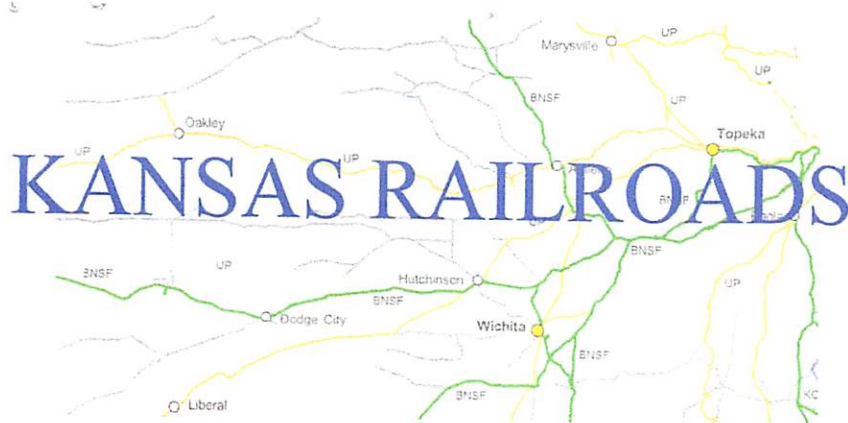




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Kansas Railroads Opposition to SB 164

Kansas Railroads respectfully opposes legislation that would require two-man crews on all trains.

Crew size has been addressed pursuant to the requirements of the Railway Labor Act and the collective bargaining process, as influenced by Presidential Emergency Board outcomes. Safety improvements have been a primary catalyst in those negotiations. In Kansas, management and local labor unions have on several past occasions entered into collective bargaining agreements that include crew size requirements. **State legislation** that attempts to alter terms of these collective bargaining agreements **would threaten the integrity** of ratified local labor agreements and compromise future cooperation and negotiations on this issue.

- Permitting a party to secure through legislation what it was unable to achieve through good faith collective bargaining could seriously undermine motivation and requirements under the federal Railway Labor Act (RLA) to bargain over mutual issues (such as crew size). The risk of frequent and serious disruptions to the nation's rail operations and interstate commerce would significantly increase if avenues to address issues (such as crew size) are subject to outside interference or extended beyond the RLA.
- For decades, the railroads and their labor partners have negotiated and maintained collective bargaining agreements regarding appropriate and safe crew size. This issue has a proven track record of successful resolution through local collective bargaining agreements, which also address limitations on the amount and type of work performed, compensation and work rules ensuring crew safety. In addition, these agreements provide arrangements for additional assistance in the event a crew member might need help (e.g. utility switchmen and utility conductors).
- The crew size agreements have been, and will continue to be, negotiated by representatives of both rail management and labor who know and understand the details of railroad operations and the various safety aspects, requirements and ramifications.

A Kansas state law mandating crew size will interfere with the ability of railroads and unions to fully bargain the best and safest crew size for each assignment. It would hinder investment and implementation of safe, cost-saving technology. This will put Kansas industries and shippers at a competitive disadvantage with respect to other states that do not have these artificial restrictions. Interstate commerce also would be affected, due to operational challenges associated with differing state crew-size requirements.

Technology, operating practices, and track and equipment improvements, plus the billions invested in

technologies such PTC and LEADER (an Energy Management System that helps conserve fuel) have improved safety even with corresponding crew size reductions since the 1980s, from five to two persons:

- The rail employee injury, train accident and grade crossing collision rates have all declined by 79 percent or more.
- Hazardous material accidents rates are down 91 percent.

According to U.S. Bureau of Labor Statistics data, railroads have lower employee injury rates than all other modes of transportation such as trucks, barges and airlines. Railroads are safer than most other major industry groups – even grocery and retail stores.

Though trucks haul on public roadways many of the same commodities also transported by railroads, the trucking industry is **not required** to have two-person crews, and most people would consider it ludicrous to mandate two drivers for over-the-road trucks.

Commuter agencies throughout the nation, including Amtrak, operate thousands of passenger trains daily with one person in the cab. The safety record for this practice is excellent and dates back to the early 1970s.

- Single-person jobs have a remote control operator. A second crew member is not needed as advanced technology (e.g., digital video cameras, movement indicators, speed indicators, etc., along with the remote control locomotive technology) satisfies safety oversight functions performed in the past by a second (or third) crew member.
- The Federal Railroad Administration is fully aware of these assignments and monitors operations. Safety records suggest these operations are safe and there is no need to increase crew size.

The rail industry has a long history of investing capital and implementing technology, operating practices, equipment and infrastructure improvements to enhance safety and productivity. The industry needs to remain flexible to incorporate the most current safety strategies and technological advancements into operations. A contemporary example of pursuing such technological advancements is Positive Train Control (PTC), which is designed to automatically stop a train before certain accidents caused by human error occur.

