

# R & N Magazine

Official Magazine of the Employees and Customers of the Reading & Northern Railroad

SPECIAL EDITION 2016 | VOL. 18, ISSUE 2



## 2015 Breaks All Records!



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# KEEPING ON TRACK

BY: WAYNE MICHEL, PRESIDENT

We are all creatures of habit. What we eat, how we dress, when we go to bed and when we wake up. Some habits are bad, like smoking. Other habits are good, like politeness. Habits are just ingrained in our DNA.

Companies are like people. We have habits and routines. And sometimes we just keep doing something because we did it before.

That's probably why every year Reading & Northern has done a newsmagazine around the beginning of the year. The result of that decision is we have been forced to wait till April to share our year-end results with our employees, customers and friends.

Well this year we just could not wait another minute to share our news because in 2015 Reading & Northern shattered every one of our records for carloads handled, revenues earned and passenger guests moved.

So this special edition of our Newsmagazine is focused on those results and the story behind these unprecedented accomplishments. In the pages that follow you will find our press releases reporting on our freight and passenger accomplishments. And you will find articles from numerous department heads sharing their 2015 stories.

In this column I give a sense of what happened in 2015 by talking about five specific events that occurred in 2015 that shaped the year and set the stage for the future.

The good news started early for us as in the first week of January one of our good customers called and asked if we had room for hundreds of empty storage cars. Many of our readers know that RBMN has long been active in car storage. Years ago during the recession we stored thousands of rail cars along our lines. We have been able to do so because Andy Muller is a visionary. Unlike so many of our competitors who are out for the quick buck and are quick to cannibalize their tracks by literally removing rail in one place and selling it or placing it elsewhere, Andy has always taken the long view. He had seen too many examples of business returning to seemingly abandoned locations or yard tracks being needed for increases in traffic. And so over the years RBMN has not removed tracks. So in January when this

customer called we were able to tell them we had plenty of space. And over the next few months they took advantage of our space and moved in hundreds of cars as economic conditions dictated that the cars be placed in long-term storage. As the year progressed, and the economy soured for other car owners, we were able to accommodate their needs as well. At this time we have over 3000 car spots accounted for with a number of different customers. And we still have more track space available so we continue to reach out to companies needing car storage.

Part of what makes us attractive to these companies is our amazing focus on customer service. When a customer needs a storage car returned to service, we respond promptly. If a customer needs the car inspected, we respond immediately. If a customer needs to send a mobile repair unit out to replace brakes or perform other work, we respond immediately. Our goal at Reading & Northern is to say "yes" to our customers and make their lives easier.

This dedication to customer service is one of the attributes of Reading & Northern that earned us the designation of Regional Railroad of the Year from Railway Age last March. In recognizing us Railway Age noted we are their only three-time honoree. Railway Age noted not only our customer service but also our entrepreneurial culture. And that culture begins with Andy Muller. Andy is a self-made millionaire who has worked hard at every business he has owned. Andy believes in taking calculated risks that will work to serve the customer. As he says, and is on our paycheck, "Whatever success I have had was due to my attention to my customers."

What this means in practice is that Reading & Northern approaches industrial development like no company I know. And I have some experience in this field. Not only did I run Conrail's large industrial development department for 4 years in the 1990's, I also saw up close and personal the industrial development efforts of over 170 shortlines while I was running Conrail's shortline relations program. I can honestly say NO ONE DOES INDUSTRIAL DEVELOPMENT LIKE Reading & Northern.

We sometimes laugh when a prospect says he wants to do something quickly by noting there is Andy-time and regular time. Not once has a customer been able to move as quickly as Andy. Whether it is installing a switch, closing on a property, setting up a facility or building track, no prospect can move as fast as Reading & Northern. Once we have a deal we are ready to literally move heaven and earth to get the project done and the rail cars moving. And that dedication to our customers and growing our business is why Railway Age honored us yet again this past March.

Continued on page 4.



THE CONDUCTOR

## COVER PHOTO

PHOTO OF 5017 AT REYNOLDS HEADING SOUTH TO PORT CLINTON.  
PHOTO TAKEN BY: MARK MACDOUGALL. PHOTO EDITED BY: ROXANNE RICHARDSON.

## EDITORS

JOLENE FAY • FRANCES KARYCKI



Little did we know when we received this recognition that we would almost immediately have an opportunity to outdo ourselves on the industrial development front. On April Fools Day we found out that one of our customers was losing their space at a warehouse on our railroad. Apparently the customer had already decided to move to a warehouse on one of our competitors and then truck the material to our huge customer, Procter & Gamble. We did not want to see that happen as we have for years worked closely with P&G to ensure that its raw material could arrive by rail freeing up its facilities for outbound trucks.

The problem is we had no other warehouse we could use. As told in detail in our Fall newsmagazine, Dennis Shaffer took the lead and in the space of 30 days we found unused warehouse space that had been rail-served decades ago and restored the rail line, leased the warehouse space, refurbished the warehouse, purchased loading equipment, trained forklift operators and put all the systems in place sufficient to get the customer to accept this new facility as part of its warehouse network. Within weeks of the "bad news" we had a new RBMN-owned and operated warehouse facility. As we said at the time, we turned lemons into lemonade.

This alchemy of turning dross into gold seems to be part of our DNA. Whether it is turning unused tracks into storage facilities or the potential loss of business into entry into warehousing, RBMN seems to have a knack of taking advantage of seizing opportunities. That came into play again in October when Norfolk Southern completed its acquisition of the Delaware & Hudson network in Pennsylvania.

