



RAILBLAZERS®

ALLTRANSTEK, LLC

RAILCAR FLEET MANAGEMENT AND CONSULTING

NOVEMBER 2018 | VOLUME 4 | ISSUE III

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EMBRACING CHANGE: “Change is the only constant” – Heraclitus

This article is provided by Matt Johnson, AllTranstek's Vice President of Client Services.

I have been working in the rail industry now for just over 22 years. I started in August of 1996 as an Industrial Engineer, which was my field of study at Purdue University. Though I did not know it when I was younger, Industrial Engineering has always been a part of my nature. Even as a little kid, I was inherently focused on efficiency and accuracy, and I have a low tolerance for unnecessary repetition and waste. My position at my former employer was well suited to me, and I was fortunate enough to employ my skills extensively. I would observe my co-workers across almost every department, and I would create solutions to increase their workflow capacity, their accuracy, and their ability to have more time to dedicate to tasks that they previously were not able to get to, but which required attention. Enacting this change was immensely satisfying. I liked the people I worked with, and there was innate reward in creating solutions that had obvious and almost immediate value, and which were appreciated. These changes were visibly for the better, and they made improvements that helped my co-workers and my company.

These changes were being implemented while workplaces across America were seeing a dramatic evolution in technology. E-mail was still relatively young and actively changing how people worked, and web-based applications for business to business and business to consumer were finding their footing. I was excited to be a part of several IT projects that were relatively groundbreaking as I moved to two other positions in the Engineering Group and finally to the IT department. Having the opportunity to not only see the workplace change and evolve, but to be engaged in it is an awesome experience which I have been ecstatic to continue at AllTranstek. Our company has almost quadrupled in size while our client base has grown to more than ten times the size it was when I started. We have scores of new services that meet the demands of the industry and our clients, and we've embraced a culture of continual improvement, which is something that can be hard to do no matter how much people may want it. I have gotten to watch the success of these changes as we are driven to meet the needs of the industry, surpassing milestones in size and service, such as how more than 20% of the tank cars in North America are now under the umbrella of AllTranstek's qualification and maintenance procedures. This, from a company that not all that long ago

kicked off with just two people and an idea, and now has more than 100 employees.

This newsletter is a fair example of a constant effort to improve. Prior issues of RailBlazers® were released and formatted in a manner that would be consistent with printed publications, but we're finding that most people now read them electronically instead of printing them out, and so we've updated the format to make this friendlier to read and navigate on screens of all shapes and sizes. We'd love to hear your thoughts on how this turned out.

There are numerous other changes that we're working towards here at AllTranstek. We are evolving our legacy FleetWatch2 platform into our FleetWatch Holos suite. We are gradually and mindfully releasing our OBI (Oracle Business Intelligence) platform to allow our clients to access their data independently more efficiently and with greater ease. At the same time, we are internalizing our Ad Valorem Tax Processing service, which will allow for increased efficiency and tremendously improved visibility for our clients. In addition, we are starting up numerous initiatives to address the growing demand for services such as benchmark data analyses, right of use lease accounting (which becomes mandatory in 2019), and numerous platforms and workflows to assist with the needs of repair facilities. In all cases our focus is on making a positive impact, because, as John Wooden said, “Although there is no progress without change, not all change is progress” (Wooden: A Lifetime of Observations and Reflections on and Off the Court, 1997).

Addressing changes driven by the industry, AllTranstek actively participated in the TCID migration from SIMS Professional Engineers over to Railinc, and we will continue to be active in this initiative into 2019 as we look at upgrades to this industry database. OT-5 and OTMA requirements are other industry databases that we continue to upgrade our systems to accommodate, and where we encourage the industry to continue to evolve to provide a better solution and a streamlined interface to a large-scale requirement. Here too we are active with organizations like NAFCA who are helping make pushes towards OT-5 reform (and colossal reform IS necessary). Proposed changes to Appendix B have been a hot topic in recent months, and AllTranstek has closely monitored developments in order to keep industry participants up-to-date on the status of the amendments. As Appendix B evolves, AllTranstek will continue to play an active role in disseminating vital information and assisting clients in achieving and maintaining compliance.

CHANGE: CONTINUED

While the rail industry is generally numerous years behind the technology curve for some very good reasons, those reasons are disappearing one at a time, and change is coming more and more rapidly, but that change needs to be guided so that it is productive, and embraced so that its benefits are realized.

While there have been exciting and revolutionary changes to technology in this industry, what strikes me lately is the turnover we are seeing within our clients' companies. We have seen a lot of staffing changes in this industry, and much of the time the people coming and going are names and faces we've seen before in other roles. In more recent years though we are seeing increased turnover in the form of retirement and new hires that are new and fresh to rail. Companies that I have been working with for 20 years now have staffs where the senior contact has only been there a year or two. There's a natural inclination to think of the long term relationship between our companies and of the positive relationships over time as well as all the services we have been able to provide. It can therefore be alienating when we realize that the new faces often are not aware of that history, and that the relationship we have is now, for all intents and purposes, new. Decades of hard work to please people who had become friends can all be reset overnight as staffing changes, and in the process, there must be consideration of what

the new personnel do and do not know.

