

IOWA PACIFIC

# DISPATCH



FIRST QUARTER 2008

## AZER Building Business

Arizona Eastern Railway based in Globe, Ariz., currently handles one inbound and one outbound train per day with an average of 30 cars per train. Employees are expecting that business will soon increase.



Johnny Holguin

The AZER southeast interchange location will switch from Bowie, Ariz., to Lordsburg, N.M., in February, using trackage rights over Union Pacific's Sunset Route mainline. Additionally, AZER is purchasing the Lordsburg-Clifton line from UP, which services the Freeport-McMoRan Morenci mine. AZER's present operations will grow from 135 miles to about 265 miles.

These changes will result in improved transit times, making rail transportation more attractive to customers. Currently, the inbound train to Bowie hauls petroleum, copper concentrate, magnesium oxide and other products, and the outbound carries copper



Bryon Palmer



An AZER locomotive pulls a load of copper plates from the railway's largest customer, Freeport-McMoRan Copper & Gold.

anode and perlite. The Clifton branch handles sulfuric acid in addition to similar copper-related commodities.

Iowa Pacific Holdings has owned AZER three years and since then business has increased, said Bryon Palmer, General Car Foreman for Central Car Repair in Globe.

"Since Iowa Pacific bought the company, they have been

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## An Upgrade to Arizona Eastern Rails

A project to upgrade 70 miles of rail on the Arizona Eastern Railway northeast of Safford, Ariz., is on schedule.

The first phase began in April 2007 and calls for 35 miles of 90-pound rail to be installed by June. At that time, another 35-mile-long section will be started, with a final completion date of Nov. 1. Additionally, more than 35,000 ties were installed in 2007, with more scheduled for 2008. The entire railroad is being resurfaced for speeds of 25 mph, up from the present 10 mph speed limit.

A Maintenance of Way rail gang comprised of two foremen, an operator and between five and 10 employees keeps the rail project on task.

General Manager Dennis Giacoletti is

certain the new rail will significantly improve efficiency of moving trains. He said the new 90-pound rail is replacing worn 75-pound rail.

"This project is designed to improve service and safety," Giacoletti said. "Putting in the bigger rail will help prevent derailments, raise the track speed and cut down on overtime."

The project will enhance AZER's service to the copper industry. The line transports copper cathodes, copper anodes and copper concentrate, as well as petroleum and perlite.

Giacoletti said the benefits of using rail service are clear given the heavy, dense products on AZER trains and the benefits to the public include keeping hazardous

materials off congested highways.

"With the price of fuel, you cannot beat shipping by rail," he said. "It takes four trucks to haul freight that can be hauled on one rail car."

Two bridges have been replaced with culvert pipe and 20 others have been repaired in an effort to improve safe operations and control costs.

"When a bridge is so old it would cost more to repair it than to replace it with culverts, the choice is easy," Giacoletti said.



A rail gang replaces old rail near Safford, Ariz., to enhance service for the copper industry.

# FULL STEAM AHEAD

Exciting things are happening on the Rio Grande Scenic Railroad.

Two vintage steam locomotives, the former Lake Superior & Ishpeming No. 18 and No. 20, arrived from Oregon in January.

Both engines were built in 1910 by Alco's Pittsburgh Works.

The No. 18 is expected to be in service this year, while the No. 20 is slated to start service in 2009.

The steam locomotives will enable the RGSR to use steam power seven days a week, instead of on weekends only, as it had done the past year. RGSR also will be able to pull longer trains. The railroad now owns three steam engines including the SP 1744 and four diesel engines.

"This is an exciting place to be this year," said Ken Bitten, General Manager. "We feel our employees are in a better position to provide a top quality experience for our customers."

Bob Shank, Passenger Train Manager, said the steam experience is very different from the feel of a diesel train.

"This will continue to increase our ridership," Shank said. "We were hauling twice as many people last year on the steam trips."

In the summer, the railway will add three crews to accommodate the added passenger traffic.

This year, the railroad will run mixed trains carrying both passengers and freight between Alamosa and Monte Vista and Antonito, Colo., hauling potatoes, barley for Coors Brewing, lava rock, perlite and other freight. Monday through Friday, an outbound freight train is sent at night to interchange with Union Pacific lines in Walsenburg, Colo.

Five former Atchison, Topeka and Santa Fe dome cars, built by Budd Company and purchased from Holland America Cruises, also arrived on the RGSR in January. The cars last ran between Anchorage and Fairbanks through Denali National Park on the Alaska Railroad.

"I know people will enjoy them," Shank said. "They are very comfortable cars and have lots of amenities."

Shank said the dome cars were used on trains between Chicago, the Grand Canyon and the West Coast. Later, they were used on the AutoTrain between Virginia and Florida. Passenger vehicles were loaded into car carriers on the train and then everyone rode in the dome cars to their destination.

