

MINUTES OF THE House COMMITTEE ON Transportation

The meeting was called to order by Representative Rex Crowell at
Chairperson

1:30 ~~xxx~~/p.m. on February 7, 1984 in room 519-S of the Capitol.

All members were present except: Representative Fuller, excused

Committee staff present:

Hank Avila, Legislative Research Department
Fred Carman, Office of the Revisor of Statutes
Donna Mulligan, Committee Secretary

Conferees appearing before the committee:

Mr. Pat Hubbell, Kansas Railroad Association
Mr. John McPherson, Santa Fe Railway Company
Mr. Mark H. Schenewerk, Kyle Railroad Company
Mr. Rick Cecil, Kyle Railroad Company
Mr. James J. Irlandi, Kansas Grain and Feed Dealers Association
Mr. Richard P. Kowalewski, Farmland Industries
Ms. Becky Crenshaw, Committee of Kansas Farm Organizations
Mr. Ronald Gaches, Kansas Association of Commerce and Industry
Mr. Gerald Riley, Kansas Association of Wheatgrowers

The meeting was called to order by Chairman Rex Crowell, and Mr. Pat Hubbell, Kansas Railroad Association, was introduced and testified as an opponent on HB-2706. (See Attachment 1)

Mr. Hubbell told the committee that the use of cabooses has been subject to extensive negotiations between the railroads and the United Transportation Union for years, and any reduction in the use of cabooses results in changes in rules and working conditions. He stated that in most classes of train service today, cabooses only serve as a place for the crew to ride and do not prevent accidents. Mr. Hubbell told the committee that grade crossing protection prevents accidents as well as centralized traffic control, automatic block signaling, hotbox detectors, wide load detectors, dragging equipment detectors, right-of-way improvements and modernization of rolling stock.

Mr. Hubbell informed the committee that railroads are vitally concerned with public safety and equally concerned with employee safety, as there were more than 2,600 caboose related injuries to railroad employees reported on one railroad in the last six years. He described the injuries as 956 occurring while riding in a caboose and 678 of the reported injuries occurred while getting on or off a caboose.

Mr. Hubbell referred to the Florida East Coast Railway, who has one of the best safety records in the industry and has operated without cabooses since 1972. He also said that in Kansas, the Hutchinson & Northern operates without cabooses; the Garden City Western operates without cabooses; the Kyle Railroad operates without cabooses; and AMTRAK, which carries only human cargo, operates without cabooses.

Mr. Hubbell went on to say there are approximately 12,500 cabooses in rail service in the United States, and if all 12,500 cabooses were eliminated from rail service, the savings in fuel costs, switching costs, maintenance costs and capital costs would exceed \$400 million annually and could be achieved without the loss of one railroad job.

CONTINUATION SHEET

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room 519-S, Statehouse, at 1:30 ~~xxx~~ p.m. on February 7, 1984.

Mr. Hubbell concluded that 46 states do not require occupied cabooses, so why should Kansas saddle its citizens with unnecessary rail transportation costs. Also, that if railroads are to survive in today's highly competitive transportation environment, they cannot afford to waste valuable resources.

The meeting was then opened to questioning and Chairman Crowell asked about the terms of negotiations at the national level. Mr. Hubbell answered that the agreement was made that the local rail companies could negotiate under the guidelines of the national contract. He also said that if there wasn't a decision reached or an agreement made between the parties that an arbitrator would be appointed.

Chairman Crowell asked Mr. Hubbell if the size of the crew on a train is reduced, do other crew members benefit financially. Mr. Hubbell replied that they do, for instance a 3-man crew receives a dollar amount for that day's work plus they receive one share of a productivity fund. There is a fund set up whereby the salary of the eliminated trainman is diverted and at the end of the year the shares are paid.

Chairman Crowell questioned Mr. Hubbell about Page 4 of his testimony in which he indicated the Federal Railroad Administration had never determined that occupied cabooses contribute to safety, and asked if they had ever determined they don't contribute to safety. Mr. Hubbell stated he didn't believe so.

Chairman Crowell questioned Mr. Hubbell about the long-term effects of requiring cabooses to continue to be utilized, and he replied that the long-term effect in Kansas would be when a train enters Liberal, Kansas on the Southern Pacific or the Cotton Belt a caboose would have to be put on to run across Kansas. Another long-term effect would be tremendous capital cost of the caboose itself and if the cost cannot be absorbed by the railroads, it will be passed on.

Chairman Crowell asked if comparing the safety record of the Florida East Coast Railroad is a fair comparison to Kansas railroads. Mr. Hubbell made reference to Norfolk and Western, which, in his opinion, is a fair comparison to Kansas railroads and went on to say that when they had a strike in 1978 the trains were operated by 2-man crews who were basically management people, and their accident ratio went down during that period of time. He also said he felt the Florida East Coast Railroad is a fair comparison to Kansas railroads.

Chairman Crowell inquired if there were substantial savings in switching time if there is no caboose, for example, during situations where street crossings were closed during switching operations. Mr. Hubbell replied that there probably is substantial savings of time because you are switching from the head end.

Representative Wilbert asked if cabooses were taken off trains, if the freight rates would be reduced. Mr. Hubbell answered by saying he wanted to make the clarification that in no way is the railroad going to eliminate all cabooses and that in general, rail rates are lower now than before the Staggers Act. He didn't feel that all the savings will be transferred over to the shipper as it is obvious some of the money is going to go to the employees. He stated when money is put into the caboose, all opportunity is lost to invest that money anywhere else.

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Representative Sutter asked about the cause of injuries to employees riding in cabooses. Mr. Hubbell answered that slack action causes the injuries, and requested Mr. John McPherson to define slack action.

Mr. John McPherson, Assistant General Manager, Santa Fe Railway, took the stand and explained that slack action occurs when a train travels over hills and vertical curves, part of the train may be stretched and part of it may be bunched. He went on to say that as power increases, the slack begins to let up and a whiplash motion takes place in the caboose.

Mr. Mark H. Schenewerk, Superintendent, Kyle Railroad Company, Phillipsburg, Kansas presented testimony in opposition to HB-2706. (See Attachment 2)

He explained that railroads in the Kyle organization have been using 2-man crews since the 1950's and some of their operations use cabooses and some do not. Mr. Schenewerk said that they are able to make the decision of whether or not to use a caboose based on the needs of each individual operation, and this flexibility is essential if railroads are to remain competitive with other modes of transportation in the state. He stated that putting manned cabooses on the rear of all trains in Kansas would mean an immediate increase of 50 per cent in the cost of train crew labor, as well as the expense of acquisition (approximately \$300,000) and maintenance of cabooses since they do not own any cabooses at this time.

Mr. Schenewerk told the committee that if HB-2706 is passed, the viability of Kyle Railroad in Kansas would be greatly effected which would mean lost jobs for the Kansans they employ.

Mr. Rick Cecil, General Manager of Kyle Railroad testified in opposition to HB-2706. (See Attachment 3)

Mr. Cecil gave a detailed presentation about the operation of Kyle Railroad Company and how it benefits the people of Kansas. He stated that their customers, being elevators and farmers, now have rail service which provides them with the opportunity to more effectively market their products in the domestic and foreign marketplace, as well as provide jobs for Kansans.

Mr. Cecil further said that he feels the railroad industry will clearly be adversely affected from this legislation as a result of reduction of their profitability, and based on the fact that Kyle Railroad has operated safely without cabooses since 1957, he proposed that HB-2706 not be given favorable consideration.