- Railroads remain committed to fully testing and implementing Positive Train Control (PTC) to enhance safe operations through the communities they serve. Eventually, the federally mandated PTC system or other technologies may enable one-person crews to operate over certain portions of railroad's networks, when technology advancements have helped to establish a viable foundation for reconsideration of appropriate crew size.

Through its Railroad Safety Advisory Committee (RSAC), the Federal Railroad Administration works with stakeholders to ensure the freight rail industry seeks solutions to ensure its safe and efficient operations. U.S. freight railroads have and will continue to work collaboratively with its employees, unions and relevant regulatory stakeholders.



**To: Senate Transportation Committee
Sen. Mike Petersen, Chairman**

From: Ed McKechnie, Chief Commercial Officer, Watco Companies, LLC

Date: Thursday, February 19, 2015

Re: Written Testimony in Opposition to Senate Bill 164

Mr. Chairman and members of the committee, thank you for the opportunity to offer testimony in opposition to SB 164.

I represent Watco Companies, Kansas's largest short line holding company. We own three railroads, with collectively more than 1,243 miles of rail that serves rural Kansas from Missouri to Colorado and two of our states urban centers in Wichita and Kansas City.

Senate Bill 164 is bad public policy. First, it would not achieve its stated goal of improved safety. Second, it would be a tremendous financial burden Kansas railroad Customers, producers and consumers.

Let's start with safety. There is a long history of technological improvements in the railroad industry leading to productivity gains while, at the same time, setting new safety records. The advent of diesel locomotives eliminated the need for firemen; end-of-train (EOT) devices eliminated the need for a caboose and personnel at the end of the train; and remote controlled locomotives (RCL) have eliminated the need for locomotive engineers on many yard jobs.

The proposal outlined in SB 164 runs counter to trends, both in the US and abroad, that are driving the use of single-person train crews.

Moreover, the railroad industry is in the process of implementing federally mandated positive train control (PTC) on some 60,000 miles of railroad track (and at a total cost, including 20 years of maintenance, of up to \$13.2 billion). PTC is designed to provide additional remote and continuous monitoring of train crews to automatically override any human error in controlling train speed and movements. By its design, PTC-based monitoring will render redundant the additional person in multiple-person train crews on affected routes.

Internationally, the use of single-person crews for trains is widespread in developed markets similar to the United States in size and complexity. In Europe



and Australia for example, the use of single-person crews is the dominant practice on many freight railroads, including those in Germany, France, Sweden, Australia, the United Kingdom, and Queensland/New South Wales.

Safety Analysis and Comparison

A study by Oliver Wyman, a global management consulting firm, was commissioned comparing aggregate statistics on relevant equipment incidents and casualty incidents for 2007 through 2013 for operators using single-person crews (Amtrak, commuter operators, and INRD) versus operators using multiple-person crews (Class I and other regional freight railroads). Across equipment incidents (derailments and collisions) and casualty incidents (serious injuries and fatalities), the analysis found that single-person train crew operations were as safe as multiple-person train crew operations.

For the US versus Europe, Oliver Wyman developed a comparative data set for 2007 through 2012 for US Class I rail operators and a selection of major European freight railroads that make use of single-person train crews. Oliver Wyman analyzed safety data for collisions, derailments, serious employee injuries, fatalities, and signals passed at danger. For all of these categories, major European operators using single-person crews appeared to be as safe as Class I multiple-person crew operations.

In addition, it is worth noting that there has been a positive long-term trend of declining rail accident risk within the European Union (EU), despite significant cuts in railroad staff and the expansion of single-person crew operations. In fact, those EU countries with the best safety records (least fatalities and weighted serious injuries per million train-kilometers) are all countries where railroads operate with single-person crews.

Economic Analysis

Oliver Wyman also developed an economic model to establish the value of single-person crew operations to the US Class I freight railroad industry. Two scenarios were modeled to represent the range of potential single-person crew operating options: the removal of trainmen (i.e., conductors) from all road trains without intermediate work, and the removal of trainmen only from road trains operating on high-density lines (on low-density rail lines, the use of round-the-clock utility



personnel would be far more expensive than retaining the trainman position on the few trains operating over those lines). Together, these two scenarios bracket the range of operational configurations that railroads could employ when implementing single-person crew operations.

Oliver Wyman modeled the savings that would be realized by the railroads on an aggregate basis under each scenario for 2013 and for 2020 through 2029 (since single-person crew operations are unlikely to be fully implemented prior to 2020). In both scenarios, the railroads would realize significant reductions to their cost of operations.

Rail is used to move nearly every class of product bought and sold in Kansas. It is both safe and cost effective. The changes proposed in SB 164 will not achieve greater safety. However, it will certainly result in higher costs on everything moved by rail, an increase that will by necessity be felt by everyone.

Put simply, if you it moves by rail to get to you, SB 164 will increase your costs to buy it.

The rail industry has taken a proactive stance to keep rail traffic the safest and most cost effective means of shipping goods and products, and we are committed to continuing to do so. SB 164 moves us in the wrong direction and I urge the committee to reject its passage and maintain the current rules and regulations. Thank you very much for your time and attention.