For Reading & Northern this was a bitter pill. We knew that once NS acquired D&H we would lose an important piece of business, hauling traffic from NS to our friends at the Luzerne & Susquehanna Railway. Working together with the LS we had helped them develop some sizeable customers. We provided an expedited delivery service connecting LS with NS and our timely service helped LS grow. Now NS was going to eliminate our haulage and connect directly with LS. We were also going to be harmed by the loss of D&H/Canadian Pacific as a trackage rights tenant moving thousands of cars over our Lehigh Line although we

remained hopeful that the traffic would still move under NS auspices.

However, within the many pages of the NS application for government approval was a NS commitment to allow CP to connect with all of the area shortlines through haulage. Although we had no idea how much the haulage would cost and whether CP would even pursue doing business with RBMN we did realize there was the potential to shift some Canadian traffic to this new more direct CP route. Sure enough once the acquisition closed we discovered CP was interested in handling traffic it originated directly with us. This enabled RBMN to offer all of our customers access to a second Class 1 railroad, which enables our customers to seek better rates from their suppliers or even different suppliers. The end result is our customers can save money on their delivered materials and RBMN may be able to build our business now that we have open commercial access to a second Class 1 railroad. While we will always be dependent on Norfolk Southern for the bulk of our business, the access to a second railroad will benefit us and our customers for years to come.

And as the year came to an end we began the process of beginning service to the Humboldt Industrial Park. I cannot overstate the importance of this acquisition to the future of Reading & Northern. Not only did we immediately add many customers already moving over 4400 carloads, we also added many excellent industrial development sites. In short Humboldt is the best industrial park in the entire region and we are going to develop it to the max. As this article is written we have already reached an agreement with one tenant to convert its business from truck to rail which will add hundreds of cars to our mix.

Clearly 2015 was an exceptional year for Reading & Northern. We grew our existing bread & butter anthracite coal and merchandise traffic by 19 percent. We grew our revenues by over 30 percent helped by our expansion into transloading and warehouse business. We grew our passenger traffic by over 30 percent and exceeded 100,000 guests for the first time in our history. But more importantly, we also set the stage for an amazing future. We did all this by staying true to our core principles; focus on customers, entrepreneurial business development and taking care of our employees.

Without our phenomenal employees none of this is possible. That is why

in 2015 we made sure all employees after their first year on the job make a minimum of \$20/hour. That is why our employees continue to receive the best healthcare plan available as well as profit-sharing. That is why Andy and his family gave every employee below the VP level a 5 percent bonus for most of 2015 and a ten percent bonus for most of the fourth quarter.

We take care of our employees and they take care of us. Our employee retention rate is over 98 percent. And we are hiring employees at a rapid rate. We ended the year with twelve more employees than we started it and then added eight more employees in the first two weeks of 2016. We add employees rather than add hours to our employees workload. Part of our culture is making sure our employees have a life outside of work. We try to minimize employee travel and to make sure all employees work less than 45 hours a week. This is not a way to reduce overtime but rather it is a way to give our employees time to spend with their families and friends. We believe that the best way to run a safe railroad is to make sure all of our employees are well-rested and happy. And we believe our record-breaking results show the benefits of our approach.

***In closing, I hope you will join us in celebrating the exceptional success Reading & Northern had in 2015. We are not resting on our laurels. As this is written we have commitments for four new industrial development projects that will add thousands of new cars to our railroad. Our 2015 results and our industrial development pipeline is proof that Reading & Northern is keeping on track. Much more to come!***

*"The Road of Anthracite"*

**FOR IMMEDIATE RELEASE:**

# **Reading Blue Mountain & Northern Railroad Smashes All Records in 2015**

**Port Clinton, PA – January 12, 2016**

Reading & Northern Railroad announced today that it achieved record-breaking carload volumes and revenue for 2015.

In 2015, the railroad handled 28,940 carloads which surpassed the previous record achieved last year by over 4500 carloads! This 19 percent growth in carloadings helped the railroad to achieve record-breaking revenues, which exceeded past revenue levels by over 30 percent as freight revenues were supplemented by revenue from new transloading and warehouse businesses started by the railroad.

Reading & Northern handles a diverse mixture of commodities including wood pulp, paper, metals, food products, plastics, forest products, chemicals, and minerals. Reading & Northern also serves the North American anthracite coal market which leads it to be known as "The Road of Anthracite."

In 2015 the railroad did well in all commodity areas except business related to the Marcellus Shale. Like other railroads in the region, Reading & Northern saw its Marcellus Shale business fall by two-thirds. However, unlike other regional railroads which saw their overall traffic decline, Reading & Northern was able to achieve spectacular growth due to its emphasis on customer service and its entrepreneurial focus.

"Our record-breaking volumes for 2015

prove that our decision to offer our customers guaranteed service windows does grow the business. And in 2016 we are taking this commitment one step further by improving our already excellent service by hiring more crews and running more trains faster." Said Andy Muller, Jr., CEO and owner of the Reading & Northern.

"Obviously we could not have achieved this growth without the hard work of the 200 plus men and women in the Reading & Northern family," said Wayne Michel, President of Reading & Northern. Michel noted that the railroad has increased employment almost 8 percent in 2015 and is hiring more employees at this time. Michel also stressed that much of the railroad's growth was due to taking entrepreneurial risks to develop more traffic. "In 2015 Reading & Northern got into that warehouse business in order to serve customer demand. This follows our recent successful move into the transload business to better serve our customers. In addition, some of our customers needed to store their railroad cars as result of market shifts. Reading & Northern forces reopened long unused railroad tracks and was able to handle thousand of storage cars."

