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September 2018

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Message from the President

As we near the end of Q3, demand across all modes remains strong with service still a factor in some parts of the North American rail network. Overall demand for truck and rail is robust while pricing is solid for carriers. And Class 1 railroads continue to invest in infrastructure to create more capacity. Some questions remain going into Q4 in terms of frac sand volatility and strength of Intermodal shipments – both International and Domestic.

Dominating the news recently are Union Pacific's plans to implement PSR (Precision Scheduled Railroading) and the impact of Hurricane Florence on supply chains in the Southeast. UP's announcement to roll out Unified Plan 2020 was met with mixed reviews, but generally positive for their efforts to initiate changes to improve service and efficiency. More to come in the months ahead as we start to see the results of their new operating structure. Disruptions from Hurricane Florence appear to be less than Hurricane Harvey

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last year in Texas as NS and CSX return to normal operations. This is good news from a logistics standpoint, but those effected locally will have a long path to recovery and stability.

I had the privilege of attending our Retiree lunch last week where we hosted 35 honoree members and past-presidents. It was a great reminder of the storied history of our Club and the individuals who are the foundation of TCC.

Finally, we have a new contributor to the Waybill this month – Chris Johnson of Cleveland Research. Be sure to check out their report on transportation trends in the industry.

Sincerely,

Tom Tisa
President
Traffic Club of Chicago

Board Member Spotlight: John Potocki

John currently is the Superintendent for the Northern Region for Intermodal at the Union Pacific Railroad. He is responsible for overseeing all Intermodal operations in Chicago, Council Bluffs (IA) and Denver (CO). He has been with the Union Pacific since 2005. Prior to the Union Pacific, John was Vice President of Operations at two different global manufacturing companies. "I joined the Traffic Club of Chicago in order to network with other people and companies that are involved in Intermodal and Supply Chain Logistics. I hope to be able to continually improve our portion of the supply chain by delivering our customers' products safer and quicker."

John will be hosting TCC guests at the Union Pacific Global IV Joliet Intermodal Terminal on October 11th. UP frequently arranges tours for customers and students to get a first-hand view of this world-class operation.

John has been a member of the Club since 2014. He received his undergraduate degrees (mechanical & electrical) from the University of Illinois and his Masters degrees (MBA & MHRM) from Kellogg. John lives in Bolingbrook with his son and is very active in his son's school and sports.

Committee Spotlight: Social Media Committee

This year has been full of new developments for TCC including another new Committee which will focus on the club's social media presence! Blythe Gilio will serve as the

Mitsui Rail Capital

Russell Kazmierczak
Clutch Global Logistics

Jim Keuck
BNSF Railway (retired)

John Potocki
Union Pacific Railroad

Patrick Seger
PPG Protective & Marine
Coatings

New Members

Tanya Dawson
Governors State University
256-337-7424
tstallworth2@student.govst.edu

Ryan Deveikis
AllTranstek
404-617-8963
Deveikis@AllTranstek.com

Nathan Dickman
Schneider National
630-962-1006
dickmann@schneider.com

Christopher Ferency
Ferrous Processing and Trading
313-820-3584
chris.ferency@fptsrap.com

Jake Frantzen
PLS
8475070170
Jdfrantzen@gmail.com

Blythe Gilio
CH Robinson
6304840731
blythe.gilio@gmail.com

Gunnar Hjorth
USG Corporation
3124366872
ghjorth@usg.com

Michael Kelly
Chicago Freight Car Leasing
7084765086
mike.kelly@crdx.com

Tyler Kemp
Odyssey Logistics & Technology
8155315045
tylerkemp@odysseylogistics.com

Chair of the Social Media Committee. Blythe is an Account Manager for the Intermodal Department of CH Robinson, but prior to her career in the transportation industry was involved in social media campaigns for Mail Boxes Etc. in Spain and CatholicVote.org in Chicago. After joining TCC through the Young Professionals group earlier this year, Blythe was excited to jump in feet first to help promote and better publicize TCC's mission to the supply chain community.

At the beginning of September, TCC hired on Newslink, a social media provider, to focus on creating and publishing content across all existing social media platforms. Newslink already works with some of the largest providers in the industry including CN, BNSF Railway, and Union Pacific. Through an established social media presence, we have an opportunity to broaden our reach outside of our current membership while continuing to keep our members informed of upcoming events and relevant industry information!

Please follow TCC's social media pages below:

Facebook: [Click here](#)

Instagram: [@trafficclubofchicago](#)

Twitter: [@TrafficClubCHI](#)

LinkedIn: [Click here](#)

Remembering Our Friend Greg Mangieri

We regret to inform you that long time Traffic Club member, T. Gregory Mangieri Sr., passed away the evening of Tuesday, September 4th, 2018.

