



THE



FLATWHEEL

FEBRUARY 2019

VOLUME 54, NUMBER 2



In This Issue

FEBRUARY 2019 VOLUME 54 NUMBER 2

FEATURES

21 TAKE A LOAD OFF

25 RPM-EAST EVENT

27 CW TRAINS

28 BEENNIAL AUCTION

**29 A STEAM
LOCOMOTIVE BELL AS A
KNICKNACK**

COLUMNS

- 3 North Coast Leadership
- 4 When and Where
- 5 An Editorial
- 6 From The Super
- 8 General Meeting Minutes
- 9 This & That
- 9 Sidebar
- 14 Module Group
- 15 Membership
- 15 Raffle
- 16 Company Store
- 17 Clinic
- 18 Contest Table
- A What's Going On?
- B Hobby Sources Listings



COVER PHOTO: Member and Contest Chair Dave Lawler took this photo in 2004 of EMB F (or E's?- Editor) locomotives at the E-L Railroad shop in Marion Ohio. See last page photo for another E-L shop photo, this time Alco PA's.

ELECTED OFFICERS

Superintendent - Lee Sheffield lakeshorenyc@yahoo.com

Assistant Superintendent - Ron Morgan,
ronalco844@gmail.com

Secretary - Dave Williams (440) 838-4996
dave_wms@sbcglobal.net

Treasurer - Greg Noeth (216) 789-2086
gjnoeth@yahoo.com

Director East - Fred Obreza (216) 587-4419
chevy5664@sbcglobal.net

Director Quad County - Jim Moore (419) 684-5833
moorez@aol.com

Director West - Gary Schaefer, trains.ohio@yahoo.com

Director at Large - Brian Haas, haasland@msn.com

Director at Large - Jeff Lauren, jflrn@sbcglobal.net,
21-798-1896

APPOINTED POSITIONS

Great Berea Train Show - David James c (440)-785-9907
david.j@brtcharter.com

Achievement - Bruce Brintnall MMR,
brintnall@mindspring.com

Layout Tours - Ron Morgan, ronalco844@gmail.com

Contests - David Lawler, davelawler@oh.rr.com

Historian/Archivist - Frank Bongiovanni

Raffle - Adam Woodie

Co. Store Manager - **SEE YOUR NAME HERE!!!**

Clinics - Larry Madson, lmadson@roadrunner.com

Flatwheel Editor - Bruce Bowie, in2trains@gmail.com

Membership - George Keller, gkeller@woh.rr.com, (c)
419-217-0396

Modules - Scott Benson, sbenson440@zoominternet.net

N.O.A.R.S. Representative - Bill Kovacs

Webmaster - Ben Lanza, blqt@nls.net

Refreshments - Joe Filipiak, graftonpotter@frontier.com

Training Day - Gary Schaefer, trains.ohio@yahoo.com

NORTH COAST LEADERSHIP

PHOTO - Ramon Ramirez—
2015-02-24 02:38 am | Last
updated 2015-12-11 03:54 pm

DIVISION 4

THE NORTH COAST DIVISION

OUR NEXT REGULAR MEETING WILL BE FRIDAY, FEBRUARY 8, 2019.

WE OFFER GOOD FELLOWSHIP, FREE SOFT-DRINKS/COFFEE AND AN INFORMATIVE CLINIC ON SOME ASPECT OF OUR HOBBY. JOIN US!

Copyright: Copyright 2014 Ian Adams Photography

WHEN & WHERE WE MEET

The North Coast Division holds 10 meetings a year (none in July and August). Meetings are on the 2nd Friday of each month. A

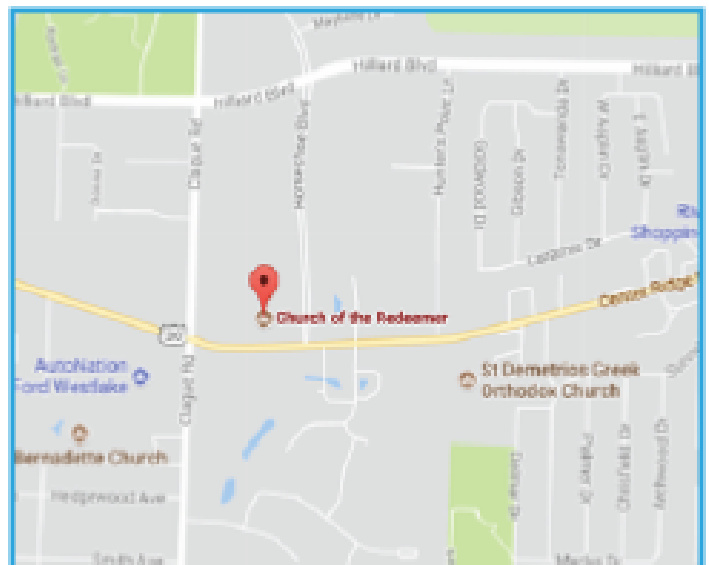
social half hour starts at 7:00 p.m. followed by a short business meeting at 7:30. After a short break, a railroad themed raffle and clinic complete the typical agenda. Meetings are held at the Church of the Redemer, 23500 Center Ridge Rd, Cleveland, OH 44145. Visitors are welcome to attend any meeting.

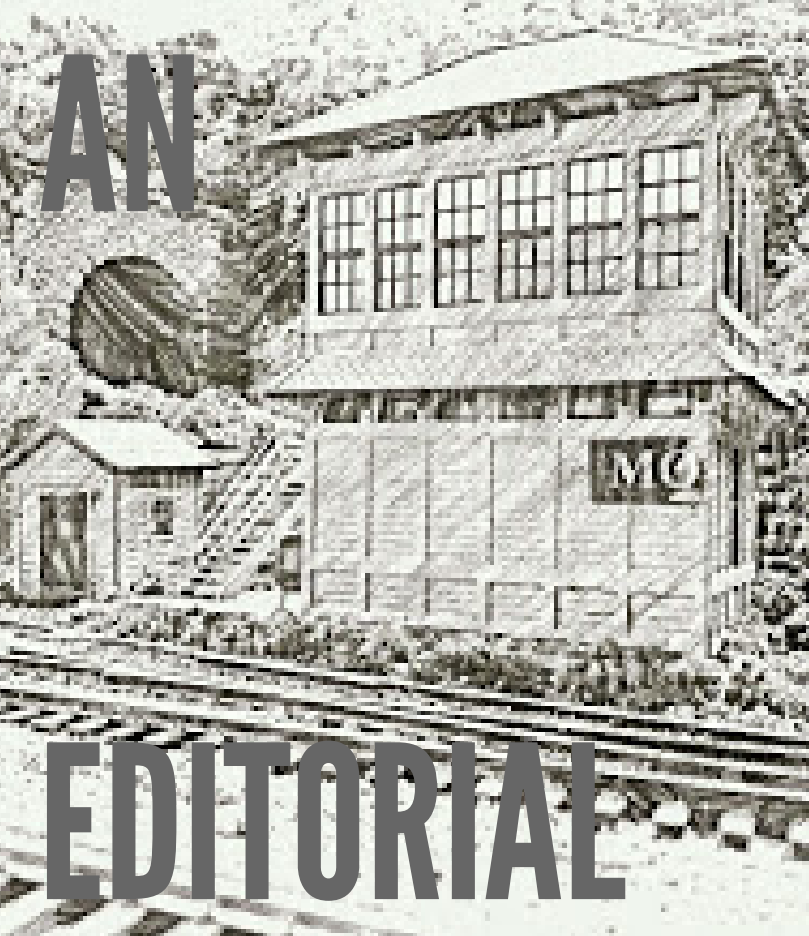
The Division's newsletter, *The Flatwheel* is published monthly (except during July and August) by Division 4 of the Mid-Central Region (MCR) of the National Model Railroad Association (NMRA). All comments are welcome. Views expressed in *The Flatwheel* do not necessarily reflect the opinion of the NMRA, MCR, or Division 4.

The Flatwheel is typically electronically published no later than the Monday preceding the monthly meeting. Submissions are due no later than the 26th of the prior month, for example, August 26th for the September *Flatwheel*.

Uncredited photos courtesy of the editor or staff photographer Dave Williams.

Yahoo - The Division has a Yahoo group available for members. Send your request to join to dave_wms@sbcglobal.net. It's best to include "Division 4" in the subject line and include your name. The group is private and does not appear on the Yahoo directory.





was one of those not driven by an upcoming need but by...who knows?

I quickly placed the scroll saw in an out of the way and storage only location and went on to set and use my new 3D printer.

As I was moving my two tools around, I thought about selling my scroll saw. Hmmm. Like all of us model railroaders, funds to expend on the hobby are always a consideration.

But one thing age brings to most of us and for sure to me is wisdom. I'm not any smarter than I was when younger but years/decades of experience have congealed in some part of those gray cells into a modicum of wisdom. And my wisdom tells me my hobby needs are always changing and expanding.

So who knows, maybe next month's project will be much easier and produce a better outcome with the use of a variable speed scroll saw. And I DO own one. So, far now, no for sale signs will appear.

Tools come in all shapes, sizes and costs. Cost alone does not define the tools value. You must multiply the cost by the usage. Last month I described my favorite tool and while costly, my tool with the most value. This month I want to describe a tool with noticeable cost but for me much less value.

Again from Micro-Mark, their MicroLux® Variable Speed Multi-Saw, Item #: 87776 retails for \$229.95 (currently on sale for \$199.95. This machine tool has similar features and quality as their table saw I described last month. In my case the issue comes with the usage factor in the value equation.