In recognition of the railroad's focus on customers and entrepreneurial initiatives Reading & Northern was named Regional Railroad of the Year in 2015 by Railway Age magazine.

Reading & Northern's sister company, Lehigh Gorge Scenic Railway, also has a record year as over 100,000 visitors rode on one of its many steam or diesel-powered excursion trains.

Reading & Northern Railroad, with its corporate headquarters in Port Clinton, is a privately held railroad company serving over 60 customers in nine eastern Pennsylvania counties (Berks, Bradford, Carbon, Columbia, Lackawanna, Luzerne, Northumberland, Schuylkill, and Wyoming.) It has expanded its operations over the last 20+ years and has grown into one of the premier railroads in Pennsylvania, – having been named Regional Railroad of the Year three times. Reading & Northern operates both freight services, and steam and diesel-powered excursion passenger services through its' Lehigh Gorge Scenic Railway, owns over 1000 freight cars, and employs over 200 dedicated employees. ♦





Anthracite Coal being loaded from rail into barge at Moldok terminal in Leetsdale, Pennsylvania.

## Exciting Developments in Our Business

BY: DAN GILCHRIST, EXECUTIVE VP MARKETING & SALES

The year 2015 has been a tremendously exciting year for the Reading and Northern Railroad.

In addition to our record high traffic levels, and maintaining a 98% level of on time performance, we were able to implement some exciting new changes with our customers as well.

During the first half of the year we implemented our Ship Xpress Customer Web Interface with our merchandise customers. This represents another step forward in the implementation of new technology for the railroad and our customers. Customers can now log onto the website to be able to see all cars on their siding and all cars that are enroute for them. They can order and release cars directly through the website at their convenience which eliminates the need for customers to email or fax car releases and car placement requests. This has been very well received by our customers who tell us it saves time and improves accuracy.

Later in the year, we took another step forward with the implementation of electronic tablets for our train crews. The use of these small computers by train crews allows them to see customer cars on all sidings, and to see car releases directly on their tablet. In addition, when a crew places a car or pulls it off the rail siding, this information is immediately updated on the crew tablet, which in turn updates our computer system on a real time basis. As soon as this is done, customers are notified by email and they can also see the updated information on their computers with the Ship Xpress program. This eliminates the previous delays resulting from information not being available until the crew got back to their reporting location to update the car movement

records. This means that the traffic department and our customers can both see more accurate car locations on a real time basis.

Our overall traffic volumes grew by 20% in 2015 despite a very slow year for Marcellus Shale related business in our region.

We break our traffic into two major categories: merchandise and coal, with the merchandise traffic growing by 17% and the coal business growing by 24% last year.

On the merchandise side, our food and agriculture business grew by 20% last year and we were further gratified to see our friends at Kane Warehouse significantly increase their capacity by doubling the size of their rail siding in late 2015. This will help continue the excellent growth we have seen in shipments to this facility over the last several years. Plastics and chemicals business was up by 24% which has been helped in part by our ability to offer favorable terms on lease tracks for car storage for many of these customers. Our paper related volumes showed growth of over 7%, and we are very proud of the project headed up by Dennis Shaffer to keep a big part of this business on rail by opening up an RBMN served warehouse for our customer. Read about this in Dennis's article on the following page.

Meanwhile our coal business had one of the best years in the history of the RBMN with an overall 24% increase in 2015. Each of our major coal markets saw significant increases with exports up 16%, domestic shipments up 33% and dried coal volumes up 65%.

The largest destination market for anthracite coal is the steel industry and that market has been struggling overall, both domestically

and internationally. The volume increases in anthracite have come in spite of this slow growth in the steel industry. Pennsylvania anthracite producers have successfully fought off imported anthracite and improved their market share in this critical market.

Two important ways we have helped grow this business is using the Ohio & Mississippi River system, and moving dry coal in covered hoppers. By working with Moldok, a major river terminal in Leetsdale PA outside Pittsburgh, we have been able to economically ship coal to this terminal where it is transloaded to barge for shipment down the Mississippi River and delivered to important facilities down south. This directly competes with the coal that was historically imported from Russia and the Ukraine and then shipped up the river. Our business going to barge last year grew by 81%.

The other innovation that we have participated in is the growing use of dried coal moving in covered hoppers. We have two customers with driers on line now and a third coming on this year. This coal is dried to about 2% moisture and loaded out of silos into rail cars. The coal can then move direct to steel producers and eliminates the need to dry the coal at destination. RBMN has invested in a substantial fleet of covered hoppers to handle this business and will look to invest more as this market grows.

In 2016, we will continue to focus on providing excellent customer service, and working hard on innovative business development projects. The year 2015 has been a great year but we know there is always more to do at the Reading and Northern Railroad! ♦

## GROWTH DRIVEN BY CUSTOMER FOCUSED TRANSLOADING & WAREHOUSING SERVICES

BY: DENNIS SHAFFER, VP BUSINESS DEVELOPMENT

Over the last few years Reading & Northern has significantly expanded our offered services. Today Reading & Northern is more than just a railroad. We now offer both transloading and warehousing services. That business grew substantially in 2015 and is one of the secrets to our amazing success this year.

