean Pengelly..... 3 years
Andrew Esseltine 2 years
Brendan Forrest 2 years
Philip Bailey 2 years
Travis Smith 2 years
Ethan Cumberlandge..... 1 year
Thomas Leaman 1 year
Nicholas Sweet 1 year
Brenda Dault..... 1 year
Riley Nunley..... 1 year
Jeffrey Denay 1 year
Devlyn Kallinowski 1 year

**Thank You to All
Lake State
Employees!
We
Value
Your
Commitment
And
Loyalty!**

Stay Safe!

“The Turntable” - Lake State Railway Company's official newsletter

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PLEASE
PLACE
STAMP
HERE



Mailing Address Line 1
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Mailing Address Line 4
Mailing Address Line 5

LSRC Conductor, Logan Schupp protects the shove as job Y101 interchanges with CN in Flint - Photo Courtesy of Drayton Blackgrove