I have owned this tool for a number of years. I don't think I have EVER used it. The current model comes with some features improved from the model I own. I don't think the improvements would change the usage factor, at least for me.

I realized this recently when I needed room in my shop area to setup my new Anet A6 3D printer. The printer takes up a fair amount of bench top space and all my current space is used.

As I looked at what I might move/stack/eliminate my gaze fell on my scroll saw. That's when the electrons in my old gray cells all came together in an "ah ha" moment and I recognized I have NEVER USED this saw. The purchase



The lesson I/we should learn from this is only buy the tool (engine/structure/rolling stock) you when you are going to need it. Yeah, right. 🚂



BRUCE BOWIE
EDITOR

FROM THE SUPER

“Driving the train doesn’t set its course. The real job is laying the track.”

Ed Catmull

January has started out with a bang. Did you look around the room Friday night at the meeting and see how many people were in attendance. It was a case of standing room only. And we had six guests that I counted which is the most I have seen at a meeting other than when we had the 4H group attending. The Porter Library Display resulted in a few of those guests. We owe a big thank you to Chuck Klein for the fantastic display.

February brings us Member Appreciation Night, also known as pizza night. Be sure to bring your appetite. Larry Madson will have a railroad video of some sort to entertain us as we gobble down our pizza. We will have a short business meeting prior to eating pizza.

Ron Morgan has stepped up to coordinate our field trip for this year. He is researching a trip to the Oil Creek & Titusville Railroad. He will have some information at the Feb 5th BOD meeting held at the church. We are also looking at two possible smaller scale trips to Bowser Trains in Montoursville, PA and Scenic Express. Jim Elster of Scenic Express has invited us back for a visit. We are thinking of doing one of these trips or both using shared driving or carpooling. It all depends on how much interest is generated. I don’t think either trip can support the cost of a bus. Our last trip to Scenic Express had a good-sized group but we did not fill up a bus. So give these ideas some thought and we will

discuss it at February’s or March’s meeting.

Company Store, as you know Chuck Klein will be stepping down from his position heading up our Company Store. We have been patiently waiting for someone to step up and take over the company store for the past year. So, at this point the company store will go into hiding so to speak until we get a volunteer. Chuck has offered to help the new volunteer get started with the position, so it won’t be a here’s the tub, good luck kind of deal. At this point the most involved part of the job is handling the sales of the Davey’s Steel Hoppers. In addition to that you would need to bring the tub of items to sell to our monthly meetings and set up shop.

And this year is our Auction Year. We will be having our biennial auction in March so start getting your goodies together to sell. I mentioned in January that you can use the auction tickets that are on our website. They are under the heading “Auction Page” on the right side of the opening page. Don’t worry about them having 2017 at the top, they are still valid to use. I will have some printed copies at the February meeting if you don’t have access to our web page.

Please continue to welcome any new members and visitors to our meetings. Try to answer their questions the best you can or refer them to another member who might have the answer. Remember, we were all green at some point.

See everyone on February 8th.

As always, Model Railroading is Fun !!!



**LEE SHEFFIELD,
SUPERINTENDENT**

ALL MEMBERS ARE WELCOME TO ATTEND THE TUESDAY, FEBRUARY 5TH BOD MEETING, 7:30 PM, AT THE CHURCH. THE DIRECTORS WILL BE HOLDING THEIR ANNUAL MEETING AT 7 PM, TO HEAR YOUR CONCERNS, IDEAS, ETC.



Wait This isnt a bus

**PHOTOS FROM OUR
MOST RECENT
TRAINing DAY
- Gary Schaefer**



Timesaver

GENERAL MEETING MINUTES

NMRA MCR Division 4 General Meeting Minutes for Friday January 11, 2019

Church of the Redeemer, Westlake Ohio

The meeting was called to order by Superintendent Lee Sheffield at 7:30 pm. Lee called for any corrections to the November 2018 meeting Minutes as they appeared in the latest Flatwheel. Receiving no reply, Lee stated that the Minutes were accepted as printed.

Treasurer Greg Noeth gave a review of the finances of the Division.

Membership Chair George Keller asked for visitors and new members to stand and identify themselves. A number of first-time visitors stated that they had learned of the Division from the showcase display at

Great job Chuck Klein!

Porter Library. A number of visiting members of the Lorain County Model Railroad Club were in attendance as well.

Clinic Chair Larry Madson said that the evening's clinic would be given by Division member and author Bram Bailey on Ontario's cottage country. Next month will be videos during the pizza party.

Module Committee Chair Scott Benson reviewed recent activities of the modular group and upcoming events. The annual meeting of the Modular Group will be this Tuesday January 15, at the North Olmsted Library. A call by Scott for people interested in participating in the upcoming T-Trak layout at the MCR convention resulted in one response. The group's participation in Lorain County's Trees and Trains was again well received during the holiday season. The layout was 70 feet long. The event drew 3700 visitors.

The Flatwheel deadline is January 26, 2019.

Contest Chair Dave Lawler said that the evening's contest is for streamlined coaches. Winners of the November contest for single domed tank cars were asked to speak about their entries. Next month's contest will be for yard switchers (e.g., SW1200 of SW1500).

Company Store Chair Chuck Klein reported on his current inventory of items available for sale. Sales of the Division's Davies Steel car project have been going very well. Chuck and Lee emphasized that Chuck will be stepping down from this position and the future of the Company Store depends on someone volunteering to run it.

Raffle Chair Adam Woodie described the evening's raffle prizes.

The next board meeting will be Tuesday February 5th at 7 pm. All members are welcome to attend.

Lee talked about a possible field trip to the Oil Creek and Titusville Railroad in the Fall of this year. An alternative might be a return trip to Bowser Manufacturing. Lee reminded everyone that next month (February) is the annual Member Appreciation Night with pizza, and that the March meeting will be the biennial Auction. Forms for the auction are available at the Division's website.

In reference to the return of NKP steam engine 757 to Bellevue, George Keller said that the Mad River & Nickel Plate Museum's accompanying caboose had been called, indicating that return trip will be in the near future.

Art Bumpus reminded us that we are due for the annual Directors' Meeting, which is a chance for Division members to bring up issues and suggestions for the directors' consideration. Lee asked the directors in attendance to arrange for that meeting to take place in the near future. The meeting is usually scheduled an hour or so prior to the monthly general meeting.

Meeting adjourned at 8:06 pm. 🚂

DAVE WILLIAMS
SECRETARY



THIS & THAT

CONNIE ORENICK'S FATHER PASSES - Casimer "Casey" Kaliszewski

January 3, 2019

CASIMER "CASEY" KALISZEWSKI, age 98. Loving husband of the late Sophie (nee Bargiel). Cherished father of Connie Orenick (Emil), Ray (Carol Leahey) and Karen Schweter (Mark); dearest grandfather of Michelle and Anita Orenick and of Ryan Schweter (Sarina). Dear brother of the following deceased Jessie (Krysinski) Patalon, Florence Bulkowski, Henry Kalish, Walter Kalish, Alfons Kalish, Emily Brzozowski and Harry Kalish. Dear brother-in-law of Shirley Kalish. Dear uncle. US Navy Veteran of WW II. Services Saturday, January 5, 2019 at 10 A.M. at GOLUBSKI FUNERAL HOME, 5986 RIDGE RD., PARMA, OH, 44129 and at 10:30 A.M. at St. Charles Borromeo Church. Interment Holy Cross Cemetery. FRIENDS RECEIVED at the funeral home FRIDAY 4-8 P.M. In lieu of flowers, family suggests memorial contributions to St. Charles Borromeo Church, 5891 Ridge Rd., Parma, OH, 44129

RB PRODUCTIONS - Not all hobby sources are found in the good 'ol USA. I came across a reference to RB Productions in an article in MRH. This company is based in Ireland. They produce a number of products and tools. Many of their products are unique. I purchased their mini rivet making tool. The shipping cost was reasonable and the item came in about a week. I would highly recommend you check them out at <http://www.radubstore.com/> - Editor

FOR SALE - MicroMark Topside Creeper Because my railroad for all intents and purposes is finished, I no longer need this really handy tool for the construction phase.

It is indispensable in reaching over and above impossible-to-get-at places for trackwork, soldering, scenery installation, etc. It would also be very useful in working on vehicles and work in the garage.



Micromark Item # is 83876. Their list price is \$332 and sale price is \$260. I am asking \$100. My creeper is lightly used and in excellent condition. Only ten bolts (all included) will have it operable. If needed, complete instructions can be downloaded from the Micromark website.

You can reach me on my cell phone at 814-282-0807 or by email at beschopf@gmail.com. I live in Cambridge Springs, PA. Because of its size and shape, you must pick it up. I have no carton of that size to ship it in. - Bill Schopf, Division 12, MCR, NMRA



2019 Rankings Of The Best Railroad & Train Stocks Sure Dividend HIGH QUALITY DIVIDEND STOCKS, LONG-TERM PLAN

Updated December
12th, 2018 by Nate
Parsh

www.suredividend.com

We are more than a decade into the bull market. Unemployment continues to remain low and wages are inching higher. These factors benefit railroads, because as more people are employed, they have more disposable income. This means more goods can be purchased, many of which are shipped from ports to the consumer.

As a cheap, effective way of transporting goods, railroads often see higher volumes and revenues when economic conditions are strong. Slightly offsetting these factors are a decrease in energy prices.

This past June, we

ROB'S TRAINS - Somewhere I heard a rumor about Rob's Trains in Alliance, Ohio closing because Rob was going to retire!