Greg is survived by his wife of 48 years, Sharon of Galesburg; his son, T. Gregory (Jackie) Mangieri Jr. of Crown Point, Indiana; his two daughters, Lisa (Gabe) Herrera of Frankfort and Becky (Tony) Vereecke of Hickory Hills; his brother, Jeff (Pam) Mangieri; two sisters, Becky (Bill) Sheldon of Galesburg and Lori Mangieri all of Galesburg; and four grandchildren, Steven, David, Olivia and Frankie. He is preceded in death by his parents.

Greg served in the U.S. Navy for four years during Vietnam as an MM2.

He was the general manager for China Railway Materials (CRM) for 10 years. Greg spent over 40 years devoted to the railroad. He began at CB&Q, later BN, the Illinois Central Railways and then the Canadian National Railroad. In addition to being a member of the Traffic Club of Chicago, he was a board member for the National Railroad Hall of Fame. Greg worked and served as president for GREDA. Greg held

Yiannis Loizides
Mitsui Rail Capital
3128332765
yloizides@mrc-rail.com

Allison Motel
TSC Container Freight
630-874-2934
AMotel@scoular.com

Lisa Oliver
Alliance Shippers
224-343-0475
loliver@alliance.com

Tim Osmulski
The Raymond Corporation
6073434570
tim.osmulski@raymondcorp.com

Marshall Perry
Governors State University
773-865-7351
mperry4@student.govst.edu

Jennifer Recker
CN
708-269-0359
jennifer.recker@cn.ca

Spencer Sunde
Propel Software Solutions
484-889-6024
SpencerS@PropelTMS.com

Rohit Vaze
Illinois Institute of Technology
3128189006
rvaze@hawk.iit.edu

Jamaal Webster
Governors State University
7732095174
jwebster3@student.govst.edu

Kristen Wright
FreightCar America, Inc.
312-928-1070
kwright@freightcar.net

[Upcoming Events](#)

[October Union Pacific Intermodal Facility Tour](#) **SOLD OUT**
October 11th, 2018

[Community Service Event](#)
October 13th, 2018

all offices including president for the Intermodal Association of Chicago.

[Joint TCC-Loyola Career Fair](#)
November 8th, 2018

[Business Development Symposium](#)
November 14th, 2018

[WhirlyBall Networking Event](#)
November 15th, 2018

[Annual Holiday Party](#)
December 5th, 2018

Industry Trend Analysis - September 2018

Courtesy of Cleveland Research Company

U.S. Trucking Trends

- The American Trucking Associations' seasonally adjusted (SA) Truck Tonnage Index increased 8.6% Y/Y in July, its 15th consecutive month of Y/Y growth. As a 3 month moving average, tonnage was up 7.9% Y/Y in July (has trended between 7.5% and 8.5% since November 2017). Year-to-date, tonnage growth rate improved 10bps to +8.0% Y/Y, faster than 2017's +3.8% Y/Y growth rate (2016 +3.7% Y/Y, 2015 +3.6% Y/Y, 2014 +2.6% Y/Y, and 2013 +4.5% Y/Y). The index readings were rebased last month with 2015 = 100 (prior was 2000 = 100)
- While spot market prices have stabilized, TL rates through July remained significantly higher Y/Y as average dry-van linehaul rates (blend of contract and spot, excl fuel/assessorial charges) were up 10% Y/Y. Industry contacts expect 2018 contract rates to increase 8-11% Y/Y, the first significant Y/Y increases since 2015. Spot market Y/Y growth rates have moderated due to lapping year-ago increases. Flatbed TL pricing is seeing the strongest Y/Y increases within the TL sector, as we expect 2018 flatbed contract increases of 10%+ Y/Y (was +0-3% in 2016).

Global Airfreight, Containerized Ocean Traffic

- Total US container imports were up 2.4% Y/Y in August. YTD imports are up 5.9% Y/Y (2017 growth was 6.4% Y/Y, 2016 growth was 3.1%). While 3QTD has likely benefited from tariff-related pull forward (but limited by recent capacity reductions), we believe full-year volume growth will likely moderate to 3-5% Y/Y, slower than prior year, primarily due to tougher comparisons and higher inventory positions. With trade tariffs pending, there is risk for additional pull-forward of shipments which could lead to deceleration in 4Q18.
- During August, spot market ocean rates from Hong Kong to the U.S. West Coast rose significantly M/M and are trending 50%+ higher Y/Y. Key drivers were capacity reductions in 2Q and strong volume (organic growth plus incremental pull-forward). We expect spot market rates to remain high for the next 4-6 weeks but begin to fall in early 4Q (post-Golden Week) as the long-term market oversupply dynamic has not changed. As a result, our work indicates 2018 contract rates of \$1,000 and \$1,200 continue to secure capacity for existing prices.
- Airfreight rates in July were slightly higher than year-ago periods but continued to decline from prior month levels. We expect airfreight rates to remain higher Y/Y through 2018 as more capacity has been proactively locked into contract agreements due to 4Q17/1Q18 capacity constraints, while pricing power appears limited as

capacity has grown faster than volumes for five consecutive months.

