

A message from our president

The carloading chart appearing in this issue of the newsletter graphically shows that we are experiencing a time of significantly reduced traffic levels. Regrettably, a reduction of forces affecting approximately 150 of our newer employees was necessary. Most of those employees were in train and engine service. Some have found positions on other railroads, yet that is small consolation for those who have not. On a more positive note, by planning and implementing various cost controls, I am pleased to say that 1998 continues to look like a good year financially for our company.

I want to compliment all MRL employees for your performance during this most difficult time. We are not accustomed to cutting jobs. Yet, in spite of this, our greatly improved safety record and current ranking of second place for the Harriman Award for Group C railroads is evidence of your professionalism and how you are doing. This is extremely encouraging. Working safely has so many benefits both for the individual and for the organization. Keep up the great effort!

While we have built our current business plan around our contract minimum for overhead traffic, the good news is that we are holding our own concerning business that we originate and terminate. The new Conoco Terminal is up and running in Missoula with two trains per day scheduled to Thompson Falls. Other new business includes the Mountain States asphalt

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► The Mountain States Materials asphalt plant near Pablo, MT, began operations on February 16 with the placing of the first six tank cars of asphalt. On hand for the occasion were, left to right, Marv Rehbein, Jr. of Mountain States, **Bob Bateman**, locomotive engineer on the Polson Local, **Mark Smith**, trainmaster, **Roy Reineke**, assistant engineer, and **Tom Coston**, marketing manager (see Newsbriefs for more information).



Newsbriefs

■ **Safety record update...**With the three months ending March 31, 1998, our rate per 200,000 man-hours stood at 0.83 compared with 2.84 for the same period in 1997. MRL ranked second in a field of 20 railroads comprising "Group C" (those under 4 million man-hours, but more than 250,000 annual man-hours worked). The Paducah & Louisville is No. 1 in the group with no reportable injuries.

■ **Gang 1953 sets a record...**The 41-man gang including supervisors and mechanics, installed a record 2,462 ties on May 14 in a two-mile stretch of track east of Livingston. This is work being done as a part of our \$12 million 1998 capital budget program that calls for installation of 80,000 cross ties, surfacing 269 miles of track, replacing curve rail, installation of a hot box detector at Winston, MT, replacement of a bridge with culverts, construction of a new yard office at the east end of Laurel Yard, acquisition of gondola cars, and rewiring and upgrading the brake systems on four locomotives.

■ **Artrain On Track...**Missoula, Livingston and Billings are scheduled stops for the *Artrain's* national tour in 1998. *Artrain* is the nation's only traveling art museum on a train. Its mission is to bring visual art exhibitions and programs directly to communities who do not have access to museums or collections. More than 2.5 million people from over 500 communities in 42 states have visited *Artrain* over the past 27 years. This year's tour features over 30 artworks from The Smithsonian Associates collection. The five car train will be in Missoula, June 23-28, Livingston, July 2-5 and Billings, July 9-12.

■ **Business news and views...**We welcome Mountain States Materials, Inc., as a new customer. They began receiving asphalt on their new track at Mile Post 27.6 west of Pablo, MT, on February 16. The company is a division of Riverside Contracting, Inc., based in Missoula. Dwayne Rehbein, Riverside president, worked with MRL to develop this business. They expect to handle approximately 300 cars this year (see photo on this page).

The departure on April 6 of train U MISPIP4 06 from Missoula to Thompson Falls, MT, with 31 tank cars of fuel, marked the opening of the new Yellowstone Pipeline rail terminal in Missoula. The facility has three tracks and is capable of loading more than 50 cars per day. The two-trains-per-day operation began April 13. Conoco purchased 150 30,000-gallon tank cars for this service. MRL was lauded for being a good business partner in this project by Sharon Simpson, Conoco's director of corporate traffic. She did this in a presentation entitled *Almost a Pipeline* at the Escalation Consultants Seminar in Tampa, FL, in April. MRL is bridging a gap in their pipeline created when the lease

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through the Flathead Indian Reservation was terminated two years ago. Until April, the shipments were made from their Helena Terminal or directly from the refineries in Billings, MT.

■ **Leading the way...**Delta leadership classes are off to a great start in 1998 as a result of requests for continued leadership training made through the Attitude Survey program. Delta I and II classes were held in February at the Missoula Training Center. More than 130 people experienced Delta III training in April and May. Delta III offers a new approach by using Delta skills in conjunction with results from the employee attitude survey and the Meyers-Briggs Type Indicator report. Information developed at the sessions is being presented to senior management. Additional sessions are planned throughout the year. Delta provides enhanced leadership skills for the continued growth and development of MRL employees.