NOT TRUE! Rob told me they will have to carry him out of the shop. - *Joe Kurilec, MMR*



MODELERS DECALS and PAINT - i love the ready to airbrush paints in 2 oz. bottles sold by, among others, Micro-Mark. (MicroLux Acrylic Airbrush Paints, 2 Oz Bottles, 10 Colors) Their negatives are the limited colors and the \$7.95 per bottle pricing. While not too costly compared to many model paints, still somewhat high in my Scottish brain.

I recently read about then looked up Modelers Decals and Paint. They sell ready to airbrush sets of six 1 ounce bottles for \$21.50, individual 1 ounce bottles for \$3.95 and 2 ounce bottles for \$6.75. They currently have a selection of 42 colors and are adding to their collection on a regular basis. - *EDITOR*

TOMALCO - I recently contacted Larry Morton, owner of Tomalco Track with a few questions. Tomalco makes S scale products.

http://tomalcotrack.net/Home_Page.html

Larry mentioned that he purchased Tomalco mainly to pay for his railroad! What a great idea. In our conversation he stated that he is thinking about selling the business. Any S scaler should look into Tomalco products as they are very good. - *Joe Kurilec, MMR*

examined six railroad companies in an effort to determine their total annual return possibilities over the next five years. This article will look at each railroad's most recent financial release, dividend history and valuation in order to rank them by expected total return through 2023.

Top Railroad Stock #6: Union Pacific (UNP)

- **Total Annual Return Potential through 2023: 1.7%**
- **Previous Railroad Rank: #6**

The Pacific Railway Act of 1862 authorized the Union Pacific Railroad Company to build a line west from the Missouri River to meet a line coming east from Sacramento. With 32,000 miles of track, Union Pacific is the largest railroad in the U.S. Sales totaled nearly \$21 billion in 2017 and the company has a current market capitalization of \$113 billion.

Union Pacific released third quarter financial results on October 25th.

The company earned \$2.15 per share, which was \$0.06 higher than the average

Canadian Pacific G-5, 4-6-2 at age of Steam Roundhouse - Dave Lawler





Mad River & NKP Railroad Museum

21 hrs · 🌐

Our Nickel Plate Road caboose is out traveling the NS system on it's way to meet up with the 757 in Strasburg PA. If you photograph it along the way, please share your pictures with us. Jacob Leukhardt took this photo of the caboose on the rear of train 10G in the Pittsburgh area.

The information above was submitted by Joe Kurilec, MMR on Friday, January 25, 2019. I attended an OP session the next day along with George Keller. George informed us the caboose had since arrived at the museum in Strasburg, PA. - Editor

analysts' estimate and a 43% increase from the previous year. Revenue grew 9.6% to \$5.9 billion. Union Pacific's operating ratio of 61.7% was flat year-over-year, but did improve on a sequential basis from the second quarter's ratio of 63%.

Union Pacific benefited from higher volumes and prices during the quarter. Outside of energy, which had a 2% decline, all shipment types saw positive volume increases. Industrial results were strong, with 9% volume growth accompanied by a 13% climb in revenues. Demands in construction and industrial product end markets were the main drivers of these increases. Premium revenues were up 18% while volumes were higher by 9%. Stronger truck and SUV sales were the primary contributors to these growth rates. Agriculture transports experienced a 2% gain in volumes and a 6% increase in revenues. Feed grains and biofuel demand more than offset weakness in wheat exports. Volumes for frac sand dropped 23% while coal shipments were down 3%. Energy revenues did grow 1%.

Union Pacific expects an earnings-per-share (EPS) midpoint of \$7.59 for the year. If achieved this would represent 31% growth from

A few pics of Mad River's NKP Caboose on the move to #757. Pics are via NKPHTS, Denny Snyder, Mark Nilges - Gary Schaefer



A
R
R
I
V
E
D



2017. Union Pacific has grown EPS at a rate of 4% over the past five years.

Union Pacific, with dividends increases for the past twelve years, is a Dividend Achiever. The company has increased its dividend:

- By an average of 11.2% per year over the past three years.
- By an average of 14.8% per year over the past five years.
- By an average of 22.1% per year over the past ten years.

Union Pacific has given shareholders three dividend increases in the last twelve months. For the December 2017 payment, the company raised its dividend by 9.9%. Then for the March 2018 payment the dividend was increased 9.8%. Finally, Union Pacific raised its dividend 9.9% for the payment made this past September. 2018 dividends will total \$3.06, a 23.4% increase from 2017's total. Based off of expected EPS, the company's payout ratio is just 40.3%. Union Pacific shares currently yield 2.1%.

Union Pacific's stock closed at \$151.68 on 12/6/2018. The stock has a current price-to-earnings ratio (P/E) of 20. This is above Union Pacific's ten-year average P/E ratio of 16. If shares were to revert to their average P/E ratio by 2023, then this would reduce the



**Dave Williams is spotted at the Amherst (MA.)
Model Train Show in Springfield, MA on
Saturday, January 26 - Adam Woodie**

stock's annual returns by 4.4% per year.

Combining earnings growth (4%), dividends (2.1%) and multiple reversion (-4.4%), we expect that Union Pacific can offer total annual returns of just 1.7% through 2023. In our previous article, we forecasted a total annual return of 2.2%.

While we are impressed with the company's dividend growth over the last year, Union Pacific offers the lowest total return of any railroad on our list.

Top Railroad Stock #5: Norfolk Southern (NSC)

- **Total Annual Return Potential through 2023: 5.1%**
- **Previous Railroad Rank: #4**

Founded in 1980, Norfolk Southern is the youngest railroad on our list. The company has more than 19,000 miles of routes through twenty-two states in the Southeast, East, and Midwest portions of the U.S. The company transports freight between points on the Atlantic coast and the Gulf of Mexico. Norfolk had \$10.6 billion in

MODULE GROUP

NO REPORT SUBMITTED THIS MONTH

SCOTT BENSON
MODULE GROUP



sales in 2017 and has a current market cap of \$45.2 billion.

Norfolk Southern reported financial results for the third quarter on October 24th.

Norfolk Southern earned \$2.52 per share during the quarter, beating estimates by \$0.06 and showing growth of 44% year-over-year. Revenue increased 10.5% to \$2.95 billion. This was \$40 million ahead of estimates. The railroad's operating ratio improved more than 1% to 65.4%. Norfolk Southern saw record results on nearly all metrics. Still, this is the highest operating ratio of any of the railroads.

Norfolk Southern saw strength across all of its product categories.

Norfolk Southern reported improved revenues and higher revenue per unit figures for every type of product shipped. The company also saw higher volumes for all products except for coal. Overall volumes were up 5% due in large part to 8% growth in intermodal. Intermodal set a company record for volumes. Even though coal saw a 4% decline in volumes, total revenue grew 3% and revenue per unit was up 7%.

Norfolk Southern saw a 9% increase in expenses as fuel prices rose 38%. On the

MEMBERSHIP

NEW MEMBER

Hi everyone,

January's meeting was inspirational given the fact that we had 6 visitors at our meeting having learned about NMRA Division 4 through various events that our division holds. Each of them introduced themselves and gave a short presentation of what scale they model. We had one new member sign up under the NMRA RailPass Program. Welcome aboard Christine Kitchens of Westlake, Ohio. I have contacted Division 5 asking about volunteers needed for their Railfest 2019 train show held at Lakeland Community College held on March 16 - 17. I'll share more information as I get it.

GEORGE KELLER
MEMBERSHIP CHAIRMAN



MEMBERS: If your membership information needs to be updated, or for any questions about membership, please email George Keller, Membership, at gkeller4@woh.rr.com or call 419-217-0396 and leave a message.

RAFFLE

February's Raffle is entitled "Railroads east of the Mississippi!"
There will be no March Raffle since that is the night of the auction.

ADAM WOODIE,
THE RAFFLE DUDE



positive side, train speed increased 6% and terminal dwell improved 7%. Fuel efficiency was a company record and train length a quarterly record.

Norfolk Southern is expected to earn \$8.95 per share in 2018. This would result in a gain of nearly 37% from last year. We expect earnings to grow at a rate of 6.4% annually.

Norfolk Southern had increased its dividend in fourteen out of the last fifteen years, pausing growth in 2016. The company has increased its dividend:

- By an average of 1.1% per year over the last three years.
- By an average of 3.6% per year over the last five years.
- By an average of 7.2% per year over the last ten years.

While dividend growth is below that of most of the other railroads, Norfolk Southern did increase its dividend by 11% for the payment made this past September. This follows an 18% increase that the company announced for the March payment. Norfolk Southern will pay out \$3.04 in dividends-per-share this year. Based off of expected EPS, this equates to a payout ratio of 34%. The stock has a yield of 1.9%.

Norfolk Southern's shares

COMPANY STORE

New project for Division 4

Davies Steel hopper cars are in!



These are based on Dean Freytag's steel mill modeling. Dean 's railroad was the South Ridge Lines and the steel mill was known as Davies

Steel. We have designed a 70 ton three bay hopper car that in theory

below
are f
expa
have
them
Shirts



There
ils to
e cars
y see
ining.

We believe that Norfolk Southern can offer a total annual return of 5.2% through 2023. This estimate is based off of growth (6.4%), dividends (1.9%) and multiple contraction (-3.1%). We had previously estimated an annual return of 5.1% for Norfolk Southern.

Norfolk Southern did see a slight increase in our estimated total return, but dropped a spot in our rankings. We like that the railroad saw record results on several metrics, including operating ratio and net income, but we feel the other names in the space offer better opportunities.