Mr. James J. Irlandi, a member of the Transportation Committee of the Kansas Grain and Feed Dealers Association, testified also in opposition to HB-2706. (See Attachment 4)

He informed the committee that running cabooses on trains add a considerable amount to the operating cost of a railroad which results in higher freight rate increases to shippers. He pointed out that cabooses are not a requirement in other states, and his organization requests nonapproval of HB-2706.

Mr. Richard P. Kowalewski, Farmland Industries, appeared in behalf of The National Industrial Transportation League, in opposition to HB-2706. (See Attachment 5)

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Mr. Kowalewski reiterated that legislation on HB-2706, if enacted, would increase rail operating costs in the state of Kansas. He stated it had been estimated that the quotas set under existing labor agreements concerning reductions in the use of manned cabooses, could result in operational savings of at least \$100 million per year and if all caboose service is eliminated, it is anticipated that the savings would quadruple. He further stated that increased rail operating costs are passed on to rail customers and in the state of Kansas, the farmer is the one who bears the brunt of such increased operating costs.

He added that HB-2706, if passed, could lead to the loss of rail service in certain areas of Kansas as there are two railroads now operating without any cabooses, and adding a caboose and an additional crewmember to each train would simply make their continued operation unfeasible. Mr. Kowalewski went on to say that if HB-2706 is passed, rail service would deteriorate as transit time will increase resulting from the additional time required to switch cabooses to and from trains entering and leaving the state. He also told the committee that this issue is not a safety issue but is simply a labor issue, as the original purposes of cabooses have been eliminated by modern technology and operating practices.

Ms. Becky Crenshaw, representing the Committee of Kansas Farm Organizations testified in opposition to HB-2706. (See Attachment 6)

She told the committee that if phasing out cabooses will result in maintaining or lowering rail shipper's rates, her committee supports such a phase-out. Ms. Crenshaw referred to a 1980 study by the Interstate Commerce Commission which indicated that cabooses could be generally eliminated without jeopardizing the safety of the public exposed to moving trains and without impairing the health and safety of railroad employees.

Chairman Crowell introduced Mr. Ronald N. Gaches, Kansas Association of Commerce and Industry who also testified in opposition to HB-2706. (See Attachment 7)

Mr. Gaches stated the KACI is opposed to enactment of HB-2706 as this proposal would impose a cost on railroads operating in Kansas which they believe should not be mandated by state government. Also, he pointed out that it has not been clearly demonstrated that cabooses are essential to the safe operation of railroads. He concluded by saying that the KACI urges rejection of HB-2706 and leaving to the negotiating parties the question of cabooses on trains.

Mr. Gerald Riley, President of The Kansas Association of Wheatgrowers, testified in opposition to HB-2706. (See Attachment 8)

Mr. Riley stated transportation costs are critical to the economic survival of Kansas wheatgrowers, therefore, his organization believes railroads should be encouraged to modernize their fixed plant and rolling stock. He also was of the opinion that railroads should be encouraged to increase productivity by improving operational efficiencies where possible and the size of train crews should be reduced in most instances thereby avoiding increases in freight rates.

The meeting was adjourned at 3:20.


Rex Crowell, Chairman

GUEST LIST

COMMITTEE: Transportation

DATE: 2-7-84

PLEASE PRINT

NAME	ADDRESS	COMPANY/ORGANIZATION
Leroy Jones	Overland Park	B. L. E.
Brian Whitehead	Kansas City, Ks	BRAC
RON CALBERT	NEWTON	U.T.U.
Jack McGlothlin	Pittsburg	UTU
M R Hinkle	Overland Park	U.T.U.
Jim Hicks	Hortonville, Ky	H.V.
Mark Hottlinger	Merriam Ks	UTU
MM Busby	Emporia, Ks.	UTU
WB Patchard	Emporia, 155	UTU
C.R. Gill	K C Kans.	UTU
Jim Gilchrist	Topeka	UTU
R.C. Plumlee	Topeka Ks	UP / UTU
Brian McDonald	Omaha Neb.	UPRR
William Gindlberger	Stefford Ks	KAWA
Jim A. Houston	Shawnee, Ks	ATSF/UTU
Doug L. Gullett	Clay Center, Ks	Gilbert RR
Phillip Osborn	Salina	Ks RR + SD Dhrs.
Herald Kelley	Righton	Ks Ass of RR Drivers
Paul Murr	Topeka, Ks	Kyle RR
Rick Cecil	SAN Diego, CA	Kyle RR
Mark Schenewerk	Phillipsburg Ks	Kyle RR
JD [Signature]	TOPEKA	Topka
JJ Irlandi	Wichita	SPV Inc

KANSAS RAILROAD ASSOCIATION

SUITE 605, 109 WEST NINTH STREET
P.O. BOX 1738
TOPEKA, KANSAS 66628

913-232-5805

February 7, 1984

PATRICK R. HUBBELL
SPECIAL REPRESENTATIVE-PUBLIC AFFAIRS

MICHAEL C. GERMANN, J. D.
LEGISLATIVE REPRESENTATIVE

MR. CHAIRMAN AND MEMBERS OF THE HOUSE COMMITTEE ON
TRANSPORTATION:

My name is Pat Hubbell. I am the Special Representative - Public Affairs for the Kansas Railroad Association. I appear before you today for the purpose of explaining the opposition of the Kansas Railroads to mandatory caboose legislation.

I. COLLECTIVE BARGAINING

The use of cabooses has been subject to extensive negotiation between the railroads and the United Transportation Union for years. Any reduction in the use of cabooses results in changes in rules and working conditions. Under the Railway Labor Act (45 U.S.C. 151 et seq.) changes in rules and working conditions are subject to collective bargaining.

Fred A. Hardin, the National President of the United Transportation Union, stated in a letter addressed to his State Directors on June 14, 1982:

"We hope to be able to consummate a national agreement in the near future and feel confident that it will contain a provision that the use of cabooses will be negotiated as a local issue on each individual carrier."

Presidential Emergency Board No. 195, established pursuant to the Railway Labor Act, studied the caboose issue in depth. In its report dated August 20, 1982, the Emergency Board recommended a reduction in the use of cabooses and set forth guidelines and procedures to accomplish the reduction. The Emergency Board recommended that the use of cabooses be negotiated as a local issue on each individual carrier. The Emergency Board concluded: "[E]limination of cabooses should be an on-going national program."

Attachment 1

Agreeing to the recommendations of Presidential Emergency Board No. 195, the railroads and the United Transportation Union reached a national accord on October 15, 1982. Article X of the national agreement permits the railroads to reduce the number of cabooses in service. The determination of which trains will operate without cabooses must be done in accordance with the guidelines and procedures recommended by the Emergency Board and agreed to by the parties to the national agreement. The guidelines specify five factors to be considered in determining whether cabooses are to be eliminated. Safety is the principal factor to be considered.

No party to a collective bargaining agreement is ever totally satisfied with the final result. The term "collective bargaining" implies that some "give and take" and some "bargaining" between the parties will occur. In the bargaining process concluded in October of 1982 the United Transportation Union agreed to specific guidelines and procedures for reducing the number of trains operating with cabooses, and in return the railroads agreed to wage and cost-of-living increases for train crews.

Through collective bargaining railroad unions have achieved wage agreements for their members which are envied by workers in other industries. Members of the United Transportation Union have received wage and cost-of-living increases of 179% in the last ten years. Today, senior members of train crews earn in excess of \$50,000 per year.

