



RAILBLAZERS®

ALLTRANSTEK, LLC

RAILCAR FLEET MANAGEMENT AND CONSULTING

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1101 W. 31st Street, Suite 200

Downers Grove, IL 60515

Phone: (630) 325-9977

Fax: (630) 325-9978

E-mail: info@alltranstek.com

www.alltranstek.com



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ALLTRANSTEK TURNS 25

In 1994, AllTranstek's predecessor, AllTrans Management Services Corp, was founded by current AllTranstek president Jeff Wilson and his business partner. Fast forward 25 years to 2019, and AllTranstek is celebrating a quarter of a century of providing industry leading support services to the railcar industry.

In the early years in Hinsdale, IL AllTrans was busy building its team, developing its systems, and refining its fleet management offerings to shipper customers. As the managed fleet grew, so did the number of tank cars handled by AllTrans. AllTrans recognized the synergies between railcar fleet management and the highly technical demands of regulatory compliance required to support the tank car industry. It was this understanding of how the two worked hand-in-hand that lead AllTrans to identify an opportunity for growth.

In 2000, AllTrans merged with Transtek Solutions, an industry leading provider of technical and regulatory consulting to form AllTranstek, L.L.C. AllTranstek left Hinsdale for a larger location in Downers Grove, IL and today it serves as AllTranstek headquarters. In 2005, another opportunity for growth was realized when AllTranstek acquired RTMS, and added lease, mileage and equalization auditing capabilities to its growing list of services. AllTranstek welcomed this third team to its group, and a second location in Houston, TX. With all the tactical and technical pieces in place, AllTranstek set its sights on a new perspective of the rail industry, and in 2012, the acquisition of Advanced Rail Equipment Solutions (ARES) introduced the strategic services group, which rounded out AllTranstek's offerings. Over the past few years, AllTranstek has continued growing and now provides ad valorem tax services, fleet benchmarking, Right of Use lease accounting, and more.

The cornerstone of AllTranstek's business lies in railcar fleet management. A dedicated, hand-picked staff of professionals strive to fulfill customers' requirements and keep their operations running efficiently. AllTranstek currently manages over 275,000 railcars in North America. Fleet management services extend past maintenance management.

Today, technical services provides nondestructive testing, welding, special processes, engineering, regulatory compliance, and inspection services. Many team members maintain the recognized certification of Level III in one or more NDT methods, and the team provides support in all methods applicable to the railcar industry. AllTranstek's technical employees help influence change across the industry by leading or participating in committees such as AAR task forces, AWS committees, RSI QA Committee, and The Chlorine Institute. This active participation, combined with providing extensive and varied technical service, makes

1994

AllTrans founded

AllTranstek's predecessor provides fleet management services.



1999

Transtek formed

Transtek provided technical consulting services.



2000

Merge

AllTrans and Transtek merge to create AllTranstek.



2005

Acquisition

Rail Transportation Management Services (RTMS) introduces car accounting services.



2008

New service

AllTranstek introduces StencilWatch®.

2012

Acquisition

The acquisition of Advanced Rail Equipment Services (ARES) introduces strategic consulting services.



2016

MythBusters

AllTranstek appears on the popular TV show MythBusters.



2018

New service

AllTranstek introduces ad valorem tax & audit services.

2019

Anniversary

AllTranstek celebrates 25 years as an industry leader.



ALLTRANSTEK TURNS 25: CONTINUED

AllTranstek a key player in shaping the rail industry. In fact, one out of four tank cars in North America is now covered by AllTranstek's qualification and maintenance procedures. AllTranstek has also developed an industry leading platform to assist its customers in maintaining regulatory compliance for their tank car fleet called StencilWatch®.

The goal of the strategic services group is to help customers grow their businesses through methodical, data-driven analysis, tailored to each individual customer. The team is responsible for the industry's premier market forecasting guide, known as the Closer Look Series, and as a result of the recent Right of Use Lease Accounting rule changes, AllTranstek's strategic services group has introduced consulting services to assist many shipper customers adapt to the new world of lease accounting and rail fleet portfolio management.

AllTranstek promotes knowledge and learning for industry participants by hosting webinars and publishing the RailBlazers® newsletter. Additionally, AllTranstek fosters growth in the community, most recently by providing images from the 2016 MythBusters collaboration to National Geographic Learning for the publication of a middle school English Language Learning science textbook.

A common goal of constant improvement and providing the highest quality of customer satisfaction motivates all of AllTranstek's 100 plus employees. The team strives for excellence and adjusts practices to meet the individual needs of each customer. AllTranstek thanks every employee and customer, past and present, that has helped AllTranstek become the organization it is today. AllTranstek is grateful for its many loyal customers and looks forward to continuing to serve the rail industry for years to come.

