



Connections

The Quarterly Newsletter of The Belt Railway Company of Chicago

Inside CONNECTIONS

"It takes a special kind of relationship with a railroad to compete head to head with trucking."

— Dean Hansen, co-founder of Nexus Distribution Corp.

- **Page 2**
President's letter; Ballast + rails + crossties = BRC
- **Page 3**
Interline initiative strengthens Chicago; Belt completes two important bridge construction projects
- **Page 4**
A 14-hour track marathon

Scanning the Horizon

The Belt helps Nexus launch a new bar code warehousing system

In 1980 Dean Hansen, co-founder of Nexus Distribution Corp. with his brother Will Hansen, opened a public warehouse with a new idea. Another new company, Conat Corp., was pioneering bar code technology using decentralized computers. These two companies planned to develop and showcase this new warehouse technology as a partnership effort.

Hansen had found a potential customer by making phone calls from home. The companies leased 30,000 square feet of space, went online, and opened for business in July 1980. Unfortunately, no customers arrived.

Three months later, as Hansen was about to lock the doors permanently, he saw a truck backing into the dock. Hansen ran out to tell the driver that he was at the wrong warehouse, but the driver's paperwork indicated that he was at the right place ... Nexus' first customer!

The bar code idea lay in waiting for almost five years until it became mandatory for all companies selling product to the government to have bar code labels on their product. The paper industry rushed to develop this capability. For Nexus it was a natural fit.

Don Ball from Mead Corporation visited Nexus' ware-



Trucks from Nexus advertise that they are "the vital link in the logistics chain."

house. He wanted to ship paper by rail from his mill and truck it to valued customers in Chicago, but he could not convince Mead's customers that it could be done in a timely, damage-free manner.

Nexus proved that it could. "It takes a special kind of relationship with a railroad to compete head to head with trucking in order to provide the type of service and gain the confidence of a mill like Mead, which has been rated highest in customer service," said Hansen.

In the early days, Nexus received about 12 cars per month and had a delivery radius of 50 miles. Now it receives up to 300 cars monthly and makes deliveries for Mead throughout the eastern half of the United States.

"The Belt Railway of Chicago has played an intricate part in understanding the demands of this market and stepping up to the plate with us in the part-

nership," said Hansen. "Even though the Belt is the busiest switching yard in the country, we still get our cars delivered to our industry site in a timely fashion—usually on the same day they arrive in Chicago. Special consideration for hot cars is always given priority by committed employees like the Belt's Bonita Strand. There is definitely a sense of urgency in our business, especially when downtime on a printing press can cost as much as \$800 per hour."

Nexus now operates four warehouses in the Chicago area, two in Atlanta, and one in Allentown, Pa. Nexus' dedication to its customers has created a tremendous demand for its services. Dean and Will can still be seen unloading roll stock from railcars and making emergency Sunday deliveries. This customer dedication is shared by the Belt Railway, which is probably why Nexus and the Belt work so well together.

President's Letter

My Fellow BRC Associates:

Belt Railway employees have continued to improve upon their achievements during 1996. Their improvements in the key focus areas of safety and service have strengthened our overall operations.

Our safety records show a 7 percent reduction in employee injuries and a 24 percent reduction in total lost time work days, compared to the previous year. Both these improvements can be attributed to the ongoing Belt employee theme of maintaining a positive attitude, constant awareness of surroundings, and a thorough understanding of all communications.

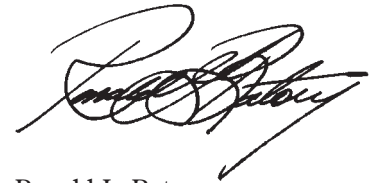
Our service performance also shows gains. The average cycle time required to handle a freight car from arrival to departure through the Clearing Yards complex was reduced another 3 percent during 1996. This achievement contributed 16,374 freight car days to both our railroad and industry customers, thereby making more freight car equipment available for other revenue loading.

Our challenges for 1997 will not change. We will strive for "0" injuries to ensure the well-being and full availability of our dedicated and experienced workforce. In addition, we must continue to maximize the use of operating assets to fur-

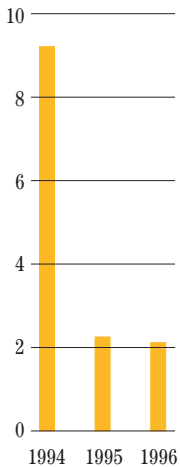
ther reduce our time in the handling of freight cars.