Reading and Northern entered the transloading business in 2012 by constructing a transload and storage terminal primarily for aluminum in an unused portion of our Cressona Yard. As with all Reading and Northern industrial development projects, this terminal was up and functioning within a matter of weeks after we had identified the business opportunity and gotten commitments from our customers. We expanded the terminal twice in the past three years and now have the capacity to store over 150 carloads of aluminum in the terminal. We also upgraded the terminal with additional concrete pads, lighting and security, and the acquisition of two new heavy duty forklifts. Our customers bring aluminum into the terminal for storage and later delivery to one of our largest customers, SAPA Aluminum, on a just in time basis. Unique about this operation is that the rail outbound movement from the terminal to the customer's unloading dock is only one half mile. This only goes to show that rail transportation can be customer responsive and profitable at any distance.

Our second transloading operation opened in 2013 by transforming an unused portion of our Penobscot Yard in Mountain Top to handle material on flatcars and center beams. This terminal allows us to provide direct truck delivery to off-rail customers in the area. The Penobscot terminal is equipped with a heavy duty "telehandler" forklift.

Our most recent expansion occurred in mid-2015 with the opening of a paper grade warehouse in Old Forge, PA near Scranton. As reported in our recent newsmagazine, in April of 2015 we were told that an existing customer using warehouse space along our

lines had been forced to relocate. At that time we had no other operating warehouse along the railroad. That is when the Reading & Northern team really went to work.

We remembered some empty warehouse space along a long unused rail spur. We quickly went about securing a lease for the warehouse space and rebuilding over 1000 feet of dormant track. The warehouse has the capacity to store up to 75 cars of pulp and paper. The business has been so successful at Old Forge that we regularly provide twice daily switching service to accommodate the volume of carloads, and we recently purchased two new clamp lifts to handle the business.

An important aspect of our transload business is that it is managed, operated and staffed by Reading and Northern employees. This means our customers can manage all their transportation, transloading and warehousing requirements thru a single entity. It also means jobs for our employees. We now have three full time and several part time employees devoted to transload activities not to mention the additional work for our train crews.

All of this investment and responsiveness to customers needs has been very successful. In 2015 the rail business handled through our transload terminals increased by 93% from 2014, and it continues to grow.

While we are extremely proud of our growth record through our own terminals, we are equally proud of our business relationship with the two privately owned warehouse and trucking operations on our railroad; Kane Warehousing in Scranton and Karchner Logistics in the Hazleton. Both of these companies are highly respected and known for the quality of their operations.

All of this goes to show that growth and success in the railroad business can be accomplished by offering more just rail transportation. ♦



Engine #3052 heads south at Seidel MP 169 on the Mainline with one of the largest heat exchangers to travel over the RBMN Mainline.



Brad Handling at the Old Forge transload facility operating a clamp truck to unload the first car of woodpulp at the new Old Forge transload facility. Photograph by Daren Geschwindt, AVP Merchandise Traffic.





MOW personnel exchange pleasantries with the engineer of the train passing through their work area in Tamaqua Yard on a nice summer day.

# ANOTHER BUSY YEAR FOR OPERATIONS

BY: TYLER GLASS, EXECUTIVE VP OPERATIONS

Normally over the winter our traffic is a little lighter, mainly due to the fact that our coal business slows down in the cold weather. However, in 2015 there was no decline in our traffic as our storage business began to boom in the beginning of the year. Oh yes, and I also need to mention that we experienced another brutal winter that made it a little more challenging to handle the new business.

Concurrent with the new business and the adverse weather conditions I was also looking for a new Vice President of Transportation and Safety. Eventually Tom Cook was selected. Tom was immediately put to the test as the

Operating Department was constantly facing new challenges with our new business.

The landscape on our Lehigh Division began to change drastically as the year marched on. We had established a new transload facility that immediately needed to be folded into our service plans. Additionally, Norfolk Southern took over ownership of the southern portion of the Delaware and Hudson in September. With this acquisition RBMN would lose haulage traffic to the Luzerne and Susquehanna Railway, however, RBMN would gain an interchange with Canadian Pacific at Taylor. Due to these changes it became necessary to reevaluate our

operations and adjust accordingly.

Our Passenger Department had put forth an aggressive schedule for the year. With many new trains on the schedule it had us stretched thin.

As the year rapidly progressed it was clear we needed to hire more personnel. We searched for an Operations Administrator, and Jim Cerulli was hired to fill the role. We also started searching for a dedicated passenger engineer since the Passenger Department had some great demands as their business was thriving. We hired four conductor trainees as well.

And then came the Humboldt Industrial Park

transition. As the year came to a close we were gearing up for a January 1, 2016 start up of service to Humboldt. This forced us to make multiple changes to our train service on the Reading Division to ensure a seamless transition to our existing customers as well as our new customers in the Humboldt Industrial Park.

So late in the year we posted for four more conductor trainees as it was clear the anticipated workload in 2016 would far, far exceed our 2015 demands.

The year 2015 went by in a flash as the Operations Department was perpetually

reexamining our current service plans to ensure we were doing what made sense from a customer service standpoint and to ensure we were distributing the workload evenly so as not to overburden our train crews. Our on-time performance metrics for customer service were once again close to 100% for the year.

Our train crews were instrumental in handling the record breaking business, I couldn't be prouder of the department.

As I reflect back on the years' accomplishment I also need to recognize our counterparts in MOW. MOW was on the front lines aiding the train crews in the winter months, a thankless

task. Also, there were many unused portions of our railroad that were restored to service to handle the new business and many track construction projects were underway by the end of the year. Our MOW team has a "to do" list that never, ever seems to get shorter.