II. SAFETY

Based on statistics of the National Transportation Safety Board, rail is the safest form of general transportation in America today -- safer than water or air, and more than seventy times safer than highway. Based on statistics of the Federal Railroad Administration, 1982 (the last year for which statistics are available) was the safest year in the history of railroading in the United States. FRA statistics reveal that rail fatalities have declined 32% since 1978.

Cabooses are a throwback to another era of railroading. In most classes of train service today, cabooses only serve as a place for the crew to ride. Occupied cabooses do not prevent accidents. Public education prevents accidents. Grade crossing protection prevents accidents. Centralized traffic control, automatic block signaling, hotbox detectors,

wide load detectors, dragging equipment detectors, right-of-way improvements and modernization of rolling stock prevent accidents.

Railroads are vitally concerned with public safety. They are equally concerned with employee safety. More than 2,600 caboose related injuries to railroad employees were reported on one railroad in the last six years. These injuries resulted in almost 29,000 lost workdays. 956 of the reported injuries occurred while riding in a caboose and resulted in 9,468 lost workdays. 678 of the reported injuries occurred while getting on or off a caboose and resulted in 8,899 lost workdays. These figures on caboose related injuries and lost workdays were compiled from the records of only one railroad.

In December 1980 the Interstate Commerce Commission Office of Policy and Analysis issued a report entitled, "The Prospect for Reorganizing the Milwaukee Road as a Viable Carrier." One of the basic recommendations contained in the report was that the Milwaukee Road eliminate cabooses. The report stated:

"[C]abooses can generally be eliminated without impairing the productivity of train operations (either on the road or in the yard), without jeopardizing the safety of the public exposed to moving trains, and without impairing the health and safety of railroad employees. Essentially, all the functions or purposes once served by the caboose have either been made obsolete by new technology or can be adequately served without the caboose."

Less than two years after the ICC study was released, Presidential Emergency Board No. 195 reached the same conclusion. After considering at length the subject of cabooses the Emergency Board determined: "[C]abooses may be eliminated in each class of service without undermining safety and operational considerations."

The Federal Railroad Safety Act of 1970 (45 U.S.C. 421 et seq.) was enacted by Congress to establish uniform railroad safety standards for the benefit of the public and railroad employees. The Act was designed to eliminate a hodgepodge of conflicting local railroad regulations which were a burden on interstate commerce and a burden to the

pocketbooks of consumers. The Federal Railroad Administration, the agency responsible for administering the Federal Railroad Safety Act, has never determined that occupied cabooses contribute to safety.

European railroads operate without cabooses. Roadrailer trains have logged over 12 million train miles without cabooses and without an accident. "Slingshot" trains operate in selected high density traffic corridors with two man crews and without cabooses. The Florida East Coast Railway Company has one of the best safety records in the industry and has operated without cabooses since 1972. In Kansas: the Hutchinson & Northern operates without cabooses; the Garden City Western operates without cabooses; the Kyle Railroad operates without cabooses; and AMTRAK, which only carries human cargo, operates without cabooses.

III. COST SAVINGS

There are approximately 12,500 cabooses in rail service in the United States. If all 12,500 cabooses were eliminated from rail service, the savings in fuel costs, switching costs, maintenance costs and capital costs would exceed \$400 million annually. This savings could be achieved without one job being lost.

Presidential Emergency Board No. 195 stated in their report to the President that the cost of operating a caboose on the Santa Fe Railroad is 92¢ a mile. The Santa Fe Railroad operated 40,245,357 caboose miles in 1983. The ICC study referred to earlier urged the Milwaukee Railroad to reduce costs by eliminating cabooses. The study estimated that the Milwaukee could save more than \$4 million annually without the loss of one railroad job.

IV. CONCLUSION

Forty-six states do not require occupied cabooses. Why should Kansas saddle its citizens with unnecessary rail transportation costs? If railroads are to survive in today's highly competitive transportation environment, they cannot afford to waste valuable resources. Unnecessary operating expenditures inevitably translate into higher costs borne by shippers, producers and consumers. Railroads should be encouraged to innovate and modernize, rather than

be mandated to preserve and endure outdated methods of operation.

Secretary of Transportation Elizabeth H. Dole, speaking on the subject of deregulation of the transportation industry before the National Industrial Transportation League in Kansas City on November 17, 1983, stated: "We will not yield to the petitioners for re-regulation who take comfort in a less competitive world." I urge you not to yield to the petitioners for this legislation. The enactment of this legislation will not contribute to railroad safety, but will only serve to feather the beds of a few at the expense of all Kansas consumers. Do not force Kansas Railroads to misallocate scarce resources. I urge you to kill this proposal.

Thank you for the opportunity to present our statement.



Kyle Railroad Company

3rd & Railroad Ave.

P.O. Box 566

Phone 913-543-6527

Phillipsburg, Ks. 67661

February 7, 1984

Re: House Bill #2706

Response to Proposed Caboose Bill

Mr. Chairman and Committee members, my name is Mark Schenewerk. I am Superintendent of Kyle Railroad Company headquartered in Phillipsburg, Kansas and I would like to tell you the impact this bill would have on our railroad if passed.

Currently, Kyle Railroad is operating approximately 300 miles of track between Goodland and Clay Center, Ks. on a temporary ICC Service Order. If Kyle purchases the line, the transaction will include an additional 107 miles of track to Limon, Colorado.

Now we're not as big as the major trunk line carriers represented here today, but we are a substantial and important regional carrier for the grain industry of the Midwest. Additionally, I can tell you that because of the streamlining being done by major carriers, there will be more and more operators like us in the years to come.

Yesterday, the proponents of this bill stated that safety was the primary reason for promoting passage of this bill. Well, I can tell you now that Kyle Railways is operating trains safely without cabooses in Kansas and on 12 other railroads in 11 different states.

In these times of technological advances and modernization, the railroads have been able to operate effectively and efficiently with smaller crews without affecting the level of service they provide. And it is conceivable that we will continue these advances in the future. After all we have men walking in space this very day. Railroads in the Kyle Organization have been using 2 man crews since the 1950's. Some of our operations use cabooses and some do not. The key is that we are able to make that decision based on the needs of each individual operation. The major railroads & Kyle will never be able to prove that they too can successfully operate with smaller crews or without cabooses if this legislation is passed. This flexibility is essential if railroads are to remain competitive versus other modes of transportation in the State.

As I said before, Kyle Railroad is currently operating approximately 300 miles of track formerly operated by the Rock Island Railroad and even though we are a non-union carrier, we employ former UTU members. These jobs, given to former union members, would not be available if Kyle Railroad were forced to maintain occupied cabooses on their trains.

During normal operations, our trains average only 15-30 cars in length (during harvest up to approximately 50), and run mostly during daylight

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hours. More importantly, the speed on the majority of our track is only 10MPH. As anyone in the railroad industry can tell you, it is very hard, if not impossible, to operate a railroad at 10MPH and still make a profit. Because of this, Kyle must seek to operate trains in the most efficient manner it can find. Because of the size and speed of our trains, we are operating with two-man crews, and have been for two years now.

Putting manned cabooses on the rear of all trains would mean an immediate increase of 50% in the cost of train crew labor. Not included in this would be the expensive acquisition (approximately \$300,000) and maintenance of cabooses, since Kyle does not own any cabooses now.

Now I'm hoping that someday, if Kyle goes ahead with the purchase of the Kansas lines, we won't have to run trains at 10MPH. After rehabilitation of the track, we are expecting to be able to run trains at speeds up to 35MPH or so. At that time, I sincerely hope that whether or not we decide to use cabooses or change the size of crews will be a decision left to the management of the railroad, based on the most economic and efficient means of operation at the time. And not because we have been regulated to the point of having to operate our railroad in an inefficient and costly manner.