The ongoing success of making continuous improvements in both safety and service depends on our collective attitude. If we maintain a positive attitude toward our work and the goals of safety and service, then our actions and words will be clearly conveyed to all others.

Very truly yours,



Ronald L. Batory
President



Improvements in Safety at the Belt: The number of reportable employee injuries per 200,000 man hours has dropped dramatically since 1994.

Ballast + Rails + Crossties = BRC

During 1995, the Belt Railway Company of Chicago made a commitment to capacity expansion. This critical need was going to be satisfied through ongoing improvement of transportation processes.

Today, the rail industry patronizing the Chicago Gateway has enjoyed the fulfillment of the commitment. This strategy of maximizing the use of existing assets has been complemented with the simultaneous strengthening of them in order to meet the continual challenge of both innovation and demonstrated improvement.

The physical assets of the Belt are the daily tools of its employees. These tools must be regularly improved so as to

ensure the committed service product. Capital investment projects commonly include track, signals, bridges, buildings, equipment, vehicles, and the like. These assets are extremely important to the Belt because, in general, the Belt derives nearly all its profits from the use of its capital investments. These assets represent a very large complement of resources, and the funds usually remain invested over a long period of time.

In the past two years, the Belt reinvested \$15,673,000 in its property, with nearly 92 percent going to physical plant improvements. In 1997, Belt employees will lay more than 20 track miles of rail. In addition, they have scheduled 56 turnouts for replacement,

along with 24,000 crossties, 250,000 board feet of switch timber and hump retarder improvements. Complementing these improvements further will be 60-plus miles of track surfacing. The combination of these projects alone represents an investment of \$12,279,000.

This accelerated capital program will again be led by a dedicated family of Belt employees and supported with the selective outsourcing of both contracted labor and equipment. The combination of using both internal and external resources will enhance completion of all scheduled projects without impairing the nearly 2 million freight cars that travel over the Belt annually.

The Belt Railway Company of Chicago welcomes your comments. Send all correspondence to: CONNECTIONS, The Belt Railway Company of Chicago, 6900 South Central Ave., Bedford Park, IL 60638. For service inquiries or more immediate assistance, call (708) 496-4000. © 1996 Belt Railway Company of Chicago. Design by Mainline Publications Inc., Chicago.

Interline Initiative Strengthens Chicago

The daily task of safely dispatching nearly 9,000 cars among 120-plus trains requires considerable coordination among Belt Railway employees to fulfill the service-driven expectations of both our railroad customers and their respective shipping patrons.

Our own internal processing of cars within the Clearing Yards complex, as redesigned during late 1994, has enabled us to handle record volumes of traffic with a greater degree of consistency. Although this achievement was necessary and without question, it heightened the need to work more closely with each serving railroad to provide better on-time performance of outbound trains.

The most aggressive effort of recent date has been with CSX Transportation. We process nearly 1,000 CSXT cars per day for a host of trains using a variety of established routes within the Chicago Gateway.

CSXT's growing involvement in our Clearing Yards train operation led it to invite the Belt to adopt CSXT's systemwide High Performance Organization initiative. This structured and fundamental approach to an array of standard operation processes has improved on-time performance of outbound trains. It also has strengthened the Belt's proven ability to provide both low freight car terminal detention time and a high success of "right car-right train."

Measurements continue to trend favorably. CSXT trains have exhibited a 93 percent on-time performance. After factoring out those conditions beyond the control of the Belt process responsibility, CSXT train performance has reached 97 percent on time. The measurable performance evolving from these types of efforts has only strengthened the Belt's reputation within the railroad industry and heightened the efficiency of

the Chicago Gateway for all serving railroads.

"This achievement is attributable to the interline dependent relationship being nurtured by employees of both BRC and CSXT," said Don Reardon, CSXT's assistant general manager, Chicago.

John Drake, general manager of Chicago Service Lane for CSXT, also recognized the coordinated efforts of CSXT and the Belt. "We appreciate the way you and your staff have embraced our HPO effort," he recently told Belt Railway representatives.

"We look forward to continuing the teamwork that has produced these good performance numbers. Please pass on our thanks to everyone for the great teamwork."

" WE LOOK FORWARD TO CONTINUING THE TEAMWORK THAT HAS PRODUCED THESE GOOD PERFORMANCE NUMBERS."