Top Railroad Stock #4: CSX Corporation (CSX)

- **Total Annual Return Potential through 2023: 5.3%**
- **Previous Railroad Rank: #5**

**OUR COMPANY STORE IS TEMPORARILY CLOSED
UNTIL YOU VOLUNTEER TO BE THE NEW
MANAGER! PLEASE CONTACT LEE TO
VOLUNTEER TODAY.**

FREE DVD'S!

I should remind everyone that we have a library of how to DVD's for member use. A \$10.00 deposit for each DVD rented. \$10.00 returned when DVD returned at next meeting. Check the listing by clicking on MEMBERS ONLY, then VIDEO LIBRARY to see a list of over 120 DVD's!

????????

STORE
MANAGER



CLINIC

NO REPORT SUBMITTED THIS MONTH

CSX operates 21,000 miles of routes in the Eastern United States. The railroad has been in existence since the 1820s and started with just thirteen miles of track. Today CSX covers twenty-three states. CSX generated more than \$11 billion in revenue last year and has a market capitalization of \$59.6 billion.

CSX reported third quarter financial results on October 16th.

CSX saw earnings more than double year-over-year to \$1.05 per share in the third quarter. This was also \$0.12 above estimates. Revenue increased 14% to \$3.13 billion. CSX's operating ratio was a company record 58.7% during the quarter and one of the lowest on our list of railroads. For comparison, the company had an operating ratio of 68.4% during the third quarter of 2017. Revenue per unit increased 9% while the company's tax rate was 22.3%.

Almost every type of transport category saw growth during the quarter.

While grain exports have been a headwind for several railroads, CSX saw an increase in international shipments. Revenues for autos improved 12% due in part to demand for trucks and SUVs. Coal exports helped to make up for

CLINICS WANTED

Help!!!! I am looking for programs for January through June 2019. If any of you would like to share your modeling techniques, know of someone I could contact for a program, or have a suggestion for a program topic, please contact me. If you have contacted me previously about a program, please take time to remind me again.

Larry Madson

lmadson@roadrunner.com

440-934-2643 or 440-864-2305

Clinic Presentation Aids

Division 4 has a digital projector available for use by Division members for presenting clinic programs in digital format. We now also have a carousel slide projector with carousels. The Division also has a video camera available for program enhancement. Anyone wishing to use the camera or the projectors

Division 4 has a digital projector available for use by Division

LARRY MADSON

CLINIC CHAIRMAN



CONTEST TABLE

The January contest featured Streamlined Passenger Coaches.

There were only 5 entries but 63 votes were cast and the results are as follows:

DIORAMA

1st: George Keller
2nd: John Witt
3rd: N/A
4th: N/A

MODEL

1st: Jeff Lauren
2nd: Joe Filipiak
2nd: Dave Lawler

I was a bit surprised at the small number number of entries. I really thought that most of us would have at least one old Athern Blue Box, Santa Fe "shorty" coach lying in a drawer. In order to assist with contest subject selection

I think I'll have to poll the membership to see what eras the majority are modeling or just maybe everyone

Moving on, the February contest is for: A Diesel Yard Switcher Locomotive. (No road engines, please)

I've included a couple of photos of a really snazzy SW1200RS switcher that can be used in yards or over the road due to the Flexi-coil trucks, large number boards and fuel tank.



DAVE "MR. CHEERIOS" LAWLER
CONTEST CHAIRMAN

FYI - Per the National and Regional contest rules,:

"The diorama had to be a maximum of two square feet and had to be constructed on a wood or foam base"

This should be noted by any of you diorama builders who might wish to enter a contest at a higher level than ours here at the North Coast Division.

continued weakness in demand for the product from utility plants. Intermodal revenues improved 12%, in large part because of international intermodal shipments. Demand for construction and pipe helped grow metals & equipment revenues 15%. Forest product sales were up 23% as demand continues to grow for paper boxes for online shippers.

Gains in freight revenues were impressive, but CSX's operating ratio performance should also stand out to investors. Train velocity improved 28% to 17.9 MPH. Terminal dwell declined almost 26% to just nine hours. CSX also had 14% fewer cars online, resulting in double-digit savings on car maintenance. With faster train speed, shorter terminal dwell and fewer cars, CSX's trains were able to significantly boost their efficiency.

CSX saw a 15% reduction in capital costs, which helped lead to 55% growth in free cash flow before dividends. The company also has bought back \$2.8 billion of its own stock year-to-date.

CSX expects an EPS midpoint of \$3.60 for 2018, which would be a 56.5% improvement from the previous year. We expect shares of CSX to offer earnings growth of 9%

Example of a switcher that can be submitted for the February contest - SW1200RS switcher by Dave Lawler



January Contest Diorama Entrants



through 2023.

CSX has increased its dividend for the past fourteen years. The company has increased its dividend:

- By an average of 7.4% per year over the past three years.
- By an average of 7.6% per year over the past five years.
- By an average of 15.8% per year over the past ten years.

CSX last raised its dividend for the payment made in March 2018. That increase raised the dividend 10%. Shares of CSX currently yield 1.3%. The company currently pays out \$0.88 in annual dividends. Based off of expected EPS, this represents a payout ratio of just 24.4%, the lowest payout ratio on our list.

CSX's most recent closing price was \$69.82. Using the company's EPS guidance, CSX's stock has a P/E ratio of 19.4. This is higher than the stock's ten-year average P/E ratio of 15. If shares were to reach our target P/E ratio, then shares of CSX could experience a multiple contraction of -5% per year over the next five years.

Based off our expected growth rate (9%), dividends (1.3%) and multiple reversion (-5%), we forecast that CSX can offer investors a total return of 5.3% per year through 2023. Our

January Contest Model Entrants



prior forecast for total annual returns had been 3.6%.

CSX had the second best operating ratio of all the major railroads and was able to improve on this metric by almost 1000 basis points. The railroad also has one of our highest expected earnings growth rates. CSX's stock has moved up a notch on our ranking and we would encourage investors to consider the company on a pullback.

Top Railroad Stock #3: Canadian National Railway (CNI)

- **Total Annual Return Potential through 2023: 5.7%**
- **Previous Railroad Rank: #3**

Canadian National Railway is one of two Canadian based railroads on our list. The company operates approximately 20,000 miles of railroad in North America. Canadian National Railway's track connects to both the Atlantic and Pacific oceans as well as to the Gulf of Mexico. The railway

**Continued on
Page 31**

TAKE A LOAD OFF



BY JOHN HEMSATH, MMR (& RECENT NMRA
MAGAZINE ARTICLE
AUTHOR W/ COVER PHOTO
BY FLATWHEEL STAFF
PHOTOGRAPHER
DAVE
WILLIAMS)



On my railroad, I like to empty my open top cars when they've delivered their load or fill them when they pick up a load. I deliver coal in hoppers (from off-layout sources like the Knott's Mine) to the King Coal Company, and to a few businesses on the layout that have their own boiler houses. Coal load castings for nearly every model hopper are commercially available. Some modelers, like Bruce Brintnall, MMR, put a piece of steel under the load to facilitate its removal from the car with a magnet. I glue a bent brad into the load to act as a handle to lift out the load, a tip I got from John Puch. Not exactly prototypical, but it works. Perhaps someday I'll retrofit for magnets. (Photo 1)



There are all kinds of things you can ship in a gondola or on a flat car. Most of those things don't have a place on my layout. For example, I have no use for a flatcar load of tractors in my urban setting since I don't have any farms, nor a tractor factory. Nor do I need to ship bridge girders, or scrap steel, or other big components. My little factories receive or produce machines, machined parts, blanks, etc. which can be shipped in crates or under tarpaulins.

Chooch Enterprises, Inc. produces a vast array of resin cast loads for open-top cars. The ones I've found useful are:

#7220: Wrapped Machinery Loads, (6), \$11.00

#7243: Heavy Crates, (5), \$14.99

#7266: Wood Sheathed Crate Loads (Med.) (5), \$18.99

Tichy Train Group produces a kit of crates in styrene.

#8174: Wood Crates, (7), \$4.95

American Model Builders

#287 Crate Flatcar load, \$15.05

N.J. International, Inc. has a nice kit of a large crate with blocking.

#6102 Large freight crates (2), \$9.99

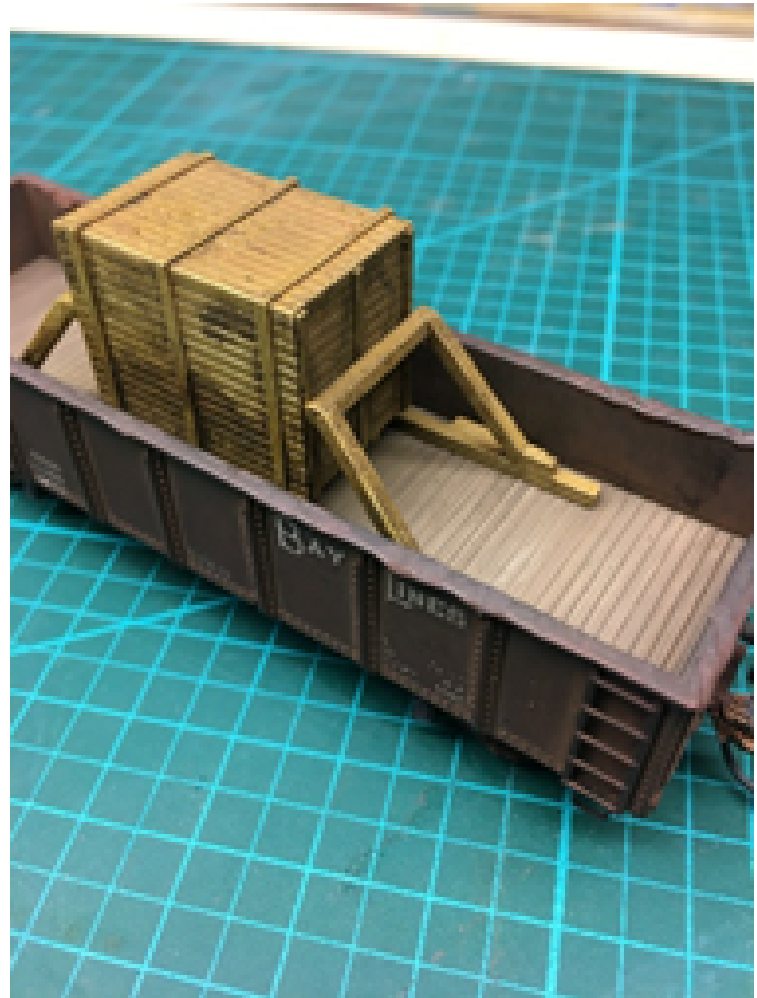
The above prices are current MSRP. You may be able to find them cheaper.