The challenges presented by the rapid growth in business will certainly tell you a lot about your team and their ability to handle the evolving circumstances. Once again, I'm amazed at the way everyone in the organization stuck together to make it all happen. Another great year! ♦



# Maintenance of Way

BY: ERIK YODER, AVP MAINTENANCE OF WAY



RBMN Mark IV running a pass on the Dunmore RT MP 0.02 relining the track to match the new location of the Duryea Jct Switch.



The Dunmore RT MP 0.01 at Foote Ave regulated after the track was realigned to match the relocation of the Duryea Jct switch.



New surfaced curve on Susquehanna Branch looking south from Foote Ave MP 1.91.

## Foote Ave Crossing Replacement

This year we completed a first for the Reading and Northern. It is not unusual for the Maintenance of Way Department to tackle rehabilitation of two crossings side by side on a track while keeping the trains moving along even if it is a mainline. What was unusual was the addition of moving a switch and relining a track while rehabilitating two road crossings. Time limit? The usual two weeks of road closure to vehicle traffic.

The crossing at Foote Ave in Duryea was in bad shape and needed signal upgrades. It was determined that moving the tracks of the Susquehanna Branch and Dunmore Running Track closer together to provide flashers to cover both crossings was the best course of action in rehabilitation of the two road crossings. In order to do this, the Duryea Junction switch needed to be relocated in order to realign the Dunmore Running Track closer to the Susquehanna Branch.

The Maintenance of Way team jumped into action and moved the switch, realigned the Dunmore Running Track, replaced timber and asphalt crossings to brand new concrete panel crossings, new rail through the crossings, and repaved the approaches to divert damaging water from the crossing while providing a smoother transition across the railroad for vehicular traffic.

This also was a big boost for train productivity and efficiency. The 10 MPH speed restriction was lifted on the Susquehanna Branch as well as the stop and proceed for trains lifted on the Dunmore Running Track. The Signal Department installed new gates, flashers, and signal system at this location.

The transformation at this location in a matter of two weeks was significant. It always amazes me what great things can be accomplished when good people get together, work cohesively, and drive towards a common goal. The completion of the project was another highlight of the hard work accomplished this past year.



Newly installed concrete panel crossings at Foote Ave MP 1.91 on Susquehanna Branch and MP 0.01 on Dunmore RT.



New location of Duryea Jct switch on Susquehanna Branch MP 1.92 north side of Foote Ave crossing. Jonathan Barket checking all the signal components for the new gates and flashers installed at this location.

## Hazleton Line Rehabilitation

The last issue of the RBMN magazine highlighted the road to Humboldt. The Hazleton Line is critical to that road. We continued working on the Hazleton Line up to the end of December and even stretched our work on the Hazleton Line up to January 11, 2016. The warm weather allowed us to get in an additional 550 ties and few thousand feet of gauging in curves identified to be rehabbed.

This last effort push to get some additional work on this vital line put this line in a great position for additional work this upcoming year. Our current trains are running without incident and Maintenance of Way has completed a great deal of bolt work.



W. E. Yoder tie gang installing ties on Hazleton Line north of Delano Road crossing in Tamanend MP 106.68.



W. E. Yoder tie gang installing ties on Hazleton Line MP 106.7.





With the new rail string in the middle of the track, crews begin the process of removing the old rail from the high side of the curve to replace with the new rail string at MP 91.0 on the Reading ML.



Working on the Reading ML at MP 96.5, crews begin to push the last bit of old rail so the new rail can be spiked into place.



Using the backhoe to finish placing the new rail string on the Reading ML at MP 96.5, the gang jumps into action to begin securing the rail into its new home.

### New Rail Replacement

This past year we purchased over 20,000 LF of new 136 RE rail. The rail was purchased in seventy eight foot lengths and purposed to replace rail in curves that have been worn down due to traffic. One location that received brand new rail was a curve at MP 91 and MP 96.5. Both curves were programmed to have tie work completed in the near future and replacing rail in these sections was a vital first step to maintaining the track.

The rail was laid out end to end and prepared to weld into continuous rail strings. Once the rails were laid end to end with the proper gaps, the thermite welding gang took over to weld the rails strings and grind off the extra metal from the welding process.

Next step in the process was to gather most of our Maintenance of Way Department to install the rail strings. This is an all-day process as we strive to get the track back in service for trains to continue serving our customers. Both of our full time backhoe operators are used as well as our prentice truck to handle the long rail strings to install them into track.

Once the rail was laid into the track, the final step in the process could be completed. The men all get to task gauging and spiking the new rail string into place to resume use of the track for trains. It is neat to see most of our department working in smaller teams getting the job done.



Working with local contractor on site to fill in material into the old scale pit so the track can be reinstalled in Jim Thorpe yard.



Using an excavator to pull out the rotten old scale so the pit is exposed for fill, the project is well under way to restore use of the runaround track in Jim Thorpe yard.



Scale is almost removed in Jim Thorpe yard for the pit to be prepared for suitable fill for the track bed and track to be reinstalled.



The new track bed through the pit area of the scale is almost finished for the track to be reinstalled for the runaround to be placed back in service.

### Jim Thorpe Scale Project

This past year our bridge department identified the scale in Jim Thorpe to be in need of rehabilitation. They set to the task to evaluate and determine the best course for repairs. In the process it was determined to remove the scale, fill in the void, and install track to give operations an additional runaround in Jim Thorpe Yard.

The removal and rebuilding of the scale and track took about two weeks. The scale was removed and the pit was filled in to provide a bed for the track to be installed. The bridge department completed the installation of the track and returned the runaround to service.