■ **Seeing Montana by rail...**On May 30, the fourth season for excursion trains operated by Rail Views, LLC, gets underway with the *Northern Parks Limited* making the first leg of five trips between Paradise and Livingston. Starting July 10, *Montana Rockies Rail Tours* will make weekly round trips from Sandpoint, ID, and Livingston, MT. The *Northern Parks* series will make two round trips in September to wind up the season. Under a special agreement with the BLE, the train crew is assigned allowing them to cover all of the train's route. **Charles Lunde**, engineer, and **Bob Estes**, assistant engineer, bid the assignment. **Randy Jensen** has been appointed trainmaster to oversee this operation. For more information, contact Rail Views at 800-519-RAIL, or visit their web site at <http://keokee.com/railtour> or e-mail: mtrail@netw.com.

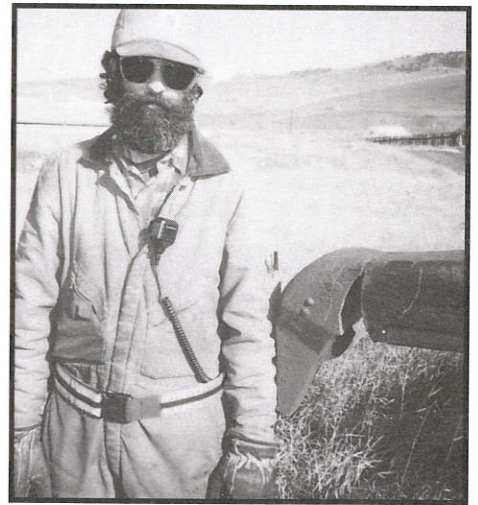
■ **Portuguese spoken here...**MRL is teaming up with TECFER, a Brazilian locomotive service engineering firm, and Hatch & Kirk, a Seattle-based supplier of locomotive parts and components, to provide technical services for the MRS Logistica Railway in Brazil starting June 2. The program is designed to reduce the railroad's costs by increasing the reliability and productivity of its motive power and shops. A group of MRL mechanical department personnel was formed to accomplish the task. **Joe Richardson**, assistant chief mechanical officer, **Bill Brown**, manager projects - locomotive, **Dave Perkins**, manager electrical projects, **Kevin Albrecht**, general mechanical foreman, and **Larry Rehmer**, mechanical foreman, make up the team that will travel on a rotating basis to Barra de Paris, Brazil (about 100 miles inland from Rio de Janeiro). **Van Blakely**, director of purchasing and materials, and **Trish Anderson**, purchasing manager, will oversee buying locomotive parts for this project. The one-year agreement is valued at \$204,000, in addition to the parts.

■ **Critical incident support...**As a means of creating an environment of care and support for employees and their families following a traumatic incident (highway grade crossing accidents, as an example), Human Resources has established a team of people who have experienced catastrophic events. **Marty Rau** of the safety department is serving as team leader with nine other employees who have received special peer support training. When needed, any of the team members can be called upon to assist.

■ **Railroad Liability Seminar...**The Fifth Annual Regional Railroad Liability Seminar is set for July 30-31 at Big Sky Resort at Big Sky, MT, sponsored by MRL, American Short Line and Regional Railroad Association, Wisconsin Central, and Oppenheimer, Wolff, & Donnelly, a law firm. The two day program covers operations and legal situations for supervisors and their responsibilities with focus on accident investigation techniques and catastrophe planning.

■ **Profit sharing...**MRL employees received their share of the 1997 profits amounting to 9.182% of their qualifying wages in checks issued on March 11. The total profit sharing paid for 1997 was \$4,293,242, the third highest amount ever.

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▲ Missoula yard carman **John Sturm** poses with a cracked sideframe he found recently on a Pasco - Laurel train. Great work, John!

In Memoriam

TIMOTHY KEVIN DWYER
1957-1998

a switchman at Missoula, died on April 30 at his home. Mr. Dwyer had been with the company since November 1987. His death is a tragedy felt throughout the MRL organization. Our heartfelt condolences go to his wife and family.