The management of Kyle Railroad will know at what point a caboose will be needed on the rear end of its trains operated in Kansas. I myself was a Conductor on a major railroad. For over 7 years, I had the opportunity to ride cabooses in the line of duty on all types of freight trains, thru freights (both long and short-slow and fast) and local freights which stop at almost every town between terminal points. During those years, I had ample opportunity to determine when cabooses were useful and needed and when they were merely inconvenient and needless. It was during those years that the first talk of eliminating cabooses began. As a then UTU member, I often wondered what impact not having a caboose on my train would mean in the performance of my duties. I will have to admit that there were both times when I felt I needed a caboose and times when I did not need or could have done without one. In addition, I know that riding in cabooses is sometimes dangerous. I have been involved in numerous incidents where injuries have resulted during emergency stops.

Now that I am on the management side of railroad operations, I hope to be able to use this knowledge and background in making sound decisions concerning the use of cabooses on our line. This decision will no doubt be based on the length, speed, and complexity of our operations in the future and at no time jeopardizing the safety of our train crews or the public.

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Kyle Railroad would like to be an integral part in Kansas' overall transportation system. We feel that we provide a service on a bankrupt line that would not otherwise be provided if we were not able to use our operating techniques in the search of an economically viable railroad operation in the State of Kansas.

However, this needed service would be seriously compromised or even terminated if Kyle Railroad were forced to adopt operating practices not conducive to their particular type of operations. Increases in our costs would be passed along to the customers in the form of higher freight rates. In our highly competitive environment, I can tell you now that there is no more room for increases in current rates. We have already decreased our rates substantially just to continue rail shipments during non-harvest months. It would only be a matter of short time before our shippers returned to exclusive use of trucks and left Kyle Railroad without enough business to exist, forcing the closing of our doors and the loss of jobs for our employees.

The railroads operating in Kansas are diverse in many ways and no single piece of legislation would be practically adaptable to all of them. Most of the people in key positions of management are from operating backgrounds. This will enable responsible and experienced people to make prudent decisions on the use of cabooses based on their own particular operations, terrain, and crew sizes.

Passage of this bill will effect the viability of Kyle continuing operations in Kansas and mean lost jobs for the Kansans we employ.

Thank you,



Mark H. Schenewerk
Superintendent

MHS/tv



Kyle Railroad Company

3rd & Railroad Ave.

P.O. Box 566

Phone 913-543-6527

Phillipsburg, Ks. 67661

OPPONENT TO HOUSE BILL 2706

My name is Rick Cecil, General Manager of Kyle Railroad and Assistant to the Vice President of Kyle Railways, Inc. headquarters in San Diego, California. Kyle Railways, Inc. is the parent corporation of thirteen (13) shortline railroads in eleven (11) states. We specialize in the short-efficient railroad operations with overhead and operating cost substantially less than large "trunk line" railroads. This enables our company to offer freight rates at a level usually lower than competing rail carriers and other modes of transportation.

The Kyle Railroad in Kansas is presently operating on approximately 300 miles of old Rock Island Railroad. This mileage will increase to approximately 400 miles when the railroad property is finally purchased. Kansas Mid-States Port Authority with "Kyle" is actively pursuing Federal funding for purchase and rehabilitation of this railroad. The Federal Government has not given its final approval for funding.

The anticipated benefits generated from the presence of Kyle Railroad in Kansas reach three basic areas: Customers (Elevators/Farmers), Community, and Kyle Railroad. First, the customers, on-line elevators and adjacent farmers, are now rail served after an extended period of time without this service. This provides them with the opportunity to more effectively market their product in the domestic and foreign agricultural marketplace.

The second area of benefit is the communities served by Kyle Railroad. The railroad has and expects to continue to hire local people. Additionally, the lower rate structure will generate more profits to elevators and farmers which is converted to more employment opportunity in all related businesses in the community. Also, greater profits in the community will support a healthy grain industry.

The third benefit generated is to Kyle Railroad. This is simply the profit it is able to make for itself.

The benefits described above are adversely impacted by House Bill 2706 as a result of the substantial additional cost incurred by Kyle. The impact on Kyle is severe in that it could obstruct the purchase and rehabilitation of the Kyle Railroad. The Federal Railroad Administration (F.R.A.) uses the profitability of a loan candidate as the main criteria in its decision. A number of very complete profitability projections have been submitted to the F.R.A. All of these projections were calculated with the assumption that cabooses would not be required.

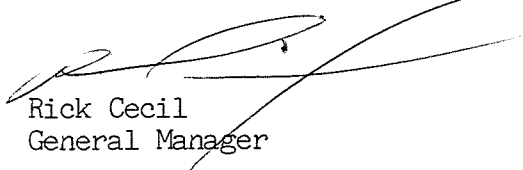
We feel that resubmitting projections at this time with the additional cost projected from this legislation would severely jeopardize the acquisition of funds used for the purchase and rehabilitation. The effect of the loss of these funds would result in Kyle Railroad going out-of-business.

With Kyle Railroad out of business or having increased cost as described above, would impact the elevators and farmers served by having (1) higher freight rates, (2) greater use of truck transportation (which appears to conflict with the purpose of this legislation), and (3) reduced profits to the farmers and elevators.

Additionally, the impact on the communities would result in a reduction of employment opportunities with the railroad, farmers and elevators, and all related industries. We expect that the reduction of profits to the customers of Kyle Railroad and related industries would cause a decline in the growth of the communities.

The Railroad Industry will clearly be adversely affected from this legislation as a result of the reduction in their profitability. This is in complete conflict with the spirit of recent Federal legislation of deregulation. Also, a degree of discrimination is present in that this proposed legislation is targeted to the railroad industry. This will reduce the railroads ability to compete with other modes of transportation.

Kyle Railroad respectfully requests that this proposed "Caboose Bill 2706" not be given any further consideration. Kyle Railways, Inc. has safely operated without cabooses in its railroads since 1957.



Rick Cecil
General Manager

RC/sm

KANSAS GRAIN AND FEED DEALERS
ASSOCIATION PRESENTATION ON HOUSE BILL 2706

Mr. Chairman and members of the House Committee on
Transportation -

My name is James J. Irlandi and my occupation is transportation oriented. I am a member of the Transportation Committee of the Kansas Grain and Feed Dealers Association. The Board of Directors of the Kansas Grain and Feed Dealers Association have authorized this presentation in opposition to a mandatory caboose law. The Kansas Grain and Feed Dealers Association has 800 agriculturally oriented shippers. These shippers own/operate country elevators, sub-terminal elevators, and terminal elevators, which have a total capacity of 850,000,000 bushels. Said members are located on the various railroads serving the state of Kansas. The shippers range from a minimum 50,000 bushel capacity elevator, to the larger terminal elevators which have capacities in excess of 32,000,000 bushels. They compose a wide spectrum of grain and grain products shippers.

My personal qualifications to appear before you today include that of a transportation advisor and consultant. I have handled a case before the Interstate Commerce Commission for the K.G.F.D.A. as a Registered Practitioner before that administrative agency. My transportation experience includes practice before the I.C.C, the F.M.B. and on rate matters before the State Corporation Commission of Kansas, the Texas

Attachment 4 -

Railway Commission, and the Iowa D.O.T. All of this practice included all facets of transportation issues. I have been trained in railroad/truck costing, and I am a certified member of the American Society of Transportation and Logistics, and received a Bachelor of Laws degree from LaSalle Extension University in Chicago.

