

June 20, 2012

The Honorable Barbara Boxer
Chair, Senate Environment and Public Works
Committee
United States Senate
410 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable John Mica
Chair, House Transportation and Infrastructure
Committee
United States House of Representatives
2165 Rayburn House Office Building
Washington, D.C. 20515

Dear Senator Boxer and Representative Mica,

We would like to take this opportunity to respond to a letter you recently received from the Association of Independent Passenger Rail Operators (AIPRO). In this letter, AIPRO argues that certain provisions in the Senate Rail Title of S.1813 are “extremely harmful to the future of rail passenger service.” As leaders of labor unions that represent workers employed in the passenger rail sector we would like to address these arguments and correct some of the blatant misrepresentations included in their letter.

AIPRO’s claim that the Senate bill “guarantees a government-sanctioned Amtrak monopoly” is simply wrong and requires an illogical and tortured interpretation of these sections that we rebut below. AIPRO does not seek government neutrality as it relates to public-private partnerships in passenger rail as it claims but instead is seeking policies that will favor and mandate privatization of rail service regardless of the merits of such a decision. This approach ignores the history of passenger rail both in this country and abroad and the basic economics of this sector of our transportation system. Amtrak was created because privately operated passenger rail failed 50 years ago. Furthermore, British experiments with passenger rail privatization, which led to fare increases, poor customer service, and serious safety problems, were abandoned. Rather than learning from the mistakes of the past, AIPRO would doom us to repeat them.

In their letter, AIPRO expresses strong opposition to Section 35601 which simply authorizes a certification process and criteria, implemented by the Surface Transportation Board (STB), for providers of passenger rail transportation. Under the provision, the STB would ensure that applicants demonstrate sufficient financial capacity and experience to operate passenger rail, maintain minimum liability insurance, and meet applicable safety and security requirements under the law. Transportation providers in other modes are routinely required to obtain some type of certification or operating authority from a central agency and we see no reason why this should not be extended to passenger rail providers. Despite claims to the contrary, Amtrak

would be covered by this certification requirement and currently meets the standards set forth in Section 35601. AIPRO appears particularly concerned with the requirement that passenger carriers carry at least \$200 million in liability coverage, which Amtrak is statutorily required to carry. Setting a unified insurance standard hardly grants special privileges to Amtrak as AIPRO claims. In actuality, their opposition is an effort to retain an advantage over Amtrak since it is already subject to these requirements and they are not. Furthermore, requiring all passenger rail operators to maintain adequate insurance ensures that injured parties will be compensated and that the cost of compensating them is not shifted to Amtrak (and thus to federal taxpayers.)

AIPRO also raises objections to Sec. 35207 which would require a private intercity passenger rail operator to contribute to the capital costs of providing the service. Amtrak would be exempt from this provision because it already bears responsibility for paying many capital costs. This language is not an undue burden on private passenger rail operators. It simply requires them to pay their fair share. By investing in the necessary infrastructure, the government made passenger rail possible and relieved private railroads of that financial burden. By objecting to contributing to capital costs, AIPRO is essentially seeking a government subsidy.

AIPRO's opposition and description of the cooperative equipment pool language in section 35105 is also misplaced and disingenuous. The equipment pool allows the primary users of rail equipment to create a set of standards for passenger rail cars throughout the country. This will lower costs to taxpayers, who ultimately bear the expense when public entities purchase capital equipment. The equipment pool will allow them to purchase more rail equipment at a lower unit cost than before. Additionally, these standards will help to create thousands of American manufacturing jobs. This is good for taxpayers, good for passengers, and good for workers.

Finally, AIPRO wishes to resurrect some of the provisions from H.R. 7 that arbitrarily mandate passenger rail privatization and outsourcing in ways that would destroy service and eliminate jobs. Putting aside the policy rationale for rejecting these provisions, the House of Representatives never approved H.R. 7 because of the controversial provisions that were included in that legislation. Attempts to now re-introduce those provisions in a conference committee must be soundly rejected as they will only serve to distract from swift passage of a surface transportation bill.

We urge you to continue to work on passing a bill that levels the playing field in the passenger rail sector while promoting safe, reliable passenger rail service.

Sincerely,



F.L. McCann
President
American Train Dispatchers Association



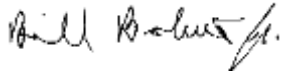
Dan Pickett
President
Brotherhood of Railroad Signalmen



Sito Pantoja,
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International Association of Machinists
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Dan Hamilton
Director Railroad Division Services
International Brotherhood of Boilermakers,
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Mike Futhey
International President
United Transportation Union

cc: Surface Transportation Reauthorization Act Conferees