Now we have the cars and we have the loads. How do we get the loads into and out of the cars? Loads, like coal, or scrap, or wire spools which are cast for a particular model car like an Athern 50' gondola, are easy. You just pop them in and pop them out. But how about these loose crates or wrapped machines? For these, I recreate the floor of the gondola or flat car and mount the loads to the new floor. I've done this a couple of ways.

For gondolas I've cut a piece of .040 styrene sheet the same size as the floor of the gon. I've simulated the wooden floor of the gon with printed paper by Paper Creek Model Works glued to the new plastic floor. Paper Creek Model Works no longer produces the printed plank material I formerly used so I went to Clever Models LLC. and downloaded some of theirs. I was not happy with any of them, so I rethought the

process. For a wooden floor I use Evergreen Scale Models scribed plastic sheet #4067 O Scale Freight Car Siding, .040" thick, \$6.59. In HO scale, this approximates 6" wide planks. I then paint and weather it as I would for a car floor, glue the painted loads to the floor with super glue, and pop it into the gondola. Very easy. And if the gon's floor is steel? I would use a plain piece of .040 sheet painted to look like the floor of the car with weathering. I would not bother with seams or rivets. Just glue the load to the new floor. (Photo 2 and Photo 3)

By the way, Ron Spiga, retired 1:1 B&O/CSX Railroad conductor, told me he hated to have to climb into some gondolas because of the accumulated junk



inside. The end user of a car is supposed to clean out all the blocking, banding, wrapping, etc. They sometimes don't, so it accumulates in the corners. Your gons would be prototypically correct to retain some flotsam. You might try gluing the junk to the corners of the floor of the car, but at a low and common height. The false floor, with load, would fit over that stuff and you could add more junk to the corners of your new floor to continue the theme. (Photo 4 and Photo 5)

For flat cars there's a hitch. Assuming the car has a wooden plank deck, I follow the above procedure for a wooden gon floor. Cut the scribed sheet to the same

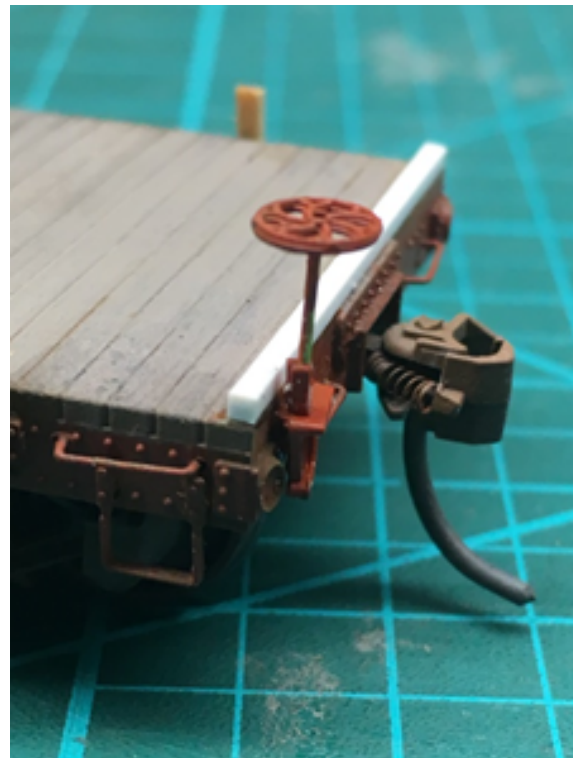


size as the flat car's deck, paint and weather, and be sure to paint all four exposed edges. This scribed sheet has a tendency to curl up a bit in the center because of the scribing. The weight of the cast loads will flatten it just fine when they are glued in place. If you're using hollow plastic crates, you can fill them with birdshot or some weight during their construction. Add the appropriate blocking to the new deck to secure the load. (Photo 6, *top of next column* - Editor)

Now the hitch; how do you keep this new floor on the car while traversing the layout? It may look a little odd, but here's what I've done. It's the same thing the prototype does to keep a load in place on a flat car. I whittle four pieces of strip wood to fit in the four outside corner stake pockets. I assume the last user of the car failed to remove them. Those stakes keep the new floor from falling off the car on one side or the



other. To keep the floor from shifting over the couplers, I add a strip of .040 x .040 to the very end of the car's original deck and paint it the same as the rest of the deck. It's unobtrusive with or without a load. But, just like with the gondolas, it's easy to load or unload the car. (Photo 7, Photo 8, and Photo 9)



I add weight to my open-top cars by gluing #9 lead shot between the frame members on the underside of the car, making sure to avoid interfering

with the swing of the trucks. Bruce Brintnall, MMR adds weight to a flat car by adding a piece of sheet lead to the top of the car's deck. This thin lead sheet can easily be cut and scribed to represent planking. Then he paints and weathers the new deck and glues the load in place.

Denny Whitaker has purchased sheet lead from this source:

--- <https://www.rotometals.com/>

Watch the videos on how to work with sheet lead. They also sell #9 shot in a 1-pound sample bag.

A-Line #13018 sheet lead 4 ½"x 2 ¾" x 1/16" (4 ox.) \$12.95

Liquid Gravity, from England, is a bottle of tiny, heavy balls you can glue into a car's frame.

Amazon: \$13.95 plus \$3.00 shipping

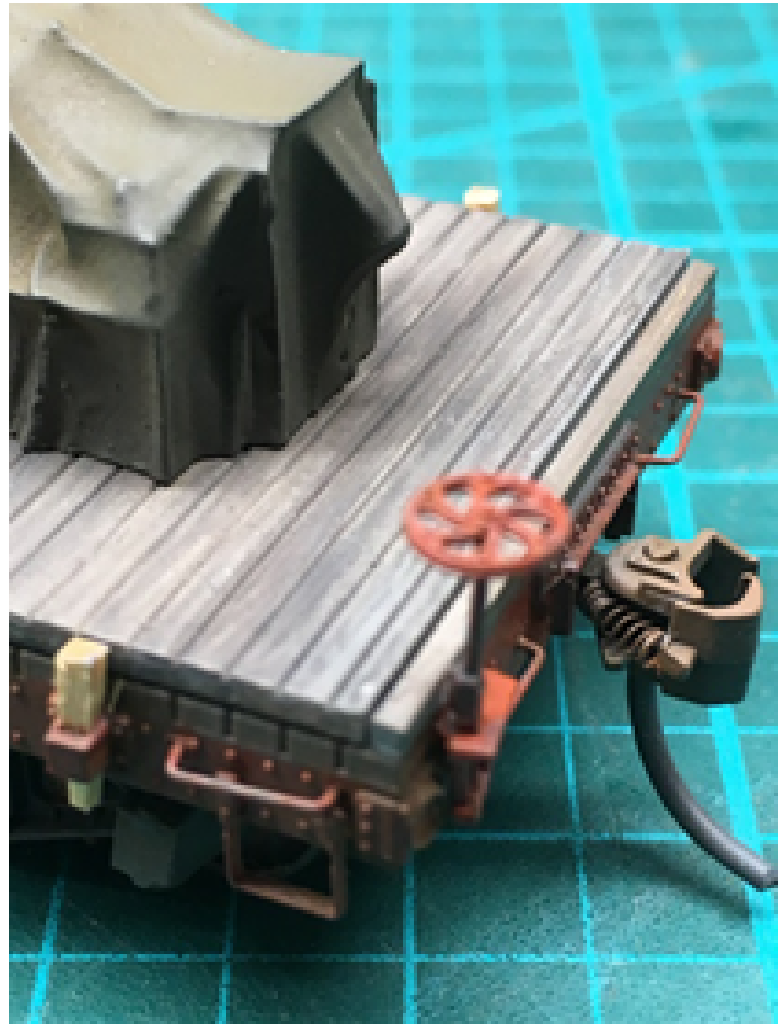
eBay: \$13.29 plus \$2.00 shipping

So now you have some techniques to add loads to open-top cars. And if some rivet counter points out that these techniques aren't quite prototypically

Take appropriate safety precautions when using lead! -
Editor

accurate, let him know that your house is equipped with prototypically accurate doors, and he's welcome to use one on his way out. It's your railroad. Have fun!