Greenwood Running track covered by thick brush and weeds. Prior to clearing this section clean of vegetation, the ROW was only recognizable by break in the tree canopy above.



Track cleared to reveal the track long lost to weeds and brush. This section of the Greenwood Running track is close to town of Lansford.

### Running Tracks Rehabilitation

Our Greenwood Running Track received a facelift this past year. W. E. Yoder was out on this line to replace ties starting at Greenwood Junction working to Arlington Yard. They installed over 1500 ties and 4400 feet of gauging.

In addition to rehabilitation of the track between MP 0 and MP 1.8, the track headed towards Lansford was cleared of brush. This important step towards reclaiming track opens up the opportunity to see trains and rail cars across this once vibrant rail line.

The Middleport Running Track received a significant amount of rehabilitation this year. Along with the Greenwood Running Track, this track received ties, washouts repaired, and track cleared of brush that was covered from years of growth.

Maintenance of Way accomplished track repairs, brush clearing, and switch restoration on this track in under two weeks to give operations additional track for storage needs. Both tracks were reclaimed from nature and put to use.

Additionally, we also cleared brush on the Swatara, Shenandoah, and St. Clair Running Tracks to give these tracks a significant facelift and additional track space.



The dirt path to the left is next to the Middleport Running track covered by weeds and brush to the right.



John Walaitis stands on the Middleport Running track at the end near the old loading dock in the background on the right. The track was uncovered from all the brush the hid the track.



Brendle Stufflet operating the backhoe repairs a washout section on the track to restore the track to service.



Another section of running track on the Swatara that was uncovered to reclaim the track back from weeds and brush. This was the first pass for brush removal and was soon followed up with the backhoe to remove more material.



Brush close to the west side of the St. Clair Running track was pushed away to open up the ROW and keep the brush from hitting the trains.



The brush was pushed far away from the west side of the St. Clair Running track around MP 0.3.



The Shenandoah Running track around MP 3.9 is covered over with vegetation growth.



The rails are visibly clear after the first pass of brush cutting is performed on the Shenandoah Running track MP 3.9.



Using hydraulic jacks to lift the bridge beams for shim plates to restore the track geometry on the bridge over the Lackawanna River in Pittston.



Newly installed shims bolted into place proved the proper elevation to the bridge beams and Susquehanna Branch above.



Installing rip rap around the center pier to prevent pier undermining during times of flooding on the Lackawanna River Bridge.



The middle of the Lackawanna Bridge from the view of the Susquehanna Branch with Matt Minnich and Aaron Cassel preparing to shim the bridge beams.

### Lackawanna Bridge Repairs

Another big project for the bridge department involved repairs to the Lackawanna Bridge in Pittston Yard. The rail over the middle pier was lower than the rest of the rail making the rail appear to have a dip in the track.

The bridge department jumped into action and determined the raise required to level out the rail over the bridge. Plates were manufactured and the beams on the bridge were jacked up and plates installed.

Once the rail on the bridge was returned to the proper elevation, the department turned to repairing the walkways on the bridge.

The process occurred twice for the Susquehanna Branch and the Scranton Branch. Both tracks pass over this bridge and are vital to the yards in Riverside and Pittston. Once the all repairs were completed, the bridge department installed rip rap around the piers to aid in preventing scouring around the piers when flooding in the river occurs.

This project was another feather in the cap of the bridge department for this past year.





Addition of second switch at MP 78.35 for another track off the new Car Shop Lead in Port Clinton yard.



On the left is the new Car Shop Lead track, to the right is the second storage track in Port Clinton yard.



New Stockton Mine Siding on the Ebervale Running Track (formerly C&H branch north of Ashmore Jct) completed with split point derail.



New switch installed on Ebervale Running Track just north of Ashmore Jct for Coal Contractors

### Construction of Port Clinton Switches & Stockton Mine Siding Construction

In addition to all the tracks we cleared to gain additional track space, we also were busy building tracks. Switches were installed in Port Clinton Yard for continued construction of tracks and storage space in the yard. Port Clinton received additional track in the yard for equipment storage as well as track for our new stone siding.

Stockton Mine siding was constructed and installed this past year north of Ashmore Junction on the Ebervale Running Track. A switch was installed on the mainline and the Maintenance of Way Department jumped into action quickly constructing a new siding for a new customer.

All of these items take time, but new construction is passion for our department as we continue to see growth across the railroad. ♦

# Facilities



The main room in the Cressona Station as the building is being remodeled for the Signals Department.



The new Schuylkill Haven station Building for the Passenger Department.

BY: STEVEN BALTHASER, VP FACILITIES

2015 was a monumental year in the area of facility expansion at the Reading & Northern.

It is the mission of the Facilities Department, along with the Master Plan Committee, to ensure that RBMN is never restricted in its ability to move forward on its growth due to a lack of infrastructure planning or implementation.

Most of the time, our work involves building offices for our staff. But sometimes we are asked to do the unusual. In 2015, as documented in Dennis' article, we were asked to assist in taking unused warehouse space and getting it up to industry standards within 30 days. I am proud to report that we accomplished this task which involved the roof, floors, walls, new rail door, lighting and pest control. This was an exciting project for the Facilities Department as it involved an opportunity to assist in the actual growth in carloadings.

In 2015 we were also very busy in securing more space for our growing company. In 2014, we had prepared our first satellite office. We took a former

residence on property we had purchased and turned it into the headquarters for the growing Reading and Northern Police Department.