— JOHN DRAKE, GENERAL MANAGER OF CHICAGO SERVICE LANE FOR CSXT

Belt Railway Completes Two Important Bridge Clearance Projects

Until recently, two locations on the Belt's 28-mile mainline made it impossible for the Belt to accept double-stack intermodal traffic. The CTA Lake Street overpass on the northwest side of Chicago and the Metra overhead bridge in the vicinity of 79th Street on the south side of the city both had insufficient overhead clearances.

On Sept. 26, 1995, the Illinois Department of Transportation, acting through its Bureau of Railroads, signed a loan agreement with the Belt. It would provide the Belt with

low-interest financing from its Rail Freight Program in the amount of \$1.5 million to correct the two restrictive clearance problems.

Belt engineers designed a solution for the Lake Street problem by reducing the depth of their own street overpass that coincided with the CTA overhead crossing. They lowered their own line in August 1996 to accomplish the improved clearance desired.

In the case of the Metra bridge at 79th Street, this massive structure was successfully raised some 13 inches *without*

interruption of the vital Rock Island District commuter service. This portion of the project was completed in October 1996, allowing clearance for double-stack operation at the 79th Street location.

Consequently, the entire Belt Railway mainline has been opened for double-stack operation to the benefit of all intermodal shippers using the Chicago Gateway. This project stands as an excellent example of public sector/private sector cooperation, resulting in a lasting improvement to the national transportation system.

A 14-Hour Track Marathon

In November, 16 Maintenance of Way Department employees and 16 Signal Department employees joined forces to complete in just under 14 hours a major track structure replacement project at the Belt's 55th Street Interlocking Plant.

The project involved retiring four switches and a #12 movable point frog, excavating two football fields of materials, and installing two new #20 turnout switches and a #20 400-foot-long movable point frog.

The crews used heavy equipment from Hulcher and R.W. Collins to complete this project. What made this performance even more remarkable is that the work was done in monsoon-like conditions. Congratulations to all involved on a job well done!



The Belt Railway
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Interchange

The Employee Newsletter of The Belt Railway Company of Chicago

Inside INTERCHANGE

- **Page 1**
Two recent publications spotlight the Belt; Employee profile of Kevin O'Malley; A special offer for discounted safety shoes
- **Pages 2-3**
The Belt's Christmas party in pictures
- **Page 4**
Brian Coffey's safety poster has an important message for other children; Employee transitions and milestones; Belt assists in community policing; The top 10 foods to keep you healthy

Hot Off the Press!

Two publications recently praised the Belt's operations in prominent stories. The Dec. 2, 1996 issue of *Traffic World* featured the Belt in an article entitled "Getting Around Chicago." The story discussed the marked improvement in the timeliness of train movements through Chicago.

"Chicago's revitalized Belt Railway is a key part of a multi-railroad cooperative information exchange and the effort to ensure that Chicago is not just the nation's rail hub, but a hub that works," the article stated.

A system map of the Belt accompanied the article, which also talked of the Belt's E.H. Harriman gold medal safety performance in 1995.

Belt President Ron Batory credited the Belt's employees for the company's success. "The 600 people who work here know their future is driven by what they do in safety and service," he said.

A Nov. 13, 1996 article in the *Chicago Tribune* business section, "Chicago Still Main Axle of Nation's Railroads," also mentioned the Belt and showed a photo of Ron Batory



on a Belt locomotive. The article discussed the Belt and our Clearing Yard as a major part of the 500-mile belt line system in the Chicago area. According to the article, industry officials believe that this enormous rail infrastructure will likely allow Chicago to remain the dominant rail center in the United States for the foreseeable future.

EMPLOYEE PROFILE



Kevin O'Malley

Occupation: Customer Service Clerk

Hometown: Chicago

Years with BRC: Five, after 15 years with the Illinois Central

Personal: Married, three children

Primary Duties: Field telephone calls from BRC's user railroads (30 percent of calls) and industries from all across North America awaiting car deliveries from our user railroads (70 percent of calls). We receive about 150 calls per day regarding car movements and billing issues. We actually are not only customer service representatives for the BRC, but all of the railroads which use the Belt.

Favorite Things About Working at the Belt: I really enjoy the rail industry and learn something new about it every day on my job. I also like the pleasant work atmosphere at the Belt and the overall character of its employees.

How Other BRC Employees Can Help Me Do My Job: Promptly notify the Customer Service Office of any car movement delays so that we can begin informing customers.

Hobbies: Woodworking, fishing.

Favorite Vacation Spot: Lake Owen in Cable, Wisconsin. It's God's country.



The Red Wing Shoemobile will visit the Belt Railway on the following dates in 1997, between 5:30 a.m. and 4 p.m.