The 1999 edition of the "Rail Link" calendar will feature photos representing the three railroads operating under the umbrella of the Washington group of companies (IMRL, MRL and SRY). Anyone is welcome to submit photos and MRL will pay \$200 for each one selected for the calendar. MRL images should be submitted to Milt Clark c/o MRL Marketing Dept. by August 1. Entry forms are available at the work locations and will be included with paychecks. Questions? Call 406-523-1437.

Keeping Track

R. Dirk Cloninger to controller, a new position, effective December 1, 1997. Mr. Cloninger comes to us from Envirocon where he was controller.

Kevin L. Washington to manager business development, a new position, effective January 1.

Thomas M. Hower to manager of train services, a new position, from customer service representative, effective January 5. Mr. Hower's responsibilities includes handling clearances of dimensional and overweight shipments for IMRL.

James M. Watkins to assistant director train movement from manager train movement, effective January 5. Mr. Watkins supervises train dispatching activities for IMRL.

Jacquie Duhamel to director claims from manager benefits and claims, effective January 30.

Bruce T. Diettert to assistant director revenue accounting, effective March 9. Mr. Diettert comes to us from Davis Transport in Missoula where he was controller. He is a 1984 graduate of the University of Montana and holds a degree in accounting.

David J. Pope to assistant roadmaster with headquarters at Thompson Falls, MT, from the Bridge & Building Department, effective April 7. ●

Message (from page 1)

plant near Pablo and a strong season for cement shipments is already underway.

I thank all employees for the hard work being done. I urge you to stay focused on the job you have to do by working safely and handling customers' freight carefully. In the long run, our company will be strengthened and our future will become more secure because of your truly exemplary response to today's challenge. ●

Bill Brodsky

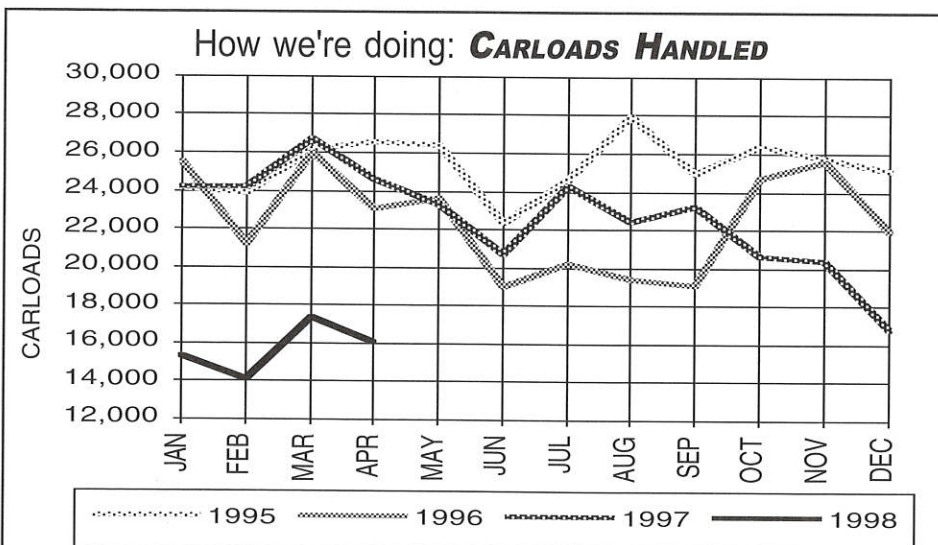


◀ One of 103 mill gondolas MRL has acquired from Trinity Industries. Originally built as coal gondolas for Detroit Edison, they were shopped in Springfield, MO, to have the sides cut down and new top cords applied. The cars are 47' inside length, 6' 1" inside height, 2800 cubic feet, 286,000 gross weight on rail. MRL will use 12 of these cars for scrap loading and the balance are being used on IMRL, primarily for steel. (see Newsbriefs for more information on new equipment).

Newsbriefs (from page 2)

■ **New equipment...**MRL is leasing 50 new gondolas numbered MRL 41050-41099 to replace cars in the series 41000-41049 that developed problems with the side-posts separating from the side sheets. The new cars were built by Trinity Industries in Greenville, PA, and are 52'6" inside length, 5'6" inside height, 2743 cubic feet, 286,000 gross weight on rail. Our box car fleet is being bolstered with the addition of 77 plate "C" 50'6" box cars (ex-RBOX) that we are leasing from the David J. Joseph Company. The cars will be numbered MRL 21600 through 21676. Also recently acquired, are 103 mill gondolas (see photo and information above). Also new to our line are 28 60' compartmentizer cars, series 8000-8026, assigned to Luzenac America for talc loading at Three Forks and Sappington, MT.