My thanks to Bruce Brintnall, MMR, John Puch, Ron Spiga, and Denny Whitaker for their help with this article. Please let me know if you have any questions or comments at HemsathJ@Gmail.com. 🚂



RPM-EAST EVENT

BY ERIC HANSMANN
RPM-EAST WEB AND
PUBLICITY GUY

Make plans to attend RPM-East!

It is time to make your RPM-East plans and rekindle your modeling efforts after a long, cold winter! Two months remain until this prototype modeler gathering in suburban Pittsburgh, Pennsylvania. There will be plenty of action March 22 & 23.

- two days of prototype and model presentations
- a large display room to share your modeling efforts and learn new techniques
- a variety of vendors selling goods for prototype modeling
- Thursday evening operating sessions on local model railroads
- an informal Saturday buffet
- Sunday model railroad layouts to visit

Early bird registration is only \$35 (until March 1), with an additional banquet cost of \$29.

There is a special hotel room rate of \$95 per night.

Registration forms, hotel information and more can be found at the RPM-East website:

http://www.hansmanns.org/rpm_east/index.htm

RPM-East is sponsored by Division 2, MCR-NMRA.

The following modelers and historians are committed for our meet.

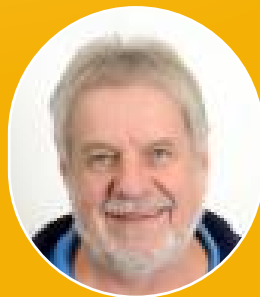
John Albert, Keith Albright, David Bott, Brian Carlson, Ted Culotta, Larry DeYoung, Jim Elster, John Greene, Bill Hanley, Eric Hansmann, Ron Hoess, Bernard Kempinski, Dennis Lippert, Rick Mahaney, Bob Meier, Bill Neale, David Owens, Jim Panza, Dave Ramos, Ramon Rhodes, Greg Smith, Robert Sprague, Steve Stewart, Mont Switzer, John Teichmoeller, David Wilson, and Kaylee Zheng.

Presentation titles will be posted soon to the RPM-East website. A tentative presentation schedule will be posted to the website in February.

http://www.hansmanns.org/rpm_east/index.htm

Set your schedule and register now for RPM-East! 

CW TRAINS



by **JOE KURILEC, MMR**

MENTOR WELCOMES CW TRAINS

CITY OF MENTOR - They say its not work if you love what you do. Brothers-in-law, Brian McCloskey and Scott Klein, shared a passion for toy trains. That hobby set them on track to open one of Mentor's newest businesses, CW Trains.



Over the decades, th duo attended train shows and grew their respective collections. It all changed seven years ago when they purchased a batch of cars with the intention of reselling them at a sow. They developed a reputation on the regional train show circuit which inspired them to move their inventory out of the warehouse and into a permanent storefront.

CW Trains is the only dedicated train shop on the east side of Cleveland for aficionados to buy, sell or trade...or just hang out and appreciate. Their particular specialty caters to those who appreciate O-scale vintage trains from the post-war era (1945-1969) with cars ranging from under \$10 for a classic

caboose to over \$1,000 for hard-to-find items hard-core collectors covet.

Unlike many trains you'll find at a show, all trains at CW have been inspected and restored, and are in perfect working condition. If you have an old train in need of repair, they can help with that too with their on-site repair service.

Best of all, you can bring the kids. They are 100% kid-friendly and offer a unique

hands-on experience with their fully interactive display featuring 4 full -size sets complete with buildings, gates, lights and more.

CW Trains is open Monday through Saturday from 10-3 and from 10-7 on Thursdays. They are located at 8815 East Avenue. Learn more at www.facebook.com/cwtrains or call (440) 479-1450. 🚂

Muskoka Lakes Steamer “Carol Marie of Owen Sound”(Ontario) on Dave Lawler's ONTARIO SOUTHERN RAILWAY COMPANY Ltd.



BIENNIAL (EVERY OTHER YEAR) AUCTION



BY BEN LANZA
WEBMASTER

2019 Division 4 Auction

Once again Division 4 will be holding an auction at the MARCH meeting. If you're like most of us you have accumulated an abundance of items you do not really need anymore or will never get time to use.

The auction is a perfect place to sell those valuable items to someone that has a use for them and will appreciate them. Gather them up and get ready to sell them off so you can purchase that special engine, car, or building you really want. Not only will you clear out some shelf room and have some funds in your railroad fund, but you can benefit the Division with the 10% sales fee.

To save you time Auction Forms are provided on the Division website and at the FEBRUARY meeting so that you can fill them out before the auction. Please print out and enter the following information for each item or lot that you will have for sale. It will save a lot of time if you have Auction Forms filled out **BEFORE** the auction starts.

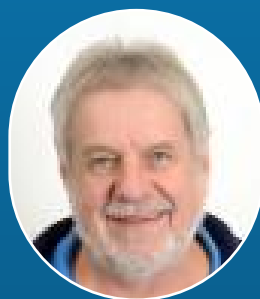
DO NOT FILL IN ANYTHING IN THE SELLER NUMBER AND BUYER NUMBER BOXES.

Fill out your 'Starting Bid' and 'Description' boxes only!

You will be given a numbered paddle at the auction. Those paddle numbers will be used in both the Seller Number and Buyer Number on the night of the auction.

The Bid Price, DIV Percentage, Sale Price and Buyer Number will be filled in at the time of the sale.

A STEAM LOCOMOTIVE BELL AS A NICKNACK



BY JOE KURILEC, MMR
PHOTOS BY RUTH WETZEL

My wife and I and Don & Ruth Wetzel were having dinner. Don asked if I could stop over and help him with a project. I said "of course".

Don is one of the most interesting guys I know. Many know of Don for being the engineer on NYC jet-car 497. He is the original "Rocket Man"!

Don needed help placing a steam loco bell in a custom "yoke" he and wife Ruth designed. It is beautiful!



We placed the bell from Don's workbench on to a two-wheel cart. This thing weighs almost 80 pounds! Got it into the living room. Don made many measurements for the needed height to get the bell into position. He set up some wooden blocks to place the bell on from the two-wheel cart. The yoke was designed to have the lower section removable, making it easy lift the yoke on top of the bell and then lowered. Notice the yoke, lower left with the lower section removed. At the upper top of the yoke, you'll see the bolt that will attach to the bell.



With the yoke lowered on to the bell, I attached a washer and nut securing the bell to the yoke. (What could go wrong?) NOTHING! The design and all of the measurements were perfect!

I did forget the oil change while I was down there.

With the bell secured to the yoke, we replaced the lower section, bolting it to the sides of yoke.

Don's "nicknack" was ready to have its place in the living room. God love Ruth!

The bell came from a NYC Hudson that pulled the 20th Century Limited.

My only regret to the project was that it is not a Nickel Plate Road bell!



Map of the study area showing the location of the Community Center at the intersection of Highway 100 and Highway 101. The map includes a north arrow and a scale bar indicating 100 meters. The area is labeled "MEDINA PARISH, LOUISIANA".

Intermodal carloads were up just 2%, but revenue for

this segment saw an 8% gain. Petroleum and chemicals saw a 5% increase in carloads and a 25% jump in revenues. Grain and fertilizers saw a spike in carloads of 8% to go along with a 15% revenue increase. Coal sales were up 25% on a 4% gain in carloads. Coal was a relatively small portion of Canadian National Railway's third quarter carloads (5.6%) and revenues (4.6%).

Canadian National Railway reaffirmed its guidance for 2018. The railroad expects a midpoint for earnings per share for 2018 of C\$5.375, which equates to US\$4.11. If the company produces this total it would be an improvement of 7.6% from 2017. We expect EPS growth of 7% through 2023.

Canadian National Railway has increased its dividend for the past twenty-one consecutive years, giving it the longest growth streak on our list. The company has increased its dividend:

- By an average of 12.1% per year over the past three years.
- By an average of 14.8% per year over the past five years.
- By an average of 22.1% per year over the past ten years.

For the payment this past March, Canadian National Railway gave shareholders a 9.7% dividend increase. The stock has a yield of



ERIE PA RAILROADIANA AND MODEL TRAIN SHOW

Sunday, March 3, 2019
10 A.M. TO 4 P.M.

RAINBOW GARDENS - WALDAMEER PARK

200 Peninsula Drive, Millersburg, PA

FROM PITTSBURGH: Take I-78 to Rt. 60 West to 852 North to Alt. 5 West
FROM BUFFALO: Take I-19 West to 852 North to Alt. 5 West
FROM CLEVELAND: Take I-89 East to 852 North to Alt. 5 West
FROM RT. ALT. 5: Take Rt. Alt. 5 turn left go 1/4 mile, turn right and drive through the arches marked Rainbow Gardens.

DOOR PRIZE —ADMISSION—

Adults —\$5.00 Senior Citizens & Students 12-18 —\$4.00
 Under 12 accompanied by an adult **FREE**

DEALER TABLES AVAILABLE
 14 Ft. — **\$35.00 per Table** 8 Ft. — **\$25.00**
\$30.00 — 2 Tables or more per Table

CONTACT: CARL AMBON
 55 Garnett Rd
 Apt. 836
 Berea, OH 44017
 Cell PH# 646-465-8845



Sponsored by KD TRAINS, LLC

INDEPENDENCE, OHIO



TRAIN & TOY SHOW

SATURDAY, MARCH 2, 2019 10AM-3PM

Independence High School Fieldhouse (Google map)

6001 Selig Dr., Independence, OH 44131

Adults \$6.00 *Children under 12 FREE Featuring Model Trains **Toys—New & Old

All Scales, Parts, Operating Layouts, Dealer Tables, Free Parking, Food, Door Prizes

For Info/Tables call —Dennis Peffer (216) 642-0692 Email: kdtrains@att.net

Dealer Info: Tables are 8ft @ \$25.00ea. ALL TABLES PREPAID!