MANDATORY CABOOSE LAW
DETRIMENTAL TO SMALLER RAILROADS
AND POTENTIAL SHORTLINE OPERATIONS IN KANSAS

Our members include shippers on the Kyle, and the Garden City Western, which railroads operate without cabooses. These lines are providing an essential service which keeps trucks off the highways on the ratio of three semi-trucks to one hopper car. Any additional cost to their operations will have the effect of either raising freight costs to those shippers, or, in the alternative, reverting to truck service. The condition of the state highways cannot stand additional truck traffic today.

There are several abandonment proceedings, either in the process of present litigation before the I.C.C, or future proceedings which could or may be supplemented by shortline railroad operations. Mandatory caboose laws would be a detriment to the state in the furtherance of attracting new shortline operations.

Potential and present abandonment notices include:

1. The Barnard to Minneapolis branchline and Metcalf to Anthony branchline. Both lines are presently being litigated before the I.C.C.

2. Wichita to Rago branch proposed.
3. Wichita north to Ellsworth.
4. Salina to Marquette.
5. Topeka to Lomax
6. The Missouri Pacific line to Superior, Nebraska.
7. With smaller sections of railroad lines also contemplated.

No shortline railroad will consider operating these lines with a mandatory caboose law.

CABOOSE AN ELEMENT IN RAILROAD COSTING

Presently, the I.C.C. Rail Form A cost manual is being utilized in cases in which costing is an element of issue before the I.C.C. The I.C.C. is proposing a new U.R.C.S. system, which is supposed to refine the various cost elements. There is attached a copy of a format of the U.R.C.S. system.

Caboose are figured in way train, through train and terminal costing. It adds a considerable amount to these costs on a cents per cwt. basis. Mr. Glen Fast, my instructor in railroad costing, stated on Thursday, February 2nd, 1984 that the cost to the railroad of running a caboose is predicated on the age of the caboose. The average cost per cwt. would run from 3¢ to 5¢ per cwt. Of course, a brand new caboose would incur the 5¢ per cwt. cost. 5¢ per cwt. is equated to 3¢ per bushel on wheat and soybeans, and 2 7/8¢ per bushel on corn, rye and milo. For illustrative purposes, 3¢ per bushel, times 850,000,000 bushels (K.G.F.D.A. shippers capacity) would result in an additional cost of ~~\$2,550,000.00~~

\$ 25,500,000.00

in added freight cost to Kansas shippers. Our farming citizens do not need any additional cost what-so-ever to be added to their cost of farming if this bill becomes law. As to K.G.F.D.A. shippers who are engaged in manufacturing grain products, there could be a 5¢ per cwt. cost to the ultimate consumer of wheat flour and other mill products.

In "Switching at Jacksonville, Florida," 266 ICC 7 (1946), at page 15, the I.C.C. stated:

"In determining switching costs the handling of cabooses in makeup and breakup of trains, it is properly assigned the carriers' terminals and intermediate switching."

These costs are assumed in the terminal cost and waytrain and through train cost of Rail Form A. In the U.R.C.S costing system, the cost of the caboose is added into the way train and through train operations cost. As you can readily see, the impact of mandatory caboose law will have an immediate and increased cost affect on K.G.F.D.A. shippers.

In addition to the foregoing, please consider the impact of:

Interstate trains running through Kansas.

1. Will they have to add or detach cabooses?
2. Will there be conflicts between state and interstate rules?
3. The State Corporation Commission, since the Staggers Act, has to follow I.C.C. rules and format. What if the Federal 49 C.F.R.s are amended to conflict with laws which the State Corporation Commission has to supervise?

4. K.G.F.D.A. grain and grain product shippers compete on a worldwide level for distribution of their products. Added railroad costs will not be beneficial to these shippers. In fact, it could cause less shipping of Kansas agricultural products worldwide.
5. Elimination of Cabooses by the Kyle and Garden City Western have not, to my knowledge, caused any problems. Other states may not require cabooses. Cabooses are not required in Iowa on short trains to the Mississippi River ports. The slingshot trains of the ICG require no cabooses. The F.E.C. Railroad has not run cabooses for years. Kansas shippers should be allowed to compete without mandatory caboose laws.
6. The national agreement between the railroads and their unions calls for phased elimination of cabooses.

CONCLUSION

In conclusion, the K.G.F.D.A. submits that mandatory caboose laws would act as a detriment to its members, therefore, seek non-approval of this bill.

Respectfully submitted,

James J. Irlandi
Member of Transportation Committee

LO Hopper

WORKTABLE A
CALCULATION OF SHIPMENT SERVICE UNITS

Line # (1)	Description (2)	Reference Instruction (3)
SHIPMENT DESCRIPTION		
1	Cars Per Shipment	[User]
2	Shipment Weight (Tons)	[User]
3	Routing Description (see instructions)	[User]
4	Shipment Origination/Terminations If "OT" = 2.0, "OD" = 1.0, "RT" = 1.0, "RD" = 0.0, "OR" see instructions	
CARLOAD ORIGINATIONS, TERMINATIONS AND HANDLINGS		
5	Carloads Originated and Terminated (CLOT)	L1*L4
6	Carloads Handled (CLOR)	L1
MILEAGE BY TYPE OF TRAIN		
7	Short Line Miles	[User]
8	Circuity Factor	T2L(Car)C(Cir)
9	Actual Miles	L7*L8 OR [User]
10	E/L Ratio	T2L(Car)C(Own)
11	Average Way Train Miles (Orig. and Dest.)	T2L201C4
12	Average Circuity Factor - All Cars	T2L118C16
13	Average Short Line Way Train Miles (Orig. or Dest.)	L11/L12/T2L118C18
14	Actual Way Train Miles (Orig. and Dest.)	L4*L8*L13 OR [User]
15	Actual Thru Train Miles	L9-L14
16	Total Way Train Miles (Incl. Empty)	L10*L14
17	Total Thru Train Miles (Incl. Empty)	L10*L15
18	Total Train Miles (Incl. Empty)	L9*L10
CAR MILES - RUNNING (CM-R)		
19	Total CM-R (Incl. Empty)	L18*L1
GROSS TON MILES (GTM)		
20	Car Tare Wt. (Tons)	T2L(Car)C4
21	Car Tare Ton Miles	L19*L20
22	Shipment Net Ton Miles	L9*L2
23	Total GTM	L21*L22
LOCOMOTIVE UNIT MILES (LUM)		
24	Loco. Units Per Way Train	T2L212C4
25	Loco. Units Per Thru Train	T2L213C4
26	Way Train Loco. Unit Miles	L16*L24
27	Thru Train Loco. Unit Miles	L17*L25
28	Gross Trailing Tons - Way Train	T2L215C4
29	Gross Trailing Tons (Incl. Empty) - Way Train	L10*L28
30	Gross Trailing Tons - Thru Train	T2L216C4
31	Gross Trailing Tons (Incl. Empty) - Thru Train	L10*L30
32	Gross Tons Car & Contents (Incl. Empty)	(L1*L10*L20)*L2
33	Shipment Portion Tonnage - Way Train	L32/L29
34	Shipment Portion Tonnage - Thru Train	L32/L31
35	Way Train LUM - Shipment Portion	L26*L33
36	Thru Train LUM - Shipment Portion	L27*L34
37	Total LUM - Shipment Portion	L35*L36