Over the past 25 years, what began as a vision to provide superior,

customer-specific fleet management services (using at that time, the newly created internet platform) has evolved into a transformational company that I have been blessed and honored to lead. We have grown from four employees in a small Hinsdale, IL office to over 100 strong across North America. Through the years, AllTranstek has assisted hundreds of its customers by providing personalized service and utilizing proprietary systems designed to improve fleet efficiency and reduce costs. I'm proud that StencilWatch®, our signature tank car compliance program now supports 25% of all tank cars moving in North America. However, what truly sets AllTranstek apart from other service providers in the rail industry is our ability to create custom solutions that meet our customers' evolving needs. As we look to the future, we are very excited about expanding the depth and breadth of our technical services offerings. Just as we have done for the past 25 years, AllTranstek will continue developing innovative technologies and procedures to better serve the rail industry in the next quarter century. Adding value for our customers remains our top priority, and our experienced staff looks forward to delivering an exceptional customer experience.

*Jeff Wilson
President, AllTranstek*

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OT-5 UPDATE

A complete overhaul of Loading Authority OT-5 has been proposed by NAFCA in tandem with the AAR, resulting in an industry TAG that AllTranstek has been an active participant in. The proposed changes would streamline the process to remove data aspects that are out of scope and to streamline the process. The working name for the replacement program is OT-57.

The purpose of the update is to scale back extensive data entry, limit the amount of information captured, standardize the data and approval process, and alleviate problems experienced by the railroads which are currently caused by privately-owned fleets.

Two working groups were developed that joined Class I representatives with NAFCA members to develop solutions to existing pro-

cesses and to propose a path forward. These two groups met numerous times before reconvening in the higher-level TAG to combine input and findings and to develop a solution that, if approved, may be implemented and replace the OT-5 process in full by the end of 2019.

AllTranstek was honored to have the opportunity to host two of the face-to-face meetings for this initiative at the corporate office in Downers Grove, IL. We are excited for the potential to see this solution, which will universally make life easier for shippers, car owners, and railroads alike. AllTranstek will continue to be an active participant, and we will provide relevant updates as they become available.

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AD VALOREM TAX & AUDIT SERVICES

AllTranstek recently introduced ad valorem tax and audit services to respond to the growing demand for assistance in the highly specialized areas of monitoring tax code changes, ad valorem tax compliance, and assessment reviews. This new service is included in the Fleet Management department.

This service was created to assist clients with the growing complex-

ity of managing the financial reporting process for state and local taxing jurisdictions and improving cash flow.

The addition of these services allows AllTranstek to more effectively serve customers with all aspects of railcar fleet management. For more information, contact John Hoyt at hoyt@alltranstek.com.

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FLEETWATCH® RAE 2.0 - RAILROAD REPAIR BILL AUDITING ENHANCEMENTS

AllTranstek has recently enhanced its FleetWatch® RAE (Repair Audit Environment). In version 2.0 of this proprietary railroad repair auditing system, AllTranstek has incorporated over 150 new rules to the system and introduced a new level of efficiency for the auditors. The updated system evaluates and audits repair bills on three different levels, and the increased efficiency and data feeds allow our auditors a better opportunity to identify potential addi-

tional potential claims.

AllTranstek continually invests in systems at all levels to add functionality and to increase both efficiency and reliability. Our objective is to enable our clients to manage their railcar fleets responsibly, while leveraging best practices and reducing rail fleet management costs.

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RIGHT OF USE LEASE ACCOUNTING

As of January 1, 2019, new Right of Use Lease Accounting rules require publicly traded companies in North America to report railcars under operating leases on their corporate balance sheets. Private companies will follow suit on January 20, 2019. The “new world” of lease accounting moves away from FASB 13 and will affect 47% of the North American railcar fleet.

Compliance with the new rules is a lengthy process that can take 6-11 months to implement. With January 1 having already passed, it is urgent for companies who have not yet prepared for the changes to act quickly. During implementation, a massive amount of data must be accumulated. AllTranstek’s extensive maintenance and repair database is based on real market events, and can help companies achieve compliance and mitigate risks.

The changes will add \$7-10 billion to balance sheets across the U.S. There are opportunities for companies to reduce the ROU

impact on their balance sheets by carefully differentiating between the portion of a lease that is for maintenance and repair costs from the portion that is for finance costs. Only finance costs need to be used in the ROU calculation.

AllTranstek also provides lease portfolio analysis and lease strategy services. Railcar portfolios may have hidden risks that are unknown to lessees; AllTranstek helps to identify and eliminate these risks. Additionally, AllTranstek can guide clients in preparing for the future with lease term negotiations, lease vs. buy considerations, and lease agreements.