■ **Washington Foundation...**Established in 1989 as a means of providing financial assistance to worthy causes, the Dennis and Phyllis Washington Charitable Foundation has donated more than \$2.3 million dollars to more than 700 recipients. Grant applications are reviewed by the Grants Committee. Dorn Parkinson, Bill Brodsky, Helen Miller, Brian Sheridan, Russ Ritter, Kevin Washington and Phyllis Washington serve as directors. The foundation is funded by contributions from the various Washington group of companies. ●

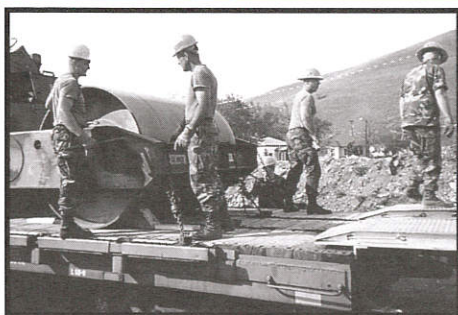


Through four months ending April 30, 1998, MRL handled 62,896 revenue carloads, down 36,919 cars or 36.9% compared to the same period of 1997. Traffic that we bridge declined by 35,381 cars or 49.49% reflecting traffic being routed around MRL by BNSF, and general economic conditions affecting business moving to and from the Pacific Northwest, including export grains. Traffic that MRL originates and terminates continued to hold its own. It shows a slight decrease of 264 cars or 1.07% to 26,791 carloads for the period due to unfavorable wheat market conditions, and a slower than anticipated switchover from the Helena to Missoula pipeline terminals resulting in reduced shipments of fuel. Continued shortages of box cars and centerbeam flat cars for movement of forest products also had a dampening effect on this traffic.



▲ Logging 30 person-miles, the MRL March of Dimes Walk America team, pictured here, Cheryl Howe Moore, Mary Semmens, Chuck Anderson, Cathy Richardson, Lynda Frost and Kim Leary (front), generated \$1,688 or 14.6% of the total funds raised on the walk held May 2 in Missoula. Will Anderson photo.

► More than 30 Livingston Mechanical Shop employees and their families volunteered their time to pick up litter in the Livingston area. Pictured here, left to right, Elmer Lieu (organizer for the event), Dale Perkins, Tyson Fuller and Mike Donahue are at work along U.S. 89 on May 5. Larkin Vonalt photo.



▲ Troops of the 379th Engineer Battalion of the U.S. Army Reserve loading one of a 13 car shipment of military impedimenta at Missoula, MT, on May 2. They were off to Camp Roberts in California for exercises. Planning and coordination by the battalion officers and MRL mechanical and operating departments helped the move go smoothly. Dennis Eggers photo.



◀ A crash! Mock, that is, staged by MRL and Operation Lifesaver at Helena, MT on April 23 to dramatize what can happen to drivers who try and outrun a train. Officer Dave Jeseritz of the Helena Police Department and an OL presenter, coordinated the event. Participants included Helena area medical and emergency responders and law enforcement officials. Drama students from the Helena High School acted as crash victims.

Dates of Interest

May 23 thru September 27

• Rails Across the Rockies
Exhibit at Livingston Depot Center
(406-222-2300 for more information)

Saturday, June 27

Missoula Area Golf Outing

Artrain

Missoula: June 23-28

Livingston: July 2-5

Billings: July 9-12

(see Newsbriefs for more information)

Saturday, August 22

Missoula Area Picnic

Friday, August 28

Laurel Area Golf Outing




MRL News needs you!


We can use information and photos of activities in your work area.

Call Milt Clark at 523-1437 or e-mail:
mclark@montanarail.com

Tammy Brown, Jodi Christensen, Afton Dupuis, Bev Gunderson, Jay Lentzner, Jeanne Hay, Kim Leary and Mary Semmens
all helped with this issue.

Thank you!


PRINTED ON RECYCLED PAPER
May 30, 1998
No. 37 • First & Second Quarters 1998


 Member
 Association of
 Railway Communicators

R. Milton Clark, Editor

BULK RATE
 U.S. POSTAGE
 PAID
 PERMIT No. 151
 GREAT FALLS, MONT.

Post Office Box 8779
Missoula, Montana 59807

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