

A Two-Part Conversation with South Shore Freight's Henry B. Lampe (*Part 1 of 2*)

by Charles McKelvy

Although South Shore Freight is officially listed as a Class 3 railroad, their forward-looking President, Henry B. Lampe, sees the Midwest carrier as “a microcosm of a Class 1.”

And, as he said in a December 2007 interview in his office, “I get to spend the morning talking to a U.S. Congressman, and then come back here and work with the trackmen.”

Henry Lampe is bullish about a Michigan City, Indiana-based Chicago South Shore & South Bend Railroad that he has led for the last three years, and he says the time is right for freight railroads “because (investor) Warren Buffet is buying up railroads.”

Noting that South Shore Freight recently negotiated six-year contracts with the unions to which 53 of their 65 employees belong – the United Transportation Union and the clerical and carmen divisions of the Transportation Communications Union, Lampe said: “We have a win/win situation, because we have been able to keep costs down while benefiting our employees. And we have improved our safety record so much that we gave a special financial award to our employees.”

South Shore Freight, according to Lampe, has not caused a Federal Railroad Administration (FRA) reportable accident in two-and-a-half years, and he proudly moved the interview to the nearby Mechanical Department where he showed how Striker Construction of Michigan City had recently poured a smooth concrete floor to help prevent slip, trip, and fall hazards. He pointed out recently installed fall-prevention devices on tracks No. 1 and No. 3 in the shop.

Outside the confines of the Mechanical Department, Don Hertzberg, Manager-Track, oversaw the August 21 replacement of four old switch stands to new, improved, back-saving switch stands. Contractors from Railworks, according to Lampe, came on site to make four switches in South Shore Freight's Carroll Avenue yard ergonomic and easier to throw.

And, as proof, Vice President-Operations Jim Thompson was pictured on the railroad's Fall 2007 “Power to Move” newsletter throwing one of the yard's new switches without throwing out his back.

Henry Lampe is clearly pleased to be presiding over a safely growing Class 3 railroad that pro-



Portrait of a forward-looking railroad executive, South Shore Freight President Henry B. Lampe.

vides direct connection to all of the Class 1 railroads of North America and made nearly \$9.5 million in capital improvements in 2006. The largest purchase was for 100 covered coil cars to enhance service to such steel customers as Mittal Steel (formerly Bethlehem Steel), U.S. Steel, Primary Steel-Chicago, and Roll Coater Inc.

Describing the South Shore as a “nimble” carrier, Lampe said his management team has the full confidence and support of owner Anacostia & Pacific Company to see and seize business opportunities.

A key move was the purchase of the 26-mile “Kingsbury Line” from the Norfolk Southern to provide rail service to the growing list of industrial customers in the Kingsbury Industrial

Park that sits just south of La Porte on the site of an arsenal that served the nation during World War II and the Korean Conflict.

“We see most of our development occurring between Kingsbury and Burns Harbor,” Lampe said, noting that their largest partner is CSX.

A freight railroad that operates primarily on a passenger railroad, South Shore Freight has an excellent working relationship with the Northern Indiana Commuter Transportation District (NICTD) that dispatches its train. NICTD acquired the South Shore's Indiana trackage and facilities on January 1, 1990, and the two entities have had an overall harmonious relationship operating over the same tracks ever since.

Indeed, as Henry Lampe is happy to point out, when South Shore Freight crews “go dead” at Burnham Yard, they can expect a free ride back to Shops aboard the next eastbound NICTD passenger train. Likewise, when a South Shore passenger crew loses overhead power, they can count on a free tow to the next section of “live” wire from one of South Shore Freight's diesel locomotives.

All of this makes Henry B. Lampe one satisfied railroad president and to appreciate why he loves to go to work every day, consider that he personally inspects each and every one of the railroad's myriad switches every year and that he has been seen on more than one occasion picking up trash at various yard facilities.

(The conversation concludes next week)

A Two-Part Conversation with South Shore Freight's Henry B. Lampe (Part 2 of 2)

by Charles McKelvy

(Editor's note: this concludes our two-part conversation with South Shore Freight President Henry B. Lampe)

Henry Lampe has loved railroads since his early childhood when his parents took him to the West Coast from their home in Chicago aboard the legendary liners of the 1950s. As he says: "we rode on some really nice trains." And, being a child of the 1950s, he had a model railroad of his own – an American Flyer set, and when he was old enough to work he became a coach cleaner for the Santa Fe at their 22nd Street yard in Chicago.

Noting that was in 1966 when he was 17, Lampe said he has been in the railroad business for 41 years and has not regretted a minute of it.



South Shore Freight President Henry B. Lampe has loved railroads since his early childhood when his parents took him to the West Coast by train.

"My first job in railroading was cleaning out toilets and other fine things for the Santa Fe Railroad. I always worked summers on the railroad because the pay was so good, and I had to work my way through college."

And what better college for a future railroad executive to attend than Washington State University in Pullman which, of course, is named for George M. Pullman of car-building fame. Before earning a B.A. in Transportation Economics in 1971, Henry Lampe earned his tuition through a Pullman Scholarship and by working "out of Seattle on the Great Northern passenger trains. The first summer (1969) I was a traveling passenger representative aboard the Empire Builder. And then the next two summers I worked as a waiter on the Empire Builder. Looking back, those were just terrific summers. Tips were good, and I made enough money in the summer to pay for my entire college year."

