The Dispatch

The newsletter of Watco Companies, Inc.
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SKOL named Railway Age regional railroad of the year

by Julie Fortman
Managing Editor

Railway Age
Magazine, the transportation industry's oldest trade magazine, announced the South Kansas & Oklahoma Railroad (SKOL) has been named the magazine's 2008 Regional Railroad of the Year. The award will be presented May 5 at the American Shortline & Regional Railroad Association's (ASLR-RA) Annual Convention in San Antonio, TX. The SKOL will also be featured in Railway Age's April 2008 issue.

"This is a great honor for us," said Pat Cedeno, chief operating officer for Watco's Central Region. "Few railroads have the opportunity to say they are the Railroad of the Year so we are very proud of our Team. Unfortunately it took a natural disaster for us to earn this award, but that disaster allowed our Team to show their tenacity and dedication to our Company and our Customers. They exhibited a stellar performance for which we are all grateful."

Last July, two-hundred-fifty miles of the SKOL were placed under embargo, ceasing service. Thirty-eight of those miles were submerged under water, affecting the ability to serve Customers over the entire 404 miles of the railroad. Though the flood damage seemed to create an almost impossible situation, the SKOL Team pulled together to achieve an unprecedented turnaround.

"Railway Age staff was impressed by the speed and coordination of SKOL's recovery efforts, especially given the initial uncertainty over the extent of damage to cargo and rail rights-of-way," said managing editor Douglas John Bowen. "It's one thing to do business on an ordinary day. It's quite another to rebuild a business after Mother Nature has inflicted the damage she did on SKOL. Such a railroad should be proud, and Railway Age is privileged to formally honor SKOL for its efforts."

To reopen the railroad as quickly and safely as possible, a three-phase plan was created for the emergency reopening of the railroad. 1) Restore service as soon as possible with emergency repairs, 2) Restore the railroad to pre-flood condition and 3) Complete final repairs to return the entire railroad to 25 mph, including the rehabilitation of bridges, signals, crossings, ditches and removal of debris to support the railroad for the long-term. Phase I emergency repairs were completed in just 23 days, allowing traffic flow over the entire railroad.

Phase II immediately followed and Phase III is ongoing during the 2008 construction season.

"Our original thoughts were that we could not complete an emergency (Continued on page 3)
By Steve Sheldon  
Marketing Manager, YSVR, MMT

Nearly three months ago the Palouse River and Coulee City Railroad (PCC) began switching operations for Ventura Foods (Ventura), a liquid foodstuff packaging facility located in Ontario, CA. Ventura is engaged in the production of an extensive line of branded and private label products, including shortenings, oils, dressings, sauces and mayonnaise.

Ventura is the third California property for Watco, joining our Union Pacific automobile switching operation in Mira Loma, CA and our TXI Riverside Cement switching operation in Oro Grande, CA. This project began in May 2006 with Ventura considering the Ontario, CA location for the facility, which receives inbound tank cars of liquid foodstuffs for blending. Now, Ventura's multi-million dollar project is complete, converting the one time Target Distribution Center into their 14th strategically located manufacturing facility nationwide.

The opportunity to serve Ventura offered a way to maximize our efficiencies in this particular area of California.

It was in 2006 that Ventura began looking at the Ontario location, so Watco’s marketing and operations teams immediately began a dialogue to establish a relationship. The facility location is less than ten minutes away from the Mira Loma, CA automobile switching property for the Union Pacific, so a unique synergy was identified. After the initial face-to-face meeting, the next year was spent following up and maintaining the relationship with phone calls and onsite meetings at the facility by marketing and operations.

When the time came for them to choose an operator, we were in front.

The facility retrofitting was completed in December of 2007, and the first railcar was successfully unloaded January 4, 2008. Ventura leases a fleet of 180 tank cars for use in the Los Angeles basin. Their facility capacity in Ontario, including leads, is 106 railcars over 2 spot tracks, 1 storage track, a storage lead, and a switching lead. PCC crews will spot up to 10 railcars per day, and Ventura Foods anticipates nearly doubling their business within 5 years.