"You get a tremendous view from these cars," he said. "You will be able to see much farther and over the tops of trees."

Bitten is pleased with running the mixed trains with passengers and freight. The RGSR also has booked some pure freight train charters with the steam engines which will both provide a rail experience unlike any other. Photo freights give photographers a "time machine" experience, allowing them to recreate scenes from a bygone era where an old steam freight train is essentially recreated in a photo.

"It will be a very neat offering adding to the mystique of Colorado railroading," he said.



Five dome cars originally built for the Santa Fe Railroad in 1954 arrive on the RGSR in January.



The former Lake Superior & Ishpeming No. 18 steam locomotive needs minor maintenance work before being put in service this year.



The former Lake Superior and Ishpeming No. 20 will be put in service in 2009.



The vintage dome cars will provide passengers with a unique experience.

## La Veta Pass trips scheduled

The first passenger trip of the year, Moonlight in the Mountains, is scheduled for April 18, 19 and 20. The two-hour ride from 7:30 p.m. to 9:30 p.m. will occur after daylight savings time begins. Passengers will be able to view the scenery in partial daylight on the way up the pass, and will see the scenery under a full moon on the way back.

"We have never done this before, but other railroads have and it has been really successful," said Bob Shank, passenger train manager.

Other special trips planned for 2008 are shown below. Check the Web site at <http://www.riograndescenicrailroad.com/> for updates throughout the year.

|                                |   |
|--------------------------------|---|
| May 5                          | Cinco de Mayo Train                       |
| May 24-25                      | Rio Grand Scenic Railroad opening weekend |
| June 14                        | High altitude summer concert series       |
| June 28-29                     | Jazz on the tracks                        |
| July 4                         | Firecracker Express and All American BBQ  |
| July 12                        | High altitude concert series              |
| July 26-27                     | Jazz on the tracks                        |
| August 9                       | High altitude summer concert series       |
| September (date t.b.a)         | Fall foliage rides                        |
| November/December (date t.b.a) | North Pole Express                        |

# There When You Need Them

Customer service is a key aspect of operations for a small switching railroad.

It's a concept that employees on the Chicago Terminal Railroad fully understand.

"I know every customer and work hard to have a good relationship with every customer," said Phil Van, Lead Conductor.

Van is one of nine employees who work to provide service at Elk Grove Village, North Avenue, and Bensenville industries in the Chicago area.

Service was added Dec. 15 to the Bensenville Industrial Park, just south of Elk Grove Village, to accommodate customers such as Boise Paper's distribution and service center.

About eight to 15 cars a night are delivered to Boise Paper. The job is limited to nights at Boise's request.

"It is important to provide good customer service because they could take their business to trucks," said John Sorrel, CTR Superintendent of Operations.

Van said creating a relationship with customers includes showing you are reliable, efficient and willing to go the extra mile to meet their needs.

"We provide customers with the feeling of comfort that lets everyone know we are going to do everything possible for them," he said. "It is our goal to always deliver no matter what."

Kyle Kimpel, Conductor, said timeliness is a big factor in providing good customer service.



Phil Van, Lead Conductor, throws a switch. Van said one of the most important elements of his job is maintaining strong relationships with customers.



Mary Cummins, Locomotive Engineer, said teamwork is essential when providing good customer service.

"We do what we can to make sure we are on time and we are always there when needed," he said. "We also always call to check up and see if they need anything extra."

Communicating regularly with customers helps the customer make timely decisions based on what CTR has available in the yard.

Mary Cummins, Locomotive Engineer, said CTR employees must cooperate with connecting carriers Union Pacific and Canadian Pacific for the railroad to run smoothly, considering the different yards in which CTR must interchange cars.

# BUSINESS

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more proactive in going after business, including car repair," Palmer said.

In the last three years, Central Car Repair's facility at Bixby on the AZER has increased the amount of AAR Billing per month by 1,650 percent, from \$2,000 to \$35,000. Two additional employees brings the staff size to five. CCR works hand-in-hand with AZER.

"Iowa Pacific has a strong interest in new business and is expanding its railroad companies," Palmer said.

AZER has a management office, car and locomotive repair shop, freight yard and transloading center for lumber in the Globe-Miami area.

Johnny Holguin, Superintendent of Transportation, said the increase of inbound and outbound cars created the need for additional locomotive engineers and conductors. The addition of a B Shift from noon to 8 p.m. has required new employees to keep the spotting and pulling of cars to Freeport-McMoRan Copper & Gold consistent.

Freeport-McMoRan, which operates a copper smelter and refinery in Miami, is AZER's biggest customer. Service is provided seven days a week from 4:30 a.m. to 8 p.m. This customer and AZER work hand-in-hand to ensure smooth operations.

"We continually work toward our service reliability goals and have been transporting an average of 650 loads per month. We want to minimize the amount of time that any car spends sitting still on a track," Holguin said. "We are always working toward improvement in services to customers."