With this location being a great success, 2015 led to two new satellite offices. The first move was for the Passenger Department. RBMN purchased the Schuylkill Haven Borough building (former Reading RR Station) in the summer and moved the Passenger Department to this location. This building is being restored as close to original as possible. One of the many restorations underway includes removing later constructed offices to expose the original waiting room.

The second move was for our Signals Department. We are moving Signals to our Cressona Station facility. Nearly 20 years ago we closed the Cressona Station because we had plenty of room in our then new Port Clinton Headquarters. To prepare for the move the roof, HVAC, plumbing, and electric all had to be upgraded. A fenced in yard for supplies, exterior lighting, and cameras were also installed.

We also had to address our need for more shop space to handle our locomotive fleet, including the steam engines. RBMN's round house, which had housed the steam engines for years, needed to be better utilized. With a new well installed in 2014 and the turntable upgraded, this building was prime for some upgrades. New lighting, both interior and exterior, was installed first. Next came the heating system, air compressor and workbenches. We were able to then move the steam engine mechanics to their new shop. Future expansions planned for 2016 include a pit, an addition on both sides of the present building, and track into the first bay off the main line.

Planned for 2016 is a new office in Pittston, a crew building at Humboldt, and purchasing or building a new vehicle shop, and repair facility. At Reading & Northern growth is a constant and the Facilities Department is here to make sure that growth is accommodated. ♦



# RBMN Shops Year in Review

BY: STEVEN BALTHASER, VP FACILITIES

There are many constants in running the locomotive and freight car shops at Reading & Northern.

We know there is always going to be growth. And we know our talented group of mechanics are always going to be up to the challenge.

As detailed in our press releases, 2015 was an extremely busy year for both the freight and passenger departments. And that means 2015 was a very busy year for the locomotive and freight car shops.

The engine house worked on major repairs and rebuilds along with the normal maintenance and ninety two day inspections. Since business was booming we knew there would be an increased demand for locomotives. Accordingly, RBMN 3050 was completely rebuilt, turbos were changed on the 2530, 3051, 3058, wheels were switched out on the 3056, and main bearings were changed on the 3051 and 3055. All this was accomplished so that RBMN could not only handle the 2015 growth but the projected

growth coming from our takeover of operations in Humboldt.

The Car Shop also saw an increase of production in 2015. More boxcars were needed for our growing transloading and warehousing business. The Passenger Department needed a second generator car, more rest room facilities on coaches, and the fleet yearly upgrade. Maintenance of Way wanted containers built for better handling of tie plates and spikes to remote locations. The Operations Department needed cabooses rehabbed for long rear end moves at certain locations. These projects, and the day to day work to keep 1000 cars ready for service, proved to be a very busy year for the men of the Car Shop.

In ending 2015, as with every year, the theme continues to be about being prepared for growth. The day to day is already known, BUT rest assured growth is coming and we must be ready to adjust and grow with it. ♦



Pictured are passengers buying tickets at the Jim Thorpe ticket booth. Passengers were purchasing tickets for Bike Trains and 70-minute LGSRY trains this summer day.

*"The Road of Anthracite"*

## FOR IMMEDIATE RELEASE:

### Lehigh Gorge Scenic Railway Smashes Ridership Records

Port Clinton, PA – January 19, 2016

The Lehigh Gorge Scenic Railway smashed all of its ridership records in 2015 as over 100,000 visitors rode LGSR trains last year. Although LGSR has been a successful tourist railroad attraction in Jim Thorpe, PA for the past ten years, its highest prior ridership had been 72,300 in 2014. The railroad averaged 55,000 total riders between 2010 and 2013.

According to Andy Muller, Jr., owner and CEO of LGSR, the reasons for the substantial increase in ridership are simple. "People love trains and we cater to those people. We have clean cars and knowledgeable conductors who make our train trips family friendly. And we bring our trains to communities with a long tradition of railroading so that our older riders can share their love of railroading with their kids and grandkids."

Families and tourists are seen riding the trains most frequently along with many other groups of people who make riding the train part of an exciting day trip. Several bus charters, school trips, scout groups, wedding parties, reunion parties, and senior groups visit the railroad regularly. The riders get to interact with the ticket agents, narrators, car hosts, and conductors. The railroad even has its own black bear mascot, "Lehigh George", seen most often at the platform interacting with passengers boarding the train in Jim Thorpe.

Conductor Bill Solomon enjoys working for the railroad. "You get to meet a lot of nice people from all over the country. It is a fun job and many kids want to grow up to be a conductor. My uncle worked in Jim Thorpe on the Central Railroad of New Jersey, and I always had an interest in trains." The train crew is extremely popular and friendly. Passengers also ride in restored coaches that date back as early as 1917. All standard coaches have clean restrooms year-round and heat in the colder months. During warmer times of the season, many people prefer riding the open air car. People sit and watch the scenery roll by or stand and take pictures due to the open side views in the open air cars. The open air cars are also decorated with beautiful murals depicting local wildlife commonly

seen in Eastern Pennsylvania. All of these factors make the tourist railroad an enjoyable experience that make people want to come back and visit on a regular basis.

Among the successful programs expanded by LGSR in 2015 are Bike Trains along the Lehigh River where people can take the train 25 miles into Lehigh Gorge and then bike back to Jim Thorpe. This special train partners with Pocono Biking. If customers do not have their own bikes, they can rent a bike from Pocono Biking. There are few tourist railroads with this type of exciting offering. No other railroad can offer a train ride followed by the amazing scenery of the return bike trip down the Delaware and Lehigh Heritage Trail through the entire Lehigh Gorge State Park.