John Brown, West Region COO, is pleased with this latest addition to Watco's California operations, which adds additional synergies to the region.

"This is a good example of how success is the direct result of our team working together," Brown said. "Everyone involved in the project did what was needed to bring this to fruition. We approached this by considering all aspects of operations, development, marketing, our region, and most importantly, our Watco family. This is a good fit for all."

Would you like to receive The Dispatch via e-mail? If so, please contact Julie Fortman at jfortman@watcocompanies.com
Watco successfully began operations February 15 at the Texas Petro Chemical LP (TPC) facility in Port Neches, TX. TPC manufactures chemicals that ultimately go into making the world's tires, car-pets, gasoline additives and many other essential items. Their high-purity products are the chemical building blocks for synthetic rubber, nylon, adhesives, catalysts and additives that go into high-performance polymers. The location is expected to handle 3,700 outbound cars a year.

Watco's relationship with TPC began in 2002 at the Houston, TX location providing switching and railcar repair services. This location handles 9,000 outbound cars a year. Watco will be providing the same services at the new facility in Port Neches that are currently performed for TPC at the Houston location. TPC is a valued Watco Customer and it is a testament to the relationship and Customer service built at the Houston facility by the Watco employees, led by Bob Devillier, which has played a key role in allowing this new opportunity to happen.

"With much resolve we helped one another as we worked hard to get our railroad up and running in order to take care of our Customers. We had a job to do and our Team gave everything they had around the clock to get the job done. I am very proud of our Team and appreciate their role in bringing our railroad back to life."

The flood is most likely one of the toughest challenge Watco and the SKOL Team have faced, but the event was not all negative. "We learned a lot about our Team and true human spirit," Cedeno said. Customers could also begin recovering from the flood and meet their own customers' needs.

"We responded very quickly to the situation and thanks to everyone's willingness to go above and beyond their duties allowed us to open within 10 days. Our team worked very hard so that our

The Port Neches crew, pictured left to right are Christopher Coles, Gregory Robinson, Audric Broussard, and Jerrod Mattox. We look forward to continued improvements and opportunities with TPC in the future, and we greatly appreciate the dedication to duty and service that has allowed these opportunities to exist today.

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As always, our most important gain has been the addition of four new employees into the Watco family. A special thanks and a welcome goes out to these employees: Jerrod Mattox, Audric Broussard, Chris Coles and Greg Robison. Their dedication to their new company has been tremendous.

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Anniversaries

The following employees celebrate anniversaries during the month of March.


4 years:  Travis Winters, Kevin Wells, Hope Talbott, Brian Manning, Keith Goodsell, Nicole Stevenson, Sherry Bulot, Michael Zillifro, Brenda Caruthers, Robert Switlik, Charlene Huskey, Rocky Ramege, Kent Ainsworth, Danny Greer.

5 years:  Mike Balls, Frank Davis, Wayne Ghan, David Gibson, Roger Easterling.

6 years:  James Napier, Richard Garcia, Leo Mata, Bernardo Cuevas, Walter Stromberg, James May, James Avant.

7 years:  Brad Snow, Julie Fortman.

8 years:  Michael Umbarger, Carlita Guiles, Kathy Carr, Edward Garcia.

9 years:  Terry Parsons, Ron Martin, Glenn Hilliard.

10 years:  Brian Waters, Mark Arsenault, Randy Letner.

11 years:  William Coffman, Ollie Brown, Gary Lair.

12 years:  Curtis Robbins, Anthony Jernigan.

13 years:  Dick Fogliasso, Steven Coleman.

14 years:  Steven Morgan, Mark Green.

15 years:  James Stumpe, John Beall, Jeffrey Lievers, Herb Lamkin, John Stepeni.

16 years:  William Ross, Silas Whitley.

17 years:  Dan Linden.

18 years:  Hayden McElroy.

19 years:  Bernard Kezerle, Bryan Benson.

22 years:  Sam Rivers, Billy Eddington.