At the recent Midwest Association of Rail Shippers Winter Meeting, Senior Consultant Rob Hart delivered a presentation discussing ROU developments. For more information about ROU services, contact Rob Hart at hart@alltranstek.com.

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EMPLOYEE SPOTLIGHT

Jeff Wilson

President

Jeff brings industry knowledge and leadership to the AllTranstek team. In 1994, Jeff and his business partner founded AllTrans, a fleet management services company. Jeff was instrumental in the development of the proprietary fleet management platform, today known as FleetWatch®. Recognizing the synergies in Fleet Management and Technical Services, in 2000, Jeff championed the merger with Transtek Solutions, a Technical Consulting Services company, and AllTranstek was formed. The new company created a unique, independent service company to support the rail industry. Twenty-five years later, AllTranstek serves as the industry benchmark in comprehensive Fleet Management and Technical Consulting expertise.



E: jwilson@alltranstek.com

P: 630.829.9442

Diane Carr

Account Manager

One of AllTranstek’s original employees, Diane currently works as an account manager representing some of North America’s largest leasing companies. Diane is responsible for ongoing daily overview, administrative, and financial account management.

Prior to joining AllTranstek, Diane worked in sales, fleet management, and account management. Her varied background has allowed her to gain expertise in an array of business roles, including but not limited to negotiations and auditing, lessor/lessee interfacing, fleet sizing, and purchasing.

Diane holds two degrees from Syracuse University. AllTranstek thanks Diane for her 25 years of service.

E: carr@alltranstek.com

P: 630.829.9464



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2019 SCHEDULE OF EVENTS

APRIL

3-5: NEARS Spring Meeting

Baltimore, MD

3-5: Council of Forest Industries

Vancouver, BC

6-9: American Short line and Regional Railroad Association Connections Convention

Orlando, FL

8-11: The Chlorine Institute Meetings

Houston, TX

10-12: ELFA National Funding Conference

Chicago, IL

17-19: Tank Car Committee Spring Meeting

Denver, CO

MAY

6-9: Waste Expo

Las Vegas, NV

7: NAFCO Spring Meeting

Rosemont, IL

8: AAR Railroad Day on the Hill

Washington, D.C.

11-13: National Ethanol Conference

Orlando, FL

15-16: NARS Annual Meeting

San Antonio, TX

25-27: ELFA Equipment Management Conference

St. Petersburg, FL

27-28: SWARS Spring Meeting

San Antonio, FL

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WHAT'S NEW AT ALLTRANSTEK

Presentations & Publications

Webinar: Lease Abatements & Auditing

This webinar took place on February 20th and discussed lease abatement and auditing as they pertain to car accounting.

Presented by: D. Guzman and I. Balmaceda

Presentation: "The Challenges and Opportunities of the New Lease Accounting Rules"

This presentation took place on January 16th at the 2019 Winter MARS Meeting in Lombard, IL.

Presented by: R. Hart and R. Kloster

Publication: National Geographic Learning

National Geographic Learning Company, a Cengage Learning Company, features AllTranstek's 2016 collaboration with MythBusters in a science textbook to be released January 1, 2019.

Presentation: "The Challenges and Opportunities of the New Lease Accounting Rules"

This presentation will take place on January 16th at the Midwest Association of Rail Shippers (MARS) Winter Meeting in Lombard, IL.

Presented by: R. Kloster and R. Hart

Presentation: "Rail Car Counts"

This presentation took place on November 29th at RailTrends 2018 in New York City, NY.

Presented by: R. Kloster

Presentation: "Leased Assets; Balance Sheet Surprise & Contract Cost Pitfalls" - FASB Changes re Lease Assets

This presentation took place on October 4th at the fall SWARS Meeting.

Presented by: R. Kloster, J. Charaska

Closer Look Series

The annual Closer Look Series examines the current railcar market from multiple angles, analyzing trends in fleet size, age, ownership, segmentation, commodity traffic bases, new car deliveries, retirements, utilization, attrition, car surpluses, and much more. Reports are available as a series or as individual reports - Tank Car, Covered Hopper, Open Top Hopper, Gondola, Flat Car, and Box Car. Contact Helen Lile at hlile@frintel.com to purchase.

Submit your suggestions

We want to hear from you! Let us know your comments, questions, and suggestions by completing [this survey](#).

AllTranstek is

North America's largest railcar management and consulting company currently manages over 275,000 railcars. AllTranstek provides technical, operational, and strategic consulting services across the rail industry. No other company has the combination of institutional knowledge, innovation, and independence that characterizes AllTranstek. We cultivate strong relationships with clients because of our ability to creatively and flexibly tailor services of various sizes and scopes to each customer's individualized needs.

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