Rail Trends

- Through the second month of 3Q18, CSX volume growth has accelerated to 4.2% Y/Y (2Q was the first Y/Y growth since 3Q17) with key growth in coal and intermodal segments. Norfolk Southern's volume growth continues to trend above CSX, with QTD volumes up 5.7% Y/Y due to better intermodal and chemical growth, plus retained market share gains over the past year.
- Union Pacific's 3Q18TD volumes are +6% Y/Y while BNSF volumes are +4.2% Y/Y. Coal volume declines remain a drag, while BNSF's intermodal container movements are lower Y/Y.

Retirees Luncheon Recap

On September 19th, the Club held its Annual Retiree Luncheon at Itasca Country Club. 35 of the Clubs Honorary Members and guests enjoyed a delicious buffet and hosted bar.



Union Pacific Intermodal Facility Tour

(SOLD OUT)

October 11th, 2018

The Traffic Club of Chicago will host a tour of the Union Pacific - Global 4 Intermodal Terminal! This tour will begin with a Q & A session, and then attendees will load onto a bus to tour the facility.

This event is sold out. If you would like to be added to a waiting list, please contact TCC staff at staff@traffic-club.org.

[READ MORE](#)

Community Service Event

Hosted by the Young Professionals Committee

October 13th, 2018

Join the Traffic Club of Chicago's Young Professionals Committee for our first ever Community Service Event!

On October 13th, TCC is partnering with Project C.U.R.E to load a container with donated medical supplies and equipment. Project C.U.R.E. is the largest provider of donated medical supplies and equipment to developing countries around the world. Project C.U.R.E. is the recipient of the GuideStar Exchange Platinum Seal, the Charity Navigator Four-Star Rating and ranked by Forbes as one of the 20 Most Efficient Large U.S. Charities.

If you plan to join us, we request to you register in advance so that we can plan accordingly. Click "READ MORE" below for registration & more details!

[READ MORE](#)

Joint TCC-Loyola Career Fair

November 8th, 2018

The Traffic Club of Chicago in conjunction with Loyola University will be hosting a Career Fair on Thursday, November 8th at Loyola University's Schreiber Center in Chicago. This event will provide individuals looking for internships or employment the chance to meet with professionals in the transportation, logistics, and/or supply chain fields.

This event is FREE for all job seekers! If you plan to attend the Career Fair, we request that you complete the [registration form](#). Although registration is not required for this event, it is encouraged. Those who register will receive a professional printed name badge.

Interested in Exhibiting at the Career Fair?

For the bargain price of \$200, your company can reserve a booth at the upcoming Career Fair. In order to reserve your spot, simply fill out the [registration form](#) and select "Exhibitor."

[READ MORE](#)

New TCC Membership Benefits!

The Traffic Club of Chicago is excited to announce some new Membership Privileges that may be of interest to you and/or your company!

The Club has partnered with a variety of product & service providers to deliver additional tangible member benefits.

[READ MORE](#)

Business Development Symposium - Save the Date!

November 14th, 2018

The Education Committee of the Traffic Club of Chicago invites you to attend a full day of educational speakers and panel sessions at the Business Development Symposium! This event will take place on November 14th, 2018 at the DePaul Center in Downtown Chicago.

More details will be announced as the schedule is finalized. Registration will open soon!

WhirlyBall Networking Event

Hosted by the Young Professionals Committee

November 15th, 2018

Join the TCC Young Professionals Committee for a night of fun & networking at WhirlyBall in Chicago! This event will serve as a year end celebration of the success the Young Professionals Committee has had in 2018.

Never heard of WhirlyBall? WhirlyBall combines lacrosse, hockey, basketball, and bumper cars in a game of skill

coupled with a touch of chance. Check out [this video](#) to see what it's all about.

Although this event is hosted by the Young Professionals Committee, you DO NOT have to be a young professional to attend.

Registration will open soon!

Send Us Your TCC Photos

TCC loves blasts from the past. Do you or some you know have pictures or items from TCC's 111-year history? We would love to feature them on social media and online. Email your photos to staff@traffic-club.org or mail them to TCC Headquarters.

Be sure to follow TCC on [Facebook](#), [Instagram](#), [Twitter](#) and [LinkedIn](#) to see some of the great photos and items we already have!



Photo from the TCC 50th Annual Dinner from
Donna Sinks



Traffic Club of Chicago

800 Roosevelt Rd. Suite 312-C

Glen Ellyn, IL 60137

630-529-1333 | staff@traffic-club.org

[Unsubscribe Here](#)