	(4)	(5)	(6)	(7)
1				1
2				2
3				3
4				4
5				5
6				6
7				7
8				8
9				9
10				10
11				11
12				12
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14				14
15				15
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21				21
22				22
23				23
24				24
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26				26
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31				31
32				32
33				33
34				34
35				35
36				36
37				37

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WORKTABLE A
CALCULATION OF SHIPMENT SERVICE UNITS (CONTINUED)

Line # (1)	Description (2)	Reference Instruction (3)
<u>TRAIN MILES (TM)</u>		
38	Way Train Miles - Shipment Portion	L16*L33
39	Thru Train Miles - Shipment Portion	L17*L34
40	Total Train Miles -- Shipment Portion	L38+L39
<u>SWITCH ENGINE MINUTES (SEM)</u>		
41	SEM Per Industry Switch	T2L(Car)C54
42	SEM Per Interchange Switch	T2L(Car)C56
43	SEM Per I&I Train Switch	T2L(Car)C62
44	Spotted-Pulled Ratio	T2L(Car)C18
45	Cars Given Industry Switch	L5*L44
46	Miles Between Interchange Switch Events	T2L(Car)C52
47	Number of Interchange Switch Events (Loaded) If "OT" = 0.0, "OD" = 1.0, "RT" = 1.0, "RD" = 2.0, If "OR", then	L9/L46
48	Cars Given Intc. Switch (Incl. Empty) If "OT", "OD", "RT" or "RD", then If "OR", then	L1*L10*L47 2.0*L1*L10*L47
49	Miles Between I&I Train Switch Events	T2L(Car)C50
50	Number of I&I Train Switch Events (Loaded)	L9/L49
51	Cars Given I&I Train Switch (Incl. Empty)	L1*L10*L50
52	Total SEM Industry Switch	L41*L45
53	Total SEM Intc. Switch	L42*L48
54	Total SEM I&I Train Switch	L43*L51
55	Total SEM	L52+L53+L54
<u>CAR MILES - SWITCHING (CM-Y) - RAILROAD CARS ONLY</u>		
56	CM Per Industry Switch	T2L(Car)C36
57	CM Per Intc. Switch	T2L(Car)C38
58	CM Per I&I Train Switch	T2L(Car)C44
59	Total CM - Industry Switch	L45*L56
60	Total CM - Intc. Switch	L48*L57
61	Total CM - I&I Train Switch	L51*L58
62	Total CM-Y	L59+L60+L61
<u>CAR DAYS - SWITCHING (CD-Y) - RAILROAD CARS ONLY</u>		
63	CD Per Industry Switch	T2L(Car)C20
64	CD Per Intc. Switch	T2L(Car)C22
65	CD Per I&I Train Switch	T2L(Car)C28
66	Total CD Industry Switch	L45*L63
67	Total CD Intc. Switch	L48*L64
68	Total CD I&I Train Switch	L51*L65
69	CD Per Load/Unload at (Origin or Destination)	T2L(Car)C30
70	Total CD Load/Unload (Origin and Destination)	L5*L69
71	Total CD-Y	L66+L67+L68+L70
<u>CAR DAYS - RUNNING (CD-R) - RAILROAD CARS ONLY</u>		
72	Car Miles Per Car Day (Excluding Switching)	T2L(Car)C46
73	Total CD-R	L19/L72

(4)	(5)	(6)	(7)
38			38
39			39
40			40
41			41
42			42
43			43
44			44
45			45
46			46
47			47
48			48
49			49
50			50
51			51
52			52
53			53
54			54
55			55
56			56
57			57
58			58
59			59
60			60
61			61
62			62
63			63
64			64
65			65
66			66
67			67
68			68
69			69
70			70
71			71
72			72
73			73

61

WORKTABLE B
CALCULATION OF SHIPMENT COSTS

Line # (1)	Description (2)	Reference Instruction (3)
<u>CARLOAD COSTS</u>		
74	UC Per CLOT - Clerical	T1L109C9
75	UC Per CLOT - Other	T1L108C9
76	UC Per CLOT - Total	L74+L75
77	Total CLOT	L5
78	Variable CLOT Cost	L76*L77
79	UC Per CLOR - Clerical	T1L107C9
80	UC Per CLOR - Other	T1L106C9
81	UC Per CLOR - Total	L79+L80
82	Total CLOR	L6
83	Variable CLOR Cost	L81*L82
84	Variable Carload Cost	L78+L83
<u>CAR MILE COSTS - OTHER THAN FREIGHT CAR</u>		
85	UC Per CM - Clerical	T1L110C9
86	UC Per CM - Other	T1L102C9
87	UC Per CM - Total	L85+L86
88	Total CM-R	L19
89	Variable Car Mile Cost	L87*L88
<u>GROSS TON MILE COSTS</u>		
90	UC Per GTM	T1L101C9
91	Total GTM	L23
92	Variable Gross Ton Mile Cost	L90*L91
<u>LOCOMOTIVE UNIT MILE COSTS</u>		
93	UC Per LUM	T1L105C9
94	Total LUM	L37
95	Variable Locomotive Unit Mile Cost	L93*L94
<u>TRAIN MILE COSTS</u>		
96	UC Per TM - Crew	T1L104C4
97	Way Train Miles - Shipment Portion	L38
98	Thru Train Miles - Shipment Portion	L39
99	Total Train Miles - Shipment Portion	L40
100	Variable Cost - Crew - Way Trains	L96*L97
101	Variable Cost - Crew - Thru Trains	L96*L98
102	UC Per TM - Other	T1L103C9
103	Variable Cost - TM Other	L99*L102
104	Variable Train Mile Cost	L100+L101+L103
<u>SWITCH ENGINE MINUTE COSTS</u>		
105	UC Per SEM	T1L111C9
106	Total SEM	L55
107	Variable Switch Engine Minute Cost	L105*L106

	(4)	(5)	(6)	(7)	
74					74
75					75
76					76
77					77
78					78
79					79
80					80
81					81
82					82
83					83
84					84
85					85
86					86
87					87
88					88
89					89
90					90
91					91
92					92
93					93
94					94
95					95
96					96
97					97
98					98
99					99
100					100
101					101
102					102
103					103
104					104
105					105
106					106
107					107

WORKTABLE B
CALCULATION OF SHIPMENT COSTS (CONTINUED)

Line # (1)	Description (2)	Reference Instruction (3)
PRIVATE CAR COSTS - PRIVATE CARS ONLY		
108	Unit Cost Per CH - Pvt. Cars	T11(Car)C28 ✓
109	Total CM-R	L19
110	Variable Private Car Cost	L108*L109 ✓
RAILROAD FREIGHT CAR COSTS - RAILROAD CARS ONLY		
111	UC Per CM-R	T11(Car)C29
112	Total CM-R	L19
113	Variable CM-R Cost	L111*L112
114	UC Per CM-Y	T11(Car)C30 ✓
115	Total CM-Y	L62
116	Variable CM-Y Cost	L114*L115
117	UC Per CD-R	T11(Car)C31 ✓
118	Total CD-R	L73
119	Variable CD-R Cost	L117*L118
120	UC Per CD-Y	T11(Car)C32 ✓
121	Total CD-Y	L71
122	Variable CD-Y Cost	L120*L121
123	Variable Railroad Freight Car Cost	L113*L116+L119+L122
SPECIALIZED SERVICES COST		
124	Variable Specialized Services Cost	(From Worktable E)
SUMMARY		
125	Variable Shipment Cost (Excl. L&D)	L84+L89+L92+L95+L104+ L107+L110+L123+L124
126	Constant Cost Mark Up Ratio	T2L219C4 ✓
127	Fully Allocated Shipment Cost (Excl. L&D)	L125*L126
128	Loss and Damage UC Per Ton	T3L(Com)C5 ✓
129	Tons Per Shipment	L2
130	Loss and Damage Cost	L128*L129
131	Total Shipment Variable Cost	L130+L125 (All Columns)
132	Total Shipment Fully Allocated Cost	L130+L127 (All Columns)
133	Variable Shipment Cost Per Hundredweight	L131/L2/20.0
134	Fully Allocated Shipment Cost Per Hundredweight	L132/L2/20.0