- Wednesday, Apr. 9
- Friday, Aug. 1
- Monday, Dec. 1

The Belt will pay for 50 percent of the cost of a pair of safety shoes purchased by an employee at the shoemobile, at Red Wing's store in Evergreen Park, or at any LeHigh Shoe Store. This offer is limited to one pair of shoes per year and does not apply to other items such as socks or shoelaces.

High quality safety shoes are crucial in preserving a safe work environment. Please take advantage of this generous program.



THE BELT
RAILWAY
COMPANY OF
CHICAGO





On Dec. 15, the Belt's Labor/Management Safety Committee hosted the employee Christmas party at beautiful Niko's Restaurant. More than 700 employees and family members attended.

A buffet dinner was served, Santa Claus took requests, and entertainment was provided by the Electric Bluze Brothers and clowns specializing in balloon animals and face painting. In addition, the Lionel Modular Train Club assembled a 20-foot by 20-foot train display. A great time was had by all. See you next year!





Brian Coffey, age 7, created this bold safety poster with an important message for children: "Please Don't Play on the Tracks!" Brian is the son of Tim Coffey, director legal and governmental affairs.

EMPLOYEE TRANSITIONS & MILESTONES

New Hires *Nine new employees have joined the Belt Railway during the past quarter. Please make them feel welcome.*

| | |
|-------------------|----------------|
| Peter Andrews | Michael |
| Hugh C. Buckel | Underwood |
| John Cavanaugh | Transportation |
| Stephen Gatz | |
| Gerardo Jimenez | Ruth A. Kester |
| Joseph S. Kennedy | Clerical |
| John E. Seroka | |

Retirements *During the past quarter, two employees retired from the Belt Railway. We wish them all the best in retirement.*

| | |
|-----------------------|-------------------------|
| Henry R. Dungy | Joseph P. Basile |
| Transportation | Signal |
| 39 years of service | 18 years of service |

Service Anniversaries *The following employees reached service anniversaries during the fall quarter. Our congratulations to them!*

40 Years

John W. McGuire
Administration
Oct. 15, 1956

William D. Dye
Transportation
Nov. 25, 1956

Carl G. Strnad
Transportation
Dec. 6, 1956

30 Years

Mark E. Mitchell
Mechanical
Dec. 2, 1966

Michael D.

McCarthy
Administration
Dec. 16, 1966

25 Years

George S. Wertelka
Clerk
Oct. 1, 1971

James L. Givens, Jr.
Transportation
Oct. 24, 1971

Benjamin

Martinez
Maintenance of
Way
Nov. 2, 1971

Garry J. Olson
Car
Nov. 15, 1971

Rodolfo R. Martinez
Maintenance of
Way
Dec. 11, 1971

20 Years

John P. Campbell
Transportation
Oct. 2, 1976

Alfredo H. Cadena
Maintenance of
Way
Oct. 12, 1976

James M. Romanowski
Maintenance of
Way
Oct. 14, 1976

Belt Assists in Community Policing Project

The Belt's Tim Coffey, director legal and governmental affairs, and Roy Gelder, director risk management and planning, were guests at a Nov. 21 meeting of the Chicago Alternative Policing Strategy at West Lawn Park.

CAPS is an initiative that combines the efforts of the Chicago Police Department, local residents, and the business community to build a stronger and safer community.

The Belt pledged its cooperation in preventing teenage loitering on or about Belt

property. The Belt will continue to communicate regularly with local law enforcement officials regarding our many mutual concerns.

To become involved in CAPS, call the Eighth District's Neighborhood Relations Office at (773) 747-3515.

Top 10 Foods to Keep You Healthy

Are you eating the top 10 "super foods"? Let's Live magazine says these foods should be tops in your diet.

1 Red/orange fruits and vegetables: carrots, red and yellow peppers, watermelon, strawberries, etc.
2 Cruciferous vegetables:

cauliflower, cabbage, broccoli, and brussels sprouts
3 Tomatoes: a fruit, not a vegetable
4 Beans: high in protein, low in fat

5 Nuts and seeds: nutritional powerhouses
6 Soybeans: tofu anyone?
7 Whole grains: two-thirds of the world's popu-

lation subsists mainly on grains
8 Citrus fruits: oranges, lemons, and grapefruits; juices are not as healthy as whole fruit

9 Fish and seafood: have you ever met a sick Eskimo?
10 Onions and garlic: health benefits outweigh loss of friends

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