24 years:  Jim Herman.

25 years:  Larry Hogue, Daniel Malignani.

31 years:  Daniel Fetzer.

32 years:  Ronnie Hargrove.

33 years:  Timothy Wombacher.

42 years:  Donald Heverly.

Congratulations
South Kansas & Oklahoma Railroad!

Railway Age
Regional Railroad
of the Year
Glenn Scott is very proud to be a recipient of the Full Steam Ahead Award. However, he’d rather talk about his location than himself and hopes receiving this award might bring more attention to Watco’s intermodal services.

"Intermodal isn’t a common word yet and many people don’t know what it means," Scott said. "There are so many recognized facets of the rail industry that people talk about every day, but sometimes I feel like I’m on my own little island here."

The island that Scott speaks of is the Intermodal Facility in St. Louis, MO. Scott has served as the general manager since 2005 when Watco began serving the facility. Under his direction the facility serves the Burlington Northern Santa Fe Railway (BNSF) and has successfully set many records for the number of containers lifted in a 24-hour period. The most recent record set was 563 lifts on January 15, 2007.

"I'm very proud of my team," he said. "The entire team here is dedicated to getting the job done and done safely. I couldn't ask for a better team. In fact, last month we celebrated being injury-free for a year and we are doing our best to continue this trend."

Scott knows he has a great team, but he didn't realize he was soon to be recognized for his part of the location's success.

"I was shocked just like the other award winners," he said. "It feels really good to be recognized for doing your job well. Out of almost 2,000 other people, I feel honored to be chosen but I'm just doing what I need to do."

Freedom to just do his job is what Scott values the most.

"They let me run with the ball," he said. "In the past I've been micromanaged and now I'm responsible for the job. It's refreshing to not have to ask each time I do something. I'm allowed to do what I need without having someone look over my shoulder."

Scott has worked at the St. Louis facility since 1992, employed by the facility’s previous owners. Before that he was a heavy equipment operator, mechanic and yard supervisor. He enjoys the variety of the work and is quick to point out the impact intermodal has on our everyday lives.

"If you shop at any big-box store like Wal-Mart, Circuit City, Best Buy, Home Depot or Target, chances are it got there in a container on a train," he said. "Most overseas items get to their destination in a container that's moved from a ship to a train.

"Nearly 50% of merchandise rail shipments are intermodal now and I want to see Watco increase their share of that."

Recently, Scott experienced something he has never experienced since working at the location-brand new hostlers. Used to move containers around the facility yard, the hostlers weigh about 12 tons each and can pull containers than weigh 75,000 pounds.

"In my 15 years at this facility this is the first time I have had new equipment," he said. "We got 6 new ones to replace our aging fleet and I was like a kid in a candy store when they showed up. They are a key part of our work and this will really help us by eliminating constant maintenance costs."

Scott and his wife Christina have been married for 13 years and have two daughters. Alexis is 11 years old and Madyson is five. They live in Edwardsville, IL, and in his spare time Scott enjoys family activities, sports and fishing. He's also a Rams and Cardinals fan.
Full Steam Ahead Award

Last year, Watco announced the "Full Steam Ahead Award". The award is presented to individuals who have gone above and beyond their normal work schedule to achieve increased results relating to great improvements in Customer service, quality, and profitability for the long term.

Recently, the 4th quarter 2007 winners were announced.

* Lisa Brokob - Revenue Department, Pittsburg, KS
* Jason Hislop - WTS Locomotive Shop, Wichita, KS
* Larry Hogue - PSWR, Midland, PA
* Gerardo Horta - Tank Car Shop, Houston, TX
* Mark McClellan - KAW, Kansas City, KS

Each award winner will be featured in an upcoming issue of The Dispatch.

Nomination forms for the quarterly award are available to managers and must be submitted to Eddie Arredondo, SVP of Human Resources. The deadline for the 1st Quarter award is April 5, 2008.

For more information call Arredondo at 620-231-2230 or e-mail him at earredondo@watcocompanies.com.