	(4)	(5)	(6)	(7)	
108					108
109					109
110					110
111					111
112					112
113					113
114					114
115					115
116					116
117					117
118					118
119					119
120					120
121					121
122					122
123					123
124					124
125					125
126					126
127					127

HOUSE BILL 2706
KANSAS HOUSE OF REPRESENTATIVES
STATEMENT OF RICHARD P. KOWALEWSKI
HEARING BEFORE THE HOUSE TRANSPORTATION COMMITTEE
FEBRUARY 7, 1984, TOPEKA, KANSAS

My name is Richard P. Kowalewski and I am Director-Transportation for Farmland Industries, Inc. with offices at 3315 North Oak Trafficway, Kansas City, Missouri. I am appearing before you today in behalf of The National Industrial Transportation League.

The National Industrial Transportation League is the nation's oldest and largest trade association of shippers who have responsibility for purchasing commercial freight service. Directly or indirectly League members are responsible for the routing of about 80 percent of the country's commercial freight.

The National Industrial Transportation League is opposed to House Bill 2706 for the following reasons.

First, this legislation, if enacted, would increase rail operating costs in the State of Kansas. It has been estimated that the quotas set under existing labor agreements, concerning reductions in the use of manned cabooses, could result in operational savings of at least \$100 million per year. If all caboose service is eliminated, it is anticipated that the savings would quadruple. Increased rail operating costs are not absorbed by rail carriers, but rather are passed on to rail customers. In the State of Kansas the farmer is the one who bears the brunt of such increased operating costs.

Second, House Bill 2706 could lead to the loss of rail service in certain areas of Kansas. There are currently two railroads which operate in Kansas without any cabooses. Nationwide, there are many shortline railroads, including those now operating over trackage segments formerly operated by major railroads, and branch lines which are viable only because the trains operate without cabooses and with reduced train crew sizes. Adding a caboose and an additional crewmember to each of these trains would simply make their continued operation unfeasible. Service to communities located on such shortline railroads or marginal branch lines would eventually have to be terminated.

Third, rail service would deteriorate if this proposed bill, and similar legislation in other states, is passed. In particular, transit time will increase as a result of the additional time required to switch cabooses from trains which are entering states that do not require cabooses as well as when cabooses are switched to trains which are entering states which do require cabooses.

Fourth, the issue before you is not a safety issue but is pure and simply a labor issue. The original purpose of the cabooses have essentially been eliminated by modern technology in operating practices. For example, the Centralized Traffic Control system, in use since 1927, is one in which switches and interlockings are remotely controlled by the train dispatchers for the purpose of establishing priority of train movement. As a result, there is no need for flagging or for a flagman in the caboose. Similarly, the use of power switches has reduced the necessity of having a trainman ride the caboose to manually throw hand operated switches. Where it is

necessary to throw switches, such as at yards or industrial this can now be done by personnel from the head end of the train using one trainman in communication with the locomotive engineer by means of a portable radio or other communication device.

The hot box detector, located beside the track, scans journal boxes or wheel hubs of passing trains and measures the surface temperature instantaneously at each wheel location on both sides of the train. The dragging equipment detector senses the presence of car, locomotive or lading components which have become dislocated in an abnormal or dragging position. In short, these technological advances have enabled the railroad industry to minimize and in many cases eliminate the need for cabooses, to the benefit of the shipping public. Extra crewmembers simply do not provide the safety margins provided by the technological advances in rail operations. A study by the Interstate Commerce Commission, issued in December 1980, found that "...cabooses can generally be eliminated without impairing the productivity of train operations (either on the road or in the yard), without jeopardizing the safety of the public exposed to moving trains, and without impairing the health and safety of railroad employees. Essentially, all the functions or purposes once served by the caboose have either been made obsolete by new technology or can be adequately served without the caboose." Further evidence of safe rail operations without cabooses can be found by examining the safety record of the Florida East Coast Railway Company (FEC). The FEC has operated their trains successfully without cabooses since the early 1960's. During the years 1973 thru 1980, the FEC had a safety record of accidents per million train miles

which is only 38.5 percent of the national average for railroads which include railroads with manned cabooses. The FEC has received the Harriman Gold Award for the best safety record in the United States for the past six years. This impressive safety record has been developed without the use of manned cabooses.

Fifth, House Bill 2706, if enacted, would nullify the recent national agreement between the nation's railroads and their unions which established procedures for the removal of cabooses from trains. In its August 1982 Report To The President, the Presidential Emergency Board No. 195, established pursuant to the Railway Labor Act, recommended that the railroads and labor unions agree to the elimination of cabooses subject to certain specified guidelines and procedures and found that subject to those guidelines "...cabooses may be eliminated in each class of service without undermining safety and operational considerations." Pursuant to that recommendation, the railroads and the United Transportation Union reached a national agreement on October 15, 1982, which specifically permitted and recognized the right of the railroads to eliminate cabooses subject to the guidelines and procedures recommended by the Presidential Board. The clear purpose of the legislation before your committee is to avoid the commitments in the national agreement and to create a statutory obligation for the railroads to maintain what may be unnecessary employees in order to man the statutorily required caboose. This is featherbedding of the worst sort.

Finally, it is our belief that if many of the states enact varying laws governing cabooses, compliance will become nearly impossible without severely limiting the flow of interstate commerce. Such legislation would substantially impair and become an undue burden on interstate commerce and therefore, to the extent that such regulation may be necessary, we believe it should occur on a uniform basis on the federal level. It was for this reason that the Congress enacted the Federal Railroad Safety Act in 1970 conferring upon the Secretary of Transportation the authority to prescribe appropriate rules and regulations for "all areas of railroad safety" and declaring that such rules and regulations "shall be nationally uniform to the extent practical."

In summary, enactment of House Bill 2706 will increase rail operating costs within the State of Kansas by several hundreds of thousands of dollars. These costs will be passed on to Kansas shippers, primarily Kansas farmers. These increased costs for Kansas shippers will be born not to enhance safety but rather to protect and increase jobs for rail labor union members. There is enough featherbedding in the railroad industry without state legislatures adding to the burden. For these reasons, we urge you to oppose House Bill 2706.

Committee of . . .

Kansas Farm Organizations

Becky Crenshaw
Legislative Counsel
Box 4842
Topeka, Kansas 66604
(913) 272-1271

Testimony of the

COMMITTEE OF KANSAS FARM ORGANIZATIONS

with respect to

HB 2706

presented by

Becky Crenshaw
Legislative Agent

to

House Committee on Transportation

Representative Rex Crowell, Chairman

February 7, 1984

Mr. Chairman and members of the committee, I am Becky Crenshaw. I am here to represent the Committee of Kansas Farm Organizations in opposition to HB 2706. The Committee of Kansas Farm Organizations consists of 20 agricultural organizations, the purpose of which is to discuss issues relevant to the ag sector and to implement those programs on which accord can be reached.

A consensus was reached among the committee members to oppose HB 2706 for two reasons: economics and policy.