While sometimes these changes take place quickly, in other instances they take place over time, and it's less apparent that a significant change has taken place. In these situations, it is the responsibility of both parties to ensure that they are aware of what the relationship is and what each is responsible for. On occasion our clients have new people in charge that we work with, and they see what our contract covers, but they do not recognize what their role in the workflow is. AllTranstek has an obligation to make sure that this is clear to the client, and the client is obligated in kind to understand and do their part. This requires a level of communication and education that is not trivial, and AllTranstek is striving to implement new levels to our client agreements that help facilitate this. Be watching for the changes we will be implementing to help relationships, new and old, throughout 2019.

There's a lot going on, and we're working to stay ahead of the curve and help keep you covered. Watch for our informational webinars, keep up with our quarterly newsletters, and always feel free to reach out to us if you have questions or if we can help in any way!

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APPENDIX B UPDATE

On May 1, 2018, the Association of American Railroads announced proposed changes to MSRP C-III (M-1002) Appendix B. AllTranstek reported on these potential changes in the June 2018 RailBlazers® newsletter and subsequently sought clarifications from the AAR on behalf of our customers and industry colleagues.

Since announcing the proposed changes, that would require additional certifications in the production of certain tank car components, several industry activities have begun.

- The AAR received 390 responses to the C-III Appendix proposal issued under CPC-1332. It was determined that these will be

reviewed by the AAR TCC instead of the Appendix B task force.

- RSI is currently working on a proposal for Product Certification standard for tank car components, which would create a standard to provide certified tank car facilities direction for working with sub-contracted components.

The planned implementation date for the changes to Appendix B is January 1, 2019. AllTranstek will continue to update readers on Appendix B developments in coming issues of RailBlazers®.

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LOADING AUTHORITY OT-5

Before a privately owned car can move on railway lines throughout North America, it must meet criteria set forth by the AAR's circular Loading Authority OT-5 Rules Governing Assignment of Report Marks and Mechanical Designations. This requirement seeks to ensure that all railcars operating in North America are safe and do not pose a threat to efficient operations. Railcar lessees are responsible for registering cars in the OT-5 system and confirming their cars are approved.

OT-5 is a paperless system that facilitates the submission and approval of Loading Authority applications. Applications can be rejected if they contain cars that have mechanical issues, incorrect information listed in UMLER, and inadequate storage space, just to name a few. While it has long been the rule that equipment be approved for loading, it is vitally important to comply going forward because the railroads are becoming more stringent on this policy. Owners and lessors of privately marked cars who do not file for approval find themselves receiving fines for such violations from certain railroad carriers.

AllTranstek manages OT-5 support on behalf of customers by submitting Letters of Authorization with Railinc and directing troubleshooting processes. Clients provide AllTranstek with pertinent details, such as car information, name of commodities carried, loading locations, and storage information and AllTranstek files for OT-5 authority, and AllTranstek handles the rest. From initial filings to application rejection resolution and progress monitoring, AllTranstek oversees the entire OT-5 process so that clients can avoid the costly penalties that may be incurred by non-compliance.

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CONGRESSMAN PETER ROSKAM VISITS ALLTRANSTEK

On August 22nd, Congressman Peter Roskam of the 6th Congressional District of Illinois visited AllTranstek's corporate office.

Downers Grove is represented by Congressman Roskam, who is completing his sixth term of service. Congressman Roskam is chair of the Ways & Means Health Subcommittee, sits on the Tax Policy Subcommittee, and previously led the Oversight Subcommittee. Some of his achievements while serving in Congress include IRS civil asset forfeiture reform and working with emerging democracies around the world as Chairman of the bipartisan House Democracy Partnership.

During his visit, the U.S. Representative discussed important issues in transportation with some of AllTranstek's senior management team before addressing the whole of AllTranstek's staff. Dur-

ing his address, Congressman Roskam discussed current topics in Washington, D.C., as well as the work he is doing to represent the community.

AllTranstek thanks Congressman Roskam, whose term ends January 2019, and his team for an informative meeting last summer, as well as for his service to the 6th Congressional District.



Pictured: Richard Kloster (AllTranstek), Congressman Peter Roskam, Jeff Wilson (AllTranstek), and Mike O'Malley (RSI)

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INDUSTRY FEATURE: RAILWAY SUPPLY INSTITUTE



The Railway Supply Institute (RSI) is the only all-inclusive trade association for railway suppliers in the United States. Representing over 200 companies, RSI acts on behalf of the smallest to the

largest suppliers to North American freight and passenger railroads. Industry segments include the mechanical, rolling stock, communications and signaling, maintenance of way and passenger industries.

