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February 3, 2025
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BEFORE THE U.S. SURFACE TRANSPORTATION BOARD
CHAIRMAN PATRICK FUCHS

PETITION TO REJECT

DOCKET NO. FD 36818

[Lease of Union Pacific Railyard and Rail Line to Central Oregon & Pacific Railroad]

January 31, 2025

These comments are on behalf of the Transportation Division of the International Association of Sheet Metal, Air, Rail and Transportation Union (SMART-TD), an organization representing approximately 100,000 transportation employees with active rail members working in all operating crafts, including engineers, conductors, trainmen, switchmen, hostlers, and yardmasters.

On behalf of the SMART-TD Union, I am writing to express our firm objection to the proposed lease of the Union Pacific Railroad (UPRR) Eugene yard and approximately 27.58 miles of rail line to the Central Oregon & Pacific Railroad (CORP), as outlined in Docket No. FD 36818. This transaction raises significant concerns related to the region's infrastructure, service quality, economic sustainability, and the broader impact on communities, workers, and the public interest. We urge the Surface Transportation Board to deny this lease request in light of these serious issues.

The overarching issue here is that this transaction is driven by the pursuit of short-term profits at the expense of long-term sustainability and public welfare. Union Pacific has operated the Eugene yard and rail lines for decades, serving shippers and the local economy without burdening taxpayers. However, with increasing pressure to meet Wall Street demands and optimize shareholder profits, UP has abandoned its obligations to the public and passed the responsibilities of running these critical operations to CORP, a short-line railroad with fewer resources and capabilities. As noted by ASLRRRA President Chuck Baker in his testimony before the House Transportation and Infrastructure's Subcommittee on Railroads, Pipelines, and Hazardous Materials on January 23, 2025, short lines are financially unsustainable without significant government funding, shifting the burden from the private sector to the taxpayer. You will see that in their own words, the ASLRRRA directly states that this is not a problem for Class I Railroads.

[ASLRRRA President Chuck Baker's Statement on Short Lines' Need for Congressional Funding to Be Viable - SMART Union](https://www.smart-union.org/aslrra-president-chuck-baker-statement-on-short-lines-need-for-congressional-funding-to-be-viable/)¹

While the need for more efficient and responsive rail service remains, this transaction is not designed to improve service or meet the needs of local shippers. Rather, it appears to be a strategic decision by Union Pacific to prioritize profit over its common carrier obligations. It is deeply concerning that UP, which has provided consistent and reliable service for decades², is now seeking to offload its obligations in the name of profitability without regard for the negative impact on the communities and workers in the Eugene area.

One critical issue raised by this lease is CORP's operational capability to handle the complexity and demands of these lines. UPRR has a highly trained, unionized workforce with years of experience ensuring the safe and efficient movement of freight. In contrast, CORP's workforce lacks comparable training and experience, is currently understaffed to handle the work, and their current workforce lacks qualifications in Eugene Yard, all of which raises serious concerns regarding their ability to provide adequate and accurate service, particularly when handling hazardous materials. As our experience has shown, railroads must have well-trained and

¹ <https://www.smart-union.org/aslrra-president-chuck-baker-statement-on-short-lines-need-for-congressional-funding-to-be-viable/>

² Prior to the implementation of Precision Scheduled Railroading

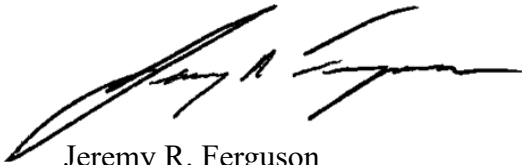
territorially qualified personnel to conduct proper switching operations, inspections, and maintenance to prevent accidents and mitigate environmental and public safety risks. A derailment involving hazardous materials could have catastrophic consequences for both the public and the environment, with lasting impacts on Oregon's natural resources and local communities.

Additionally, the economic impact on the local and state economies cannot be understated. Shippers in the Eugene area have already experienced significant service delays under Union Pacific's recent changes in the era of Precision Scheduled Railroading, including reduced frequency of service that has led to industries like Sundance Lumber turning to trucking for timely deliveries. If this lease is approved, we anticipate additional disruptions, with higher costs passed onto shippers and fewer local jobs with less pay and benefits. By introducing a second railroad operator, we increase the likelihood of interchange delays and additional costs, further burdening Oregon's economy and its workforce.

Finally, the lease arrangement undermines Union Pacific's responsibility to fulfill its common carrier obligation. By leasing operations to CORP, a railroad dependent on government funding for sustainability, UP is offloading the financial burden to taxpayers. This approach not only undermines the reliability of the nation's supply chain but also violates the principle of ensuring that railroads provide service at reasonable rates to the public. The Surface Transportation Board's role is to ensure that transactions like this are in the public interest. It is clear that this lease is not.

In conclusion, we urge the Surface Transportation Board to deny this lease request. Union Pacific's attempt to prioritize short-term profits over long-term sustainability and public safety is detrimental to Oregon's economy, workers, and communities. We call on the Board to uphold its responsibility to protect the interests of the general public, shippers, and transportation workers by rejecting this proposed transaction.

Sincerely,

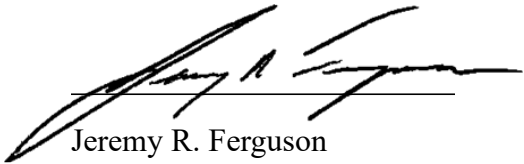
A handwritten signature in black ink, appearing to read "Jeremy R. Ferguson", with a stylized flourish at the end.

Jeremy R. Ferguson
President

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing SMART-TD's Petition to Reject has been electronically filed with the Surface Transportation Board and served upon CORP's representative in the manner specified below, this January 31, 2025, upon the following:

Eric M. Hocky
Clark Hill PLC Two Commerce Square
2001 Market Street, Suite 2620
Philadelphia, PA 19103
[via US mail]

A handwritten signature in black ink, appearing to read "Jeremy R. Ferguson", is written over a horizontal line.

Jeremy R. Ferguson

CERTIFICATE OF SERVICE

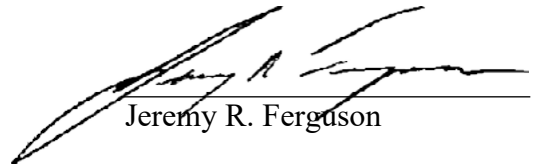
This is to certify that a copy of the foregoing SMART-TD's Petition to Reject has been electronically filed with the Surface Transportation Board and served upon all parties of record in the manner specified below, this February 3, 2025, upon the following:

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