Dealers will set up Friday 7pm-10pm, 7am-10.00am Saturday. If show is cancelled, all monies refunded.

Dealers will accept full responsibility for any injuries or loss to them or their property while attending the show. All boxes/storage material placed under tables. All loading/unloading to be done at designated entrance. There is to be nothing attached to wall/floors.

Dealers expressly release the promoters, KD Trains LLC, and the Independence Fieldhouse from any liability and agree to hold promoters harmless therefore. Dealers must give KD Trains, LLC two weeks prior notice if unable to attend. **No pack-up before 3 PM**

 Please Print—March 2, 2019 Sponsored by KD Trains, LLC Show Vendor Application

Dealers - \$25.00 per 8ft. table. PAYMENT/PREPAID MUST BE SENT WITH APPLICATION.

I would like _____ table(s) at \$25.00 each=\$_____ TOTAL ENCLOSED. Two free admissions per exhibitor.

Name _____

Address _____

City/State/Zip _____

Email: _____

Phone: _____ Electric _____

Make check payable/mail to:

KD Trains, LLC

C/O Dennis Peffer

5415 Hillside Rd.

Independence, Ohio 44131

Email: kdtrains@att.net

216-642-0692



**GREATER TOLEDO
TRAIN
AND TOY
SHOW**

Sunday, March 10th 2019

Join Us For Our 21st Annual Family Event!
One of Ohio's biggest shows!

**TRAINS & Family
TOYS! FUN day!**

9:00 - 11:00 am Early Birds - \$10.00
(Great for collectors!)

11:00 - 3:00 pm General Admission - \$6.00
Kids (12 and under) - FREE



1.7%. The company currently pays out \$1.39 in dividends. Based off of expected EPS, this represents a payout ratio of just 33.8%.

Canadian National Railway's shares recently traded at \$81.01. Based off of the company's expected EPS for 2018, the stock has a P/E ratio of 19.7. Canadian National Railway have traded with an average P/E ratio of 16.9 over the last ten years. If shares were to retreat to their average P/E ratio by 2023, the multiple could contract -3% per year.

We forecast that Canadian National Railway can offer a total annual return of 5.7% through 2023. This is based off our expected growth rate (7%), dividends (1.7%) and multiple reversion (-3%). Our previous estimate had forecasted 5.3% annual returns.

Canadian National Railway saw mid double digit growth on both its top and bottom line. The company's dividend growth streak should reassure investors that Canadian National Railway is committed to paying and raising its dividend. We suggest investors looking to own a railroad wait for a pullback in share price before purchasing shares of Canadian National Railway.



RAILFEST 2019
Saturday and Sunday
March 16 & 17, 2019
10 am to 4 pm
Buy - Sell - Trade
Located at:
Lakeland Community College
7700 Clocktower Dr.
Kirtland, Ohio 44094
State Rt. 308 at Interluka 90 - exit 135

Use the Luck of the Irish and find your Pot of Gold filled with your Train Treasures!

Operating Layouts
H Scale Layouts (4-10 ft)
HO Scale Layout (6-10 ft)
S Scale & American Flyer (Cooperstown Valley & Gauge Association)
Lionel O Gauge
LGS G Gauge
Live Steam Display (Take Home Live Steam)

For Information Write:
NMRA MCR Division 5
P.O. Box 5001
Mantoloking, Ohio 44130
Phone: (419) 557-8000
Phone: (419) 417-6746
Email: railfest@mcr5.org

Admission \$7.00
Two Day Pass \$12.00
Family (couples) \$12.00
Family (max) \$12.00
(2 Adults with children under 18)
Food service available at reasonable prices

Exhibitors
Dealers
HO HOA Members
Exhibitors
Operating Layouts
Video Tapes
Historical Displays
Train Ride into
Hood Branch
Available
GTM

Free Parking
Free Shuttle Bus
9:30am - 4:00pm

Presented by
National Model Railroad Association
MCR - Division 5 Event
PART OF LAKELAND
Visit us at www.lakeland.org
Facebook at www.facebook.com/lakelandmcr5 | mcr5.org

REMARKABLE LAKE COUNTY, OH.
Arts & Culture Program

Largest continuous running two-day train show in OHIO!

Top Railroad Stock #2: Canadian Pacific (CP)

- **Total Annual Return Potential through 2023: 10.3%**
- **Previous Railroad Rank: #2**

Based in Calgary, Canadian Pacific operates 14,000 miles of rail in Canada and the U.S. Canadian Pacific, the second Canadian railroad on our list, was founded in 1881 and has a market cap of \$28.5 billion. The railroad generated \$6.55 billion in revenue in 2017.

Canadian Pacific released results for the third quarter on October 18th.

Canadian Pacific's adjusted-earnings-per-share were C\$4.12, beating estimates by C\$0.05. This was also a quarterly record for the railroad. Revenues increased 19% to C\$1.9 billion, topping expectations by C\$10 million. The railroad was able to improve its operating ratio to 58.3%, a company record and the lowest on this list.

Canadian Pacific saw across the board gains in product revenues.

Revenues from grain were up 7% on the back of a record shipment. Potash revenues were up 24% on record volumes. Energy, chemicals & plastics saw 58% growth, with crude shipments the primary factor. This category was still up 23% when excluding crude contributions. Lumber had its best quarter in a decade and was the driver of 12% growth for forest products. Automotive revenues were higher by 20%. New construction on Canadian Pacific's auto compound in Vancouver is likely to be an opportunity for growth in this category for Canadian Pacific. Canadian Pacific saw some of the highest year-over-year revenue growth of any railroad we cover.

We expect that Canadian Pacific will earn US\$10.61 per share in 2018, which would be a 22% increase from the previous year. We see the company offering annual earnings growth of 8.5% through 2023.

Canadian Pacific has increased its dividend in eight of the past ten years. The company has increased its dividend:

- By an average of 16.2% per year over the past three years.
- By an average of 3.8% per year over the past five years.
- By an average of 7.2% per year over the past ten years.

Canadian Pacific has paid out \$1.93 in dividends-per-share this year. Using our expected EPS, this means the payout ratio would be 18.2%, the lowest payout ratio on our list. Shares yield 1.3% currently.

Shares of Canadian Pacific recently closed at \$196 giving the stock a P/E ratio of 18.5 when using our expected EPS for fiscal 2018. The stock's ten-year average P/E is 19. This would add 0.5% in additional yearly returns if shares were to expand to meet its historical average valuation by 2023.

In total, we forecast that Canadian Pacific can offer a total return of 10.3% per year through 2023. This growth expectation is arrived at by the combination of earnings growth (8.5%), dividends (1.3%) and multiple expansion (0.5%). Our previous estimate called for 8% annual returns.

Canadian Pacific offers our second highest estimated annual return. Investors may find Canadian Pacific attractive due to its potential double-digit annual returns.

Top Railroad Stock #1: Kansas City Southern (KSU)

- **Total Annual Return Potential through 2023: 12.9%**
- **Previous Rank: #1**

Kansas City Southern, which has been in existence since the late 1880s, runs in a north-south direction and initially connected Kansas City, MO to Port Arthur, TX. The rail network consists of nearly 6,700 miles of track that connects Midwest and southern states to Mexico and ports along the Gulf of Mexico. A little more than half of revenues come from the U.S. with Mexico contributing the rest. The railroad generated \$2.6 billion in sales in 2017 and has a current market cap of \$10.3 billion. Kansas City Southern has the smallest market cap of all the railroads on our list.

Kansas City Southern reported third quarter results on October 19th.

Kansas City Southern earned \$1.57 per share, in-line with what analysts were looking for. This was an increase of 16.3% from the prior year. Revenue grew 6.5% to \$699 million, but was \$9.2 million below estimates. The railroad's operating ratio improved 1% to 62%.

Kansas City Southern shipments were a mixed bag during the quarter.

Chemicals & Petroleum shipments saw a carload increase of 15%, which was the main driver of 17% revenue growth. A 36% increase in petroleum sales were primarily responsible for this growth. Energy saw an 8% decrease in carloads, mostly due to volume declines of 25% in utility coal and a 35% drop in frac sand. Revenue per unit for energy shipments, however, were up 7% on a 223% increase in crude oil sales.

Kansas City Southern expects to earn \$6.15 per share this year. This would be an increase of almost 19% from 2017. We believe that the railroad will grow earnings as a rate of 8.4% per year.

Kansas City Southern is a relatively young dividend paying company, with just six consecutive years of growth. The company has increased its dividend:

- By an average of 8.6% per year over the past three years.
- By an average of 18.2% per year over the past five years.

Investors should note that Kansas City Southern hasn't increased its dividend since the October 2017 payment. The stock yields 1.4%. The company will pay out \$1.44 in dividends-per-share. Using the company's EPS guidance, Kansas City Southern has a payout ratio of 41.9%. This is the highest payout of the major railroads.

Using the recent closing price of \$100.36 and expected EPS, shares of Kansas City Southern trade with a multiple of 16.3. This is the cheapest valuation in the sector, likely due to rhetoric between the U.S. and Mexico. Now that a potential deal has been worked out, we feel this issue has been lessened.

The company's ten-year average P/E of 22.7 is among the highest on our list of railroads. We maintain a 2023 target P/E of 19. If shares were to expand to a P/E of 19 from their current level of 16.3, then shareholders would see an additional 3.1% in annual returns over the next five years.