The economics of requiring a caboos at the end of each train is simple. Pulling a caboos quite logically costs money. Eliminating cabooses may or may not result in a savings to the farmer. Whether the savings realized by the railroads and the grain elevators will be passed in some degree to the farmer can be debated extensively. There will be little debate, however, as to how generously both entities will pass on the costs of maintaining or adding cabooses. Without the elimination of unnecessary equipment, the cost of maintaining and using such equipment will continue to be borne by those who can not pass expenses on -- the farmers. If phasing out cabooses will result in maintaining or lowering rail shipper's rates, my committee will support such a phase-out. As this legislation will eventually cause an increase in rail-shipper's rates and, in some cases, cause an immediate increase due to cabooses having to be purchased,

Attachment 6

the Committee of Farm Organizations can not support such legislation.

Now that I have explained why the Committee feels this bill is legislating a direct method for decreasing grain prices, it seems necessary to explain why it is felt the cost of this bill far outweighs any perceived social policy advantage in the form of safety.

Railroad safety requirements are handled, primarily, on the national level where most railroad regulation occurs. The 1970 Federal Railroad Safety Act gave the Secretary of Transportation the authority to adopt rules and regulations, as necessary, for all areas of railroad safety. Once regulations in a certain area have been adopted, any state regulations pertaining to the same area are preempted. The Secretary of Transportation has not adopted any regulations requiring cabooses for safety purposes. In fact, the Interstate Commerce Commission in a 1980 study, stated:

"... cabooses can generally be eliminated...without jeopardizing the safety of the public exposed to moving trains, and without impairing the health and safety of railroad employees."

If the federal government determines, after extensive studies, that elimination of cabooses does not affect the safety record of a train, then I can see no reason for asking the Kansas farmer to pick up the tab for mandated cabooses.

Mr. Chairman, the Committee of Kansas Farm Organizations is not unconcerned about railroad safety. However, a direct correlation between a railroad's safety record and manned cabooses has not been shown.

Without such a correlation, it seems appropriate to look further into the rationale behind this legislation. Mandated cabooses were negotiated out of railroad labor contracts in 1981-82. The Kansas City Times on January 24, 1984 carried an article on railroad labor contract negotiations which are on-going at this time. The article says the UTU is seeking restoration of mandated cabooses with the railroads opposing such a requirement. The article goes on to state that both sides have hinted the caboose compromise may be found in the area of wages. Is this piece of legislation actually a safety measure or does it insure a certain number of jobs for an unlimited amount of time?

The Committee of Farm Organizaitns would strongly urge the Kansas Legislature to not get involved in railroad labor contract negotiations. It seems there is a possibility that is exactly what this legislation is asking you to do.

Mr. Chairman, we have seen no statistics proving cabooses reduce train accidents. We do see legislation which will, in all probability, increase rail rates. The Kansas farmer will have to pay, in large part, for such an increase.



Legislative Testimony

Kansas Association of Commerce and Industry

500 First National Tower, One Townsite Plaza

Topeka, Kansas 66603

A/C 913 357-6321

February 7, 1984

KANSAS ASSOCIATION OF COMMERCE AND INDUSTRY

Testimony Before the

HOUSE TRANSPORTATION COMMITTEE

by

Ronald N. Gaches, General Counsel, KACI

Thank you Mr. Chairman for this opportunity to share with your Committee the concerns of the Kansas Association of Commerce and Industry regarding HB 2706, a proposal requiring cabooses on certain trains.

KACI is opposed to the enactment of HB 2706. This proposal would impose a cost on railroads operating in Kansas which we don't believe should be mandated by state government. To the extent such a mandate increases the cost of railroad operations in Kansas, Kansas shippers will have to absorb that cost. Such additional costs would be inflationary; the cost of service would increase but the service itself would remain unchanged.

The federal government has relaxed its requirements for cabooses, realizing that cabooses no longer are needed to provide the service and comfort required in the middle of the 19th century. Cabooses are now a matter of negotiation between railroad companies and railroad labor representatives. Article 10 of the National Agreement reached between the United Transportation Union and railroad management, October 15, 1982, set forth clear guidelines for the standards and criteria by

which caboose requirements will be negotiated by the UTU and the railroad companies. KACI believes it would be inappropriate for the state to intervene in this negotiation process and mandate cabooses as provided in HB 2706.

Proponents of this legislation emphasize that the state has a proper role in setting policy regarding public safety and that this exercise of authority should extend to mandating cabooses on certain trains. Our members would be quick to agree that the state has a major role to play in protecting public safety, but that authority should be exercised in a reasonable and prudent manner.

It has not been clearly demonstrated by the proponents of HB 2706 that cabooses are essential to the safe operation of railroads. No cost-benefit analysis has shown that mandates as provided in HB 2706 would save more dollars than they would cost. It would be unreasonable for the state to attempt to impose safety requirements that eliminate all risk of providing a service or a product. To accept that standard of care and apply it to other business operations would mean strangling regulations on farming and related agribusiness, manufacturing, and transportation services.

KACI urges you to reject HB 2706 and leave to the negotiating parties the question of cabooses on trains. Our interest in this legislation is based on the following KACI policy, recommended by our Human Resources Committee, approved by our Board of Directors in 1960, and updated every two years:

Employment Practices. Employment practices which (1) require employment of unnecessary labor, (2) require payment for work not performed, (3) limit labor production, or (4) prevent the use of labor-savings methods or equipment, should be exposed and vigorously resisted by employers and banned by federal and state laws.

TESTIMONY OF THE KANSAS ASSOCIATION OF WHEATGROWERS

GERALD RILEY, PRESIDENT

BEFORE THE

HOUSE COMMITTEE ON TRANSPORTATION

FEBRUARY 7, 1984

IN OPPOSITION TO HOUSE BILL 2706

Mr. Chairman and Committee Members:

Transportation costs are critical to the economic survival of Kansas wheatgrowers. In recent years producers have been fortunate that intensified competition due to deregulation and an oversupply of ocean-going ships, barges and railcars has resulted in significantly lower transportation costs. A bushel of wheat can be shipped from Galveston to Rotterdam for the price of a U.S. postage stamp. Barge rates are about half of what they were in 1982. Rail transportation has become so competitive that trucks often have to prearrange backhauls.

While wheatgrowers have seen the costs of energy and capital soar, the one thing that has actually gone down in price, other than the price we receive for our wheat, has been rail freight rates. At one time rail rates were as high as \$1.35 per hundredweight from Hutchinson to the Gulf. Rates are now under a dollar in multi-car lots. In February 1982 the Santa Fe Railroad cut its rates 30%. At the time it was intended as a temporary reduction until June. When the Missouri Pacific's rates stayed low the Santa Fe was forced to change its

Attachment 8

original plan. The rate increase in June was only 5%.

The railroads were responsive in meeting the hopper car shortages we faced just a few years ago. Between 1978 and 1982 the number of privately-owned hopper cars doubled, and the railroads increased their fleet of jumbo covered hopper cars by 28,000. Rail rates for grain shipments are generally lower today than they were two, three and even four years ago. These lower rates exist because of increased competition and increased productivity achieved through more efficient utilization of equipment.

Kansas wheatgrowers believe railroads should be encouraged to modernize their fixed plant and rolling stock. We believe railroads should be encouraged to increase productivity by improving operational efficiencies where possible. We believe the size of train crews should be reduced in most instances. We oppose unnecessary legislation which artificially increases freight charges. We, the producers, always get stuck paying the freight. Thank you.