As the only white waiter on his crew, he also learned about diversity. "On the Great Northern,

the chef staff was white, and the wait staff was black. We got along fine, but there were some passengers in those days who preferred being served by white waiters."

And what better way in which to get home for Christmas in Chicago than serving Christmas dinners to passengers on the Empire Builder. "I needed the money, and it was a great time," he said.

He was so firmly wedded to the railroad industry by the time of his graduation from Washington State in 1971, that "I interviewed with a number of railroads and airlines. Santa Fe made me the best offer, and when they looked through my personal record file, they found some positive recommendations. That was the year of a severe recession, so I was fortunate to have had that summer work experience for the Santa Fe."

The young management trainee and his bride and high school sweetheart, the former Donna DeBatolo of Chicago, thus were moved all over the country as Henry rose through the ranks of the Santa Fe's Operating Department. "We wound up in California, and lived all over the state. I went from management trainee/safety supervisor to train master to senior train master to assistant superintendent to superintendent."

Santa Fe sent the Lampes from Los Angeles to Newton, Kansas where he was superintendent for the railroad in Kansas, Oklahoma and Colorado. "We had a delightful five years there," he says.

During one of Santa Fe's restructurings, he found himself "on the commercial side of the house" back in his native Chicago. "I did equipment management, marketing sales, and operations planning."

After the merger with the Burlington Northern, he was sent by the BNSF to Fort Worth where he was responsible for business development with the connecting carriers.

"So I got to know the fellows who owned the South Shore Anacostia & Pacific Rail Holding Company. I had a great deal of respect for them, and as a kid I rode the South Shore all the time, starting at four or five."

When BNSF offered Henry Lampe an early retirement, he turned to consulting and thus got a call from the chairman of Anacostia who said Terry Hurst was retiring as president of South Shore Freight.

"He asked me if I would be interested in giving the place a fresh look for a year or so. That was three years ago, and I'm still here. I'm enjoying myself so much that I plan to be here a while longer."

Henry Lampe is enjoying his present position as President of the Chicago South Shore & South Bend Railroad, because, as he says, "throughout my en-



The reason Henry Lampe likes to come to work in the morning.

tire career from 1971 until I left BNSF, it was reduce the company, reduce the staff, lay people off – reorganization after reorganization. My underlying interest in the industry kept me there, but it often was really pretty depressing.”

When Henry Lampe started with the Santa Fe right out of college in 1971, the railroad had 40,000 employees, and at merger with Burlington Northern, they were down to 14,000. “And we were doing more business with 14,000 people. We had to go through that, because as one of the executives said, we were ‘dead men walking’ at that time.

“But now it’s truly a growth industry. That’s exciting to me, and it’s nice to be working in that environment. And what I like about this company is that it’s small, and we can do things a lot quicker.”

Such as working agreements with other carriers on locomotive and car usage and property acquisitions which, according to Lampe, “would take a lot longer on a big carrier.”

Citing the aforementioned investment in new cars in 2006, he said “it was a real experience for me, because when I was running the equipment fleet for Santa Fe, I would justify the purchase but then I would turn it over to the financial, legal, and purchasing staffs, and it would take a lot longer. But here, I had to do all that myself. We were able to do it a lot faster, and we were able to work out a better deal as a result.”

Henry Lampe is clearly in command of what he describes as “a customer-oriented, local company that exists to serve customers on a local basis. We are nimble and can change things quickly, almost on a daily basis as customer needs arise.”

Most pleasing of all to the president is the fact that South Shore Freight “is able to price business to where we’re truly truck competitive. We’ve got

some pricing power today that we didn’t used to have. Rail rates are just now getting back to where they were – inflation adjusted – the early 1980s.”

Lampe attributes that to rising fuel costs and highway congestion.

“The transportation infrastructure is really being taxed by economic growth, and the rail industry is benefiting from that. And since we serve some very viable industries like the electric utility (NIPSCO), and Mittal Steel among others, we are able to participate in that. Since we connect with all the other carriers in the country – either directly or indirectly, we can offer competitive service and prices to anywhere in North America. We’re an independent carrier with no affiliation and contractual obligation to any other carrier so we can put together a service and price package for our customers that a lot of other short lines can not do.”



Conductor Dave Kist climbs back aboard South Shore Freight Extra 2002 West during a switching operation at Burnham Yard.

Technically a short line or Class 3 railroad, Henry Lampe says “we’re bumping up against Class 2, or regional. We do 60,000 cars a year, but we’re still a short line.”

And, it should be noted, South Shore Freight is a rapidly diversifying short line that has seen its annual volume of hauling coal drop from 75 percent about 10 years ago to today’s 40 percent. “We’ve been able to supplement our business with both large and small customers such as the roofing company in Michigan City -- GAF, Five Star Sheets in New Carlisle, and Criterion Catalyst over on the Amtrak line in Michigan City. GAF moved here in large part because of the rail service they anticipated getting from us.”

Henry Lampe intends to continue providing such competitive service and pricing to a whole host of customers along the southern rim of Lake Michigan as he proves that there is indeed life after retirement from a Class 1 railroad.

You are welcome to write him in care of: Henry B. Lampe, President, Chicago South Shore & South Bend Railroad, 505 North Carroll Avenue, Michigan City, Indiana 46360.