# West Texas and Lubbock Adds New Line

In mid-December, West Texas and Lubbock purchased the rail line between Dimmitt and Plainview from BNSF Railway. The 40-mile line primarily services agricultural-related industries in Dimmitt and Hart, and interchanges cars with BNSF at Plainview.

"This acquisition adds to our portfolio of lines in West Texas in a very positive way," said Steve Schott, Vice President Business Development for Iowa Pacific Holdings. "We now have about 250 miles of track on four different segments servicing a variety of customers. Because these operations can share train crews, maintenance personnel, and even locomotives, it makes it possible to adjust to changing business demand on a timely basis."

Since the startup, carloadings have been well ahead of projections. In fact, business has surged very strongly at the start of 2008

on the other WTL lines from Lubbock to Seagraves and Whiteface, and at the PSC contract switching operation at Lubbock. Volumes are running more than double what they were at the start of 2007.

"I'd like to say it was our customer service and marketing that brought these increases," Schott added. "But the boom in agriculture and oil-field products is having a major effect in our service area, and that's what is driving the volume growth." WTL has added engines and crews for the new Dimmitt line, but also to keep up with growth in fertilizer on the Whiteface line, and increased volumes of sodium sulfate on the Seagraves line. There is also a new shipper of frac sand at Seagraves.

"We're working to keep up with our customers," Schott said. "And we'll do whatever it takes."



Dynell Palmer is Iowa Pacific's solo customer service representative in Globe, Ariz.

# CUSTOMER CONNECT

Dynell Palmer, Customer Service Representative for the Iowa Pacific Holdings railroads at the Arizona Eastern Railway location in Claypool, Ariz., is the sole field representative to provide customer service to freight shippers outside of the Chicago customer service center at the corporate headquarters.

Palmer, who came to Arizona Eastern three years ago, handles shipment processing and tracking through the RMI computer software for Freeport-McMoRan Copper and Gold, S & S International Mining Enterprises, and Fertilzona on the AZER, and also handles similar work for some of the customers on the Texas-New Mexico and West Texas and Lubbock.

Palmer continually looks for opportunities to enhance customer relations.

"First of all, I like customer service," she said. "Working with people and being able to meet their needs is something I enjoy, and I see customer service as a benefit to the company in the long run."

Iowa Pacific Holdings purchased the company shortly before Palmer was hired at AZER.

"There is always something new happening and that is exciting to see," Palmer said. "Recently, the West Texas and Lubbock expanded by adding a spur between Dimmitt and Plainview, Texas, and I have new customers to work with there."

Iowa Pacific is focused on continuously improving service to its customers and is working to develop new business, and it is exciting to be a part of it, she said.

This newsletter appears under the direction of the president. For news coverage, contact Stephanie at the newsletter office by phone at 402-475-6397, mail to 1845 S. 11TH ST, LINCOLN, NE 68502-2211 or e-mail stephanie@newslink.com. This material is intended to be an overview of the division news. If there are any discrepancies between this newsletter and any collective bargaining process, insurance contracts or other official documents, those documents will govern. Iowa Pacific Holdings continue to maintain and reserves the right, at any time, to alter, suspend, discontinue or terminate all plans and programs described in this newsletter. This newsletter is not an employment contract or any type of employment guarantee.

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## Caritas Undergoing Transformation

Scheduling is under way for the 2008 excursion travel season at High Iron Travel.

The Caritas has undergone some changes during the winter, including a completely remodeled interior. Some of the refurbishing includes new carpeting, chairs and upholstery. The hot water heater also has been replaced and a GPS system added to track the Caritas as it moves throughout the country.

An exciting trip is planned in the spring

on Arizona Eastern Railway territory. It will be one of the first public passenger trip over AZER in more than 50 years.

One of the five new dome cars from the Rio Grande Scenic Railroad will likely be used during the trip.

According to Clark Johnson, President of High Iron Travel and Director of Iowa Pacific, the Caritas and dome car make a great combination for a variety of trips. He expects to put a lot of miles on the cars this year.

## BREAKING GROUND

San Luis & Rio Grande Railroad broke ground Jan. 4 on a new 26,000 square-foot car and locomotive shop in Alamosa, Colo. It is scheduled for completion in August.

Iowa Pacific executives, including Project Manager Jeff Barker were on hand with their golden shovels to celebrate the occasion.

The shop's employees and contractors will repair cars, steam locomotives, diesel locomotives and passenger cars.

The indoor facility will shelter em-

ployees from Alamosa's often sub-zero winter climate that can restrict efficiency.

"In addition to making life a lot more comfortable for mechanical people, it will allow them to be more productive," said Barker.

The facility will feature a drop table to change out wheels underneath a locomotive.

Barker said the project is the culmination of long-term plans.

"It will help our good people become even better," he said.