We project that Kansas City Southern can offer a total return of 12.9% per year through 2023. This projection is based off growth (8.4%), dividends (1.4%) and multiple expansion (3.1%). Our previous estimate had predicted 11.5% annual growth going forward.

Kansas City Southern is our favorite among the railroad companies. Potential issues over trade with Mexico appear to have been addressed. Kansas City Southern offers a solid combination of growth and multiple expansion. We encourage investors looking for exposure to this sector to consider adding Kansas City Southern.

Thanks for reading this article. Please send any feedback, corrections, or questions to support@suredividend.com.

The article referenced in this Side Bar contains charts providing additional information on the individual railroads. Investing is a great way to secure your financial future. But all investments carry their own level of risk. The returns noted do NOT guarantee future returns. Division 4, Mid-Central Region, NMRA is not responsible for your gains or losses! - Editor

HOBBY SOURCES IN OUR AREA

State Tool & Die



4780 Briar Road | Cleveland, OH 44135 | T: 216-267-6030



Shop our entire inventory of HO scale cars
and accessories at www.statetoolanddie.com

Sounds Of Motion



DCC SALES AND TECHNICAL SUPPORT

6910 SOM Center Rd.
Solon, OH 44139
Phone 440-248-4599

FRANK FEKO
Proprietor
frankfeko@gmail.com

DEPOT TRAIN & HOBBY

"It's not just a Hobby . . . It's an Adventure."

Garden Railroad, Lionel, HO, & N
Trains, Track, and Accessories
Plastic Models, Rockets,
Wooden Ships, Hobby Tools, and Paint

4342 W. 130th Street
Cleveland, Ohio 44135
216-252-8880
www.depotland.com



EASTERN OHIO TRAINS

The Hobby Home of High Speed Service

2740 Fairmount Blvd.
Cleveland Heights, Ohio 44106
Phone: 216-215-7377
Fax: 216-371-0931
email: cohss@aol.com
www.easternohiotrains.com

Joe Andrews, Proprietor

JASON'S BRASS POLES

We specialize in trolley model products.

Railroad Trolley & Specialty & Model Railroad Dealer

Brian Weisman - Owner

bweisman@roadrunner.com (TROLLEYS & MODEL
RAILROAD DEALER)

<http://www.jasonsbrasspoles.com/>

***These vendors are members of our very own NORTH COAST
DIVISION! Give them a try when you need the supplies and
services they offer!! - Editor***

AL'S TRAINS & HOBBY LLC
708 BROADWAY AVE.
BEDFORD, OHIO 44146



DCC INSTALL
FRAME MILLING
TRAIN SETS & ACCESSORIES
MODEL KITS-SLOT CAR SETS
& ACCESSORIES

HOURS:
M-W-F: 10-6
THURS: 10-7
SAT: 10-4
SUN-MON: CLOSED

Phone: 440-232-0591 Fax: 440-232-0596
www.alstrains hobby.com email: al@alstrains hobby.com

(216) 661-7300
FAX (216) 661-6433



TRADING POST TRAIN SHOP
FEATURING LIONEL TRAINS

JAMES J. BERILLA
Owner

4394 PEARL RD.
CLEVELAND, OHIO 44109

DEPOT TRAIN & HOBBY
"It's not just a Hobby . . . It's an Adventure."

Garden Railroad, Lionel, HO, & N
Trains, Track, and Accessories
Plastic Models, Rockets,
Wooden Ships, Hobby Tools, and Paint

4342 W. 130th Street
Cleveland, Ohio 44135
216-252-8880
www.depotland.com



**KEEP YOUR TARGET "ACQUIRED"
AT THE**

**WARZONE
MATRIX**

CHRIS WILSON
(216) 433-1316
WARZONEMATRIX.COM

1704 ROCKY RIVER DRIVE
CLEVELAND OHIO 44135
M2ONE@sbcglobal.net



MON - SAT. 10-5
SUN. NOON-5

www.ormandys.com



1 - HO - Z GAUGES AND PARTS

Ormandy's

TRAINS & TOYS FOR THE CONNOISSEUR
SPECIALIZING IN EUROPEAN TRAINS
BUY & SELL OLD TOYS

JOHN ORMANDY

330-722-1019
330-722-2205 Fax

10 PUBLIC SQUARE
MEDINA, OHIO 44256



Model Trains

Jan Dell Flowers Train Shop
Lionel - MTH - Marklin - Micro-Trains - Kato - LGB - Piko - Bway Ltd.
19350 Detroit Road Rocky River OH 44116
440/331-2392
Jim Lewis



Uncle Ray's Trains
4282 Lake Rd. • Sheffield Lake, Ohio 44054



uncle raystrains@gmail.com
Or call Uncle Ray at... (888) 933-2999 • (440) 933-0609

www.uncle raystrains oh.com

Stewart's Hobbies & Collectors' Toys
Trains • Plastic Kits • Die-Cast Cars
Slot Cars • Toy Soldiers

38033 Euclid Ave. • Willoughby, OH 44094

440/942-6632

STORE
HOURS:
M-F 12-6
THURS. 12-8
SAT. 10-6

ROB STEWART
SANDY STEWART

• Buy •
Sell • Trade
Old & New

Strongsville Hobby of Elyria



440-366-0665



ELECTRIC & NITRO R/C CARS, BOATS, AIRPLANES, SLOT CARS, ROCKETS
HOBBY SUPPLIES & PINE CAR DERBY, TRAINS & PLASTIC MODELS

831 Chestnut Commons Dr.
Elyria, Ohio 44035
Phone (440)366-0665
Fax (440)366-0666

R/C TRACK
ON SITE

www.strongsvillehobby.com

Mon - Fri 11:00 - 8:00
Sat 11:00 - 6:00
Sun 12:00 - 5:00
JERRY IVANCIC

DANIELS HOBBIES

Premium Quality

Est 1978

34E Main Street, Norwalk, OH 44857
M-Sat 10AM-6PM, Closed Sundays
(419)588-2029 | danielshobbies.com

CORNER FIELD



MODEL RAILROAD & HOBBY

18720 Pioneer Road • Middlefield, Ohio 44062

Located in Hunsburg

Tom Elesh, Owner • 440-636-5162

Website: cornerfieldmodelrailroadmuseumandhobby.com

Email: cornerfield@cornerfieldmodelrailroadmuseumandhobby.com

BAD L's Hobby

Your One Stop Slot Car Shop!

13397 Smith Road
Middleburg Heights, OH 44130



440-941-BADL (2235)

info@badlhby.com

<http://badlhby.com>

Bob Lusch
The "B" in BAD

STOCKYARD EXPRESS LLC

O-Gauge MTH Electric Trains & Accessories

Where the bull stays in the barn and the train rolls down the track

- MTH Authorized Service & Demo Center -

MTH - Lionel - Atlas

'O' Trains, track, accessories and more

49293 Plate Rd

Oberlin, OH 44074

(South of Boardman & SR 20)

Clyde & Diane Lewis

440.774.2131 / 440.774.7575 fax

www.stockyardexpressllc.com

email:stockyardexpress@aol.com

Stauffer Books & Prints



www.staufferbooksandprints.weebly.com

STAUFER BOOKS & PRINTS

(330) 636-1672

HOBBYTOWN USA

7982 PLAZA BLVD.
MENTOR, OH 44060

HTUMENTOR@AOL.COM
440-974-2116 MON-SAT 10am-8pm



BEN FRANKLIN



Plastic, Wood & Metal Models
Trains • Rockets • Kites • Coin Books
Die Cast • Roadrace • Pine Car Derby
Puzzles • Radio Control • Dime Store

Large Selection
Great Prices
Howard Mowcomber

183 Park Ave.
Amherst, OH 44001
440-988-5462

tanm55@centurytel.net

THE MUSIC BOX

Grand Pacific Junction
8062 Columbia Road
Olmsted Falls, OH 44138

440-235-1625

themusicbox@prodigy.net

PLEASE SUPPORT THESE DEALERS!

DIVISION 4, MCR, NMRA

The North Coast Division

The North Coast Division holds 10 meetings a year (none in July and August). Meetings are on the 2nd Friday of each month. A social half hour starts at 7:00 p.m. followed by a short business meeting at 7:30. After a short break, a railroad themed raffle and clinic complete the typical agenda. Meetings are held at The Church of The Redeemer, 23500 Center Ridge Road, Westlake, OH 44145. Visitors are welcome to attend any meeting.

The Division's newsletter, *The Flatwheel* is published monthly (except during July and August) by Division Four of the Mid-Central Region (MCR) of the National Model Railroad Association

(NMRA). All comments are welcome. Views expressed in *The Flatwheel* do not necessarily reflect the opinion of the NMRA, MCR, or Division Four.

Uncredited photos courtesy of the editor or staff photographer Dave Williams.

The Flatwheel is typically electronically published no later than the Monday preceding the monthly meeting. Submissions are due no later than the 26th of the prior month, for example, August 26th for the September *Flatwheel*. 🚂

Alco PA's at E-L Marion Ohio Shops, 2004 - Dave Lawler



ABOUT US

We are Division 4 of the Mid-Central Region of the National Model Railroaders Association. With more than 200 members from Cuyahoga, Erie, Huron, Lorain and Medina counties in the state of Ohio. The North Coast Division meetings are normally held on the second Friday of the month to hear guest speakers, share skills, have railroad related clinics, and to share common problems and successes. Many of us get together informally in round-robin sessions to operate and work on each other's layouts, or just to talk railroads and modeling.