Jim Thorpe saw the most successful Winterfest Celebration in years partially due to the opportunity to ride Winterfest trains into the beautiful, snow-covered Lehigh Gorge. Couples spent Valentine's Day riding an all-day Port Clinton to Jim Thorpe Valentine's Day Train as they were served chocolate while some rode the first-class accommodations of the Pullman car. Easter trains returned to the railroad offering trips with the Easter Bunny in spring. Also, steam trips materialized from Bethlehem to Pittston with a layover in Jim Thorpe one weekend in August. The event was planned with Norfolk Southern Railroad and the Fort Wayne Railroad Historical Society with their steam locomotive no. 765. This was the first time in over 20 years that such a trip was offered attracting thousands of people along the route to watch the train pass through the Lehigh Gorge and Wyoming Valley.

No. 425 steam locomotive rides from Port Clinton to Jim Thorpe sold out in the October season. In total, a record seven Fall Foliage trips were offered. With over 600 seats available on each trip, all sold out. Additionally, the trips into the Lehigh Gorge are always popular during peak autumn leaf color. Also, the option of taking a two hour train ride to the Hometown High Bridge was available during Fall Foliage Festival weekends. This trip offers a ride past two lakes to the 168 foot tall Hometown High Bridge.

Santa trains bring Christmas to Jim Thorpe and many additional communities. "Christmas time is always special with the kids riding the train. It gets you in the spirit seeing their faces light up when they see Santa and hear 'All Aboard' at the beginning of the trip" said Solomon. A special offering to families occurred during Santa Claus Specials- for every paying adult, a child aged 3 to 12 rode for free. Children under 3 ride free all season long. Many families in Eastern Pennsylvania happily took advantage of this gift the railroad offered to the public.

Besides operating LGSR trains in Jim Thorpe, many special trips ran in Schuylkill County, Luzerne County, and Wyoming County during 2015 in cooperation with related company Reading Blue Mountain and Northern Railroad. These special trips run in conjunction with various charity groups in the region. In Schuylkill County, the rail company worked with Railroad Restoration Project 113, Pottsville Area Development Corporation, Schuylkill Haven Borough Day Committee, and the Tamaqua Historical Society. The Pittston Charity trip benefited the Pittston Public Library, Care and Concern Free Health Clinic, and the Pittston YMCA. Farther north on the system, the railroad worked with Tunkhannock Business and Professional Association to sponsor trains in Wyoming County. Train rides in these locations help raise several thousands of dollars for the charities to use in their communities.

The record ridership and special events of 2015 were a very fitting way to celebrate the RBMN passenger department's 30th year of service along with the ten years of memories on the LGSR.

Trains are running in Jim Thorpe for Winterfest on February 13 and 14. Also, a special Valentine's Day train will operate from Port Clinton to Jim Thorpe and return on February 14. Please visit [www.lgsry.com](http://www.lgsry.com) or go to the Lehigh Gorge Scenic Railway Facebook for official updates. Finally, you may call 610-562-2102 to find out more information about the 2016 season or pre-order tickets. ♦

## New Hires – 2015

Kutztown University Job fair, spring of 2015: Recent graduates had a chance to speak to Crystal Arndt, RBMN HR Administrator regarding future openings as well as apply for current openings companywide.



The four new conductors starting in 2016 on their first day learning how to clean out a switch, from left to right: Joseph Matuella, Ronald DeLuca, Thomas Cook, Christopher Maddock, and Austin Popish.



BY: CRYSTAL ARNDT, HR ADMINISTRATOR

"Customers will never love a company until the employees love it first." (Simon Sinek) I would like to say Mr. Sinek has a great point! To work for Reading and Northern Railroad is a blessing that our employees do not take for granted. I cannot say that finding quality employees has been a struggle, Human Resources gets many applications a day and many of the applicants are encouraged to apply from existing employees and word of mouth. During last year, and the beginning of this year, I am pleased to announce that we have hired twenty-seven new employees! We have grown company wide and are preparing to hire even more employees this year. Please join me in welcoming the following employees to our team!

**Management:** Thomas Cook

**Mechanical:** Benjamin Meiser

**MOW:** Tristin Burhop, John Cherba, Brad Kunkle, Russelle Monroe

**Operations:** James Cerulli, Dominic Deeble, Ronald DeLuca, James Donley, Darrin Keip, Christopher Maddock, Joseph Matuella, Ian McKeown, Austin Popish, Darren Spare, Charles Trusdell

**Police:** Philip Schlegel

**Signals:** Graham Hantz

**Traffic:** Alexis Downs, Kristina Ottey

**Transload:** Raymond Chippa

**Lehigh Gorge Scenic Railway:** Larry Fisher, John Smolczynski, Sr., Nancy Walaitis, Elijah Wilson

**Moon Lake Ranch:** Beau Beuchle

Reading and Northern Railroad is also accepting applications for a Contracted Real Estate Inspector, Mechanic, Carman, and Engineer. We are reviewing applications and preparing to recruit our next round of employees. Even though we are building and growing all around, Reading and Northern Railroad still remains a "family oriented" company, and an excellent place to enjoy your career. Once again, welcome to our new hires, and a big thank you to ALL of our employees for helping to make RBMN as successful as it is today! ♦



**Reading Blue Mountain &  
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W. E. Yoder tie gang installing ties on Hazleton Line north of Delano Road crossing in Tamanend MP 106.68.