The North American railroad system comprises over 1.5 million railcars drawn by more than 25,000 locomotives on more than 170,000 miles of rail. Every piece of this intricate puzzle was shaped and put into place by railroad suppliers for their railroad partners. We depend on railroads to move most of our freight efficiently and the railroads depend on the railway supply industry.

RSI works for its members to support, connect, and advocate for railway suppliers. The association connects members to their customers and partners through conferences, tradeshow, introductions, and industry events. In 2019, RSI, partnering with AREMA, REMSA and RSSI, will host Railway Interchange, the largest railway exhibition and technical conference in North America. The association also supports the growth and improvement of the rail industry through member committees that develop industry standards and assists members in the global marketplace.

RSI represents the industry during regulatory and legislative processes through lobbying and events such as Railroad Day on Capitol Hill, the industry's annual Congressional advocacy effort, held

in Washington, D.C. RSI and its member company representatives join other rail industry advocates from across the nation to share a unified vision for the railway industry with their members of Congress.

To demonstrate the power of the rail supply industry to stakeholders, members of Congress, and the federal administration, RSI launched an economic impact study to demonstrate the economic contribution that the rail supply industry makes in each state and nationwide. Study results were presented to Congress, the press, and the industry on September 26, 2018. RSI was joined by Representatives Jeff Denham (R-CA), Chair of the House Railroad, Pipelines & Hazardous Materials Subcommittee, Michael Capuano (MA-D), Ranking Member, House Railroad, Pipeline and Hazardous Materials Subcommittee and Dan Lipinski (D-IL).

Overall results indicated that the economic contribution of the railway supply industry in 2017 amounted to more than \$74.2 billion in GDP, as well as \$16.9 billion in taxes to local, state and federal governments. Workers in the industry are highly productive, and wages reflect this at \$78,800 annual income on average, placing them well above the median income earners in most states. The railway supply industry also supported more than 650,000 jobs in 2017.

Learn more about RSI and find more details about the economic impact study results on or after September 26 at www.rsiweb.org. For details on joining RSI, contact Maureen Markey at markey@rsiweb.org or 202-347-4664.

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2018 SCHEDULE OF EVENTS

NOVEMBER

29-30: RailTrends
New York, NY

DECEMBER

3-4: American Coal Council - Coal Trading
New York, NY

JANUARY

16-17: MARS Winter Meeting

Lombard, IL

21-23: NITL Summit

San Antonio, TX

22-24: Argus North American Crude Transportation Summit

Houston, TX

22-24: Quality Assurance Auditor and Industry Conference

New Orleans, LA

30-31: AWS TAC Meetings

Miami, FL

31-February 1: 17th Coaltrans USA

Miami, FL

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EMPLOYEE SPOTLIGHT

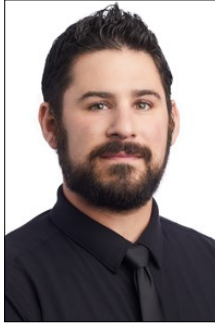
Chris Dinell

Supervisor, Data Management

Chris joined the AllTranstek team over 12 years ago, and during this time has worked in various roles across the company.

Currently, Chris leads AllTranstek's Data Management team. He manages and compiles maintenance data in support of data collection and analysis efforts, as well as overseeing TCID reporting for many of clients. He manages the loading and maintenance of our DHS system. Additionally, Chris supports several areas of AllTranstek's Technical Services team.

Chris holds a bachelor's degree from Purdue University Calumet.



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Frank Kubwimana

Engineer Tech

Frank joined AllTranstek in 2011 as a member of the Data Management team. During his time at AllTranstek, Frank's role has developed into his new position as Engineer Tech.

In his new role, Frank supports all AllTranstek departments. His primary responsibilities include working with the Engineering team to coordinate clients and fleet updates. He provides OTMA support, serves as a DHS (Document Hosting System) administrator, and oversees OT-5 handling.

Frank holds a bachelor's degree from Southern Illinois University. AllTranstek congratulates Frank on his latest promotion.



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WHAT'S NEW AT ALLTRANSTEK

Presentations & Publications

Presentation: "Rail Car Counts"

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

Presented by: 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: "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

Webinar Replay: ShopWatch

This presentation was broadcast live on Wednesday, October 10th.

Presented by: D. Ronzani

Webinar Replay: Rail Industry Ad Valorem Taxes

This presentation explored the history of rail industry taxes and explained the tax responsibilities of railcar fleet owners or operators.

Presented by: J. Hoyt

2018 Closer Look Series - Limited time offer!

The 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. *The 2018 reports will only be available through December 31, 2018.* 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 300,000 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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