

Testimony on House Bill 186

Ohio Railroad Association

Camp Chase Railway, LLC

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Chairman Green, Ranking Minority Member Sheehy, and members of the Ohio House Transportation and Public Safety Committee, thank you for providing this opportunity for the Ohio Railroad Association to present its comments on House Bill 186. I am Brendan Keener, the Chairman of the Ohio Railroad Association. I am also a certified locomotive engineer and freight conductor on the Camp Chase Railway in Columbus, Ohio.

I'd like to respectfully offer an alternative perspective on this bill, as it affects the operations and planning of railroads in Ohio.

Overview of Ohio's Railroad Industry

With nearly 5,200 active rail miles, Ohio boasts the third largest rail network among all states. Several main lines, with their sorting yards and other facilities, intersect in Ohio, which is a logistical hub for the rest of the nation. In addition, Ohio's status as a production center necessitates a large network of local rail lines to haul and deliver agricultural products, manufactured goods, and other materials to smaller communities throughout the state.

Most of the freight rail lines in Ohio are owned, maintained, and operated by Class I railroads, whose networks connect the major markets throughout the country. However, over 40 percent of the rail lines in the state are operated by local railroads, known as shortlines. The State of Ohio Rail Plan, released this year, lists 34 of these local railroads in Ohio. Although some cover broad regions, most are small businesses serving rural communities and industrial areas.

Shortlines are responsible for operating and maintaining rail lines that were previously identified as low-margin, and potential candidates for abandonment. These tracks, by nature, are challenging to operate and sustain, despite their importance to shippers and communities. Smaller railroad companies proved able to continue providing rail service on these branch lines due to their relatively flexible cost and labor structures. As a real-world illustration, I am the salesman for the Camp Chase Railway. However, I will likely spend some time both running a locomotive and performing track labor this week.

With the fixed, low-margin branch lines that we operate, shortlines are very sensitive to competition and instability in the marketplace. We cannot absorb unexpected added costs of doing business into our top line or recover them by charging higher rates. This would result in lost business. Shortlines and Class I railroads depend on each other like capillaries and arteries. Thus, any changes in the regulatory burden or business environment – even if only targeted at Class I railroads – will put shortlines at risk of losing the ability to compete and deliver freight to the under-served parts of Ohio.

Crew Size Requirements

As a nationwide network, the railroad industry is regulated at the federal level, preempting state and local rules, which could widely vary. Even beyond this consideration, though, Ohio cannot afford to restrict its railroads from competing in the freight marketplace. In the same year that millions of dollars of public money have been spent on autonomous vehicle testing and research, it is concerning to see potential restrictions placed on the railroad industry.

As railroads, and particularly shortlines, face the specter of autonomous trucks, they must be permitted to innovate, and make sensible changes to their operations. While issues related to crew size and occupied crossings may be more commonly associated with the larger railroads, it is important to recognize Ohio's (and the nation's) rail system as one unified network. The success and survival of the small, local railroads depends in large part on the ability of our larger Class I partners to compete in the marketplace for longer haul freight.

Crew size requirements would also impact shortlines and their ability to provide service to customers. A recent personal example: Camp Chase Railway's crew was serving customers in Columbus one afternoon in mid-September. While traveling between two customers, the locomotive experienced a mechanical failure. There were three employees working that day - two were on the train, and I was in the yard office. In order to help, I fired up a second locomotive and ran it down the mainline by myself, so that I could tow the train with the second engine. The customers could not have been served otherwise. However, under House Bill 186, I would be at risk of having a civil penalty issued against me, even as I was fulfilling the railroad's obligation to safely serve customers and play its part in interstate commerce.

Occupied Grade Crossings

Ohio has 5,200 miles of railroad, with over 5,700 at-grade rail crossings. As communities continue to expand, the interactions of the travelling public with freight railroads will only continue to increase. House Bill 186 proposes penalties in the form of misdemeanors for railroad employees when crossings are occupied as emergency vehicles approach. This is an impossible standard for railroads to meet. Occupied crossings during switching moves, as a train serves a customer, are inevitable.

It is also unfeasible for a train to move rapidly out of the way in response to emergency vehicles approaching the crossing. While any train crew (myself included) will make their best efforts to do so when possible, there are often cases in which the engineer and conductor must be focused on completing their task safely, and are out of eyesight of the crossing itself. Separating the train, known as "cutting the crossing" does not alleviate any situations either, because in order to reconnect and move again, the train must back up over the crossing, reconnect, and wait several minutes for the brake system to fully charge and release.

Providing rail freight service to customers is part of maintaining interstate commerce. The goods and materials shipped in rail cars sustain Ohio's industry, preserving jobs in communities throughout the State. While railroads do not intend to occupy crossings for any excessive length of time, the fact that there is more than one crossing per mile on average in Ohio makes these

modal conflicts unavoidable. Rather than charging the railroaders involved with a misdemeanor, the State of Ohio should explore collaborative solutions to challenges at grade crossings.

Lighting and Walkways

House Bill 186 directs that railroads must construct walkways and lighting adjacent to tracks in rail yards. There is no clear way to define what constitutes a yard. Shortlines, and even Class I's in certain cases, classify large sections of track as "yard limits," which means that any point along the line could potentially be a frequent switching or maintenance location. This leaves door open for subjective action by regulators against small railroads in particular.

Railroads are already attentive to maintaining a safe working environment for their employees, so adding discretionary regulations for building and maintaining walkways will lessen the resources available for other needed areas, such as the track itself. Investing capital and labor in power, lighting, and new walkways would be onerous for shortline railroads. The rail lines operated by shortlines are the ones which are inherently less attractive from a business perspective, so every dollar must be spent strategically to continue providing safe service to customers.

On an average year, Camp Chase Railway's holding company allocates between 20% and 30% of its budget toward capital spending. As a basic illustration, one mile of track contains about 3,100 wooden ties under the rail. With an average lifespan of 30 years, and an installed cost of roughly \$100 per tie, the expense to simply maintain the infrastructure, even in its current state, is significant. Most of this work is performed by in-house labor. Capital budgets on shortline railroads are tight every year, and we need Ohio's support – not additional regulations – if we are to invest for growth in the State.

Conclusion

Ohio's railroad network is complex as it is vital to the State's economy. Many of the low-margin tracks serving the underserved communities and markets today are operated by shortline railroads. Railroading is a capital-intensive business, and shortlines need the freedom to be flexible and continue investing in infrastructure that supports Ohio businesses. Additional regulatory burdens will only harm our ability to do this. Instead, let's work towards steps to ensure the rail industry and the public can continue to develop together.

Thank you, and at this time, I'd be happy to answer any questions from the Committee.