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Surface Transportation Board
Honorable Board Chairman Martin Oberman
395 E Street SW
Washington, DC 20423

**Re: Surface Transportation Board – Urgent Issues in Freight Rail Service
Docket No. EP 770**

Dear Chairman Oberman:

This Firm represents Reichhold LLC 2 (“**Reichhold**” or the “**Company**”), which is currently experiencing severe disruptions in operations due to the recent, unilateral decision by BNSF Railway to substantially decrease service to its production facility located in Valley Park, Missouri (“**Valley Park facility**,” or the “**facility**”) from three (3) days per week to one (1) day per week. These comments are submitted on behalf of the Company, which requests that the Surface Transportation Board investigate and take immediate steps to remedy the dramatic negative impact that the severe degradation in service by BNSF has already had, and will continue to have, on shippers, suppliers, and consumers alike.

Reichhold is a chemical manufacturer. From its Valley Park facility, Reichhold produces and distributes unsaturated polyester resins for composites and supplies coating resins for a wide variety of markets and applications. The Company sources three (3) main raw materials to its Valley Park facility – mineral spirits, soybean oil, and linseed oil – and these are used to produce the Company’s main product, Alkyd Modified Urethanes (“**AMUs**”), which are essential in the production of wood paints. The Company supplies AMUs to multiple customers, which in turn use it to produce and then supply wood paints to stock shelves and meet inventory requirements at major national home improvement and construction retailers and sellers, such as, e.g., The Home Depot, Lowe’s, Menard’s and others. It is not an exaggeration to state that Reichhold’s multiple customers have consistently depended and relied on the Company’s consistent supply of AMUs to them for the production of their paints for decades.

BNSF Railway’s recent unilateral, dramatic reduction in its service to Valley Park from three (3) days to one (1) day per week has drastically reduced Reichhold’s ability to source the approximately 900,000+ total pounds weekly of the above-described raw materials the Company requires in its inventory to meet its supply commitments and demands. With the two (2)-railcar industrial spur capacity at Valley Park, the Company simply cannot begin to approach the inventory of the raw materials it requires to maintain committed-to operations with a once-weekly limited delivery schedule. To help put this severe issue into perspective, Reichhold presently estimates that in order to offset the present severe delivery shortage by railroad and to continue to

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meet its production and supply obligations to its customers, so that these customers may in turn meet their supply obligations to the sellers/national retailers, the Valley Park facility would need to somehow figure out how to source deliveries through additional eight hundred forty five (845) trucks annually. Significantly, BNSF Railway's thrice-weekly service to Valley Park is no recent development. Rather, BNSF Railway has supplied hundreds of thousands of pounds of raw materials to the Valley Park facility three times each week for the past seventeen (17) years, only to suddenly, abruptly reduce that service by 66%, effective immediately, on April 12, 2022.¹

BNSF Railway's drastic reduction in service is expected to result in severe, far-reaching negative consequences to Reichhold, its customers and the wood paints industry in general. In addition, as experience has shown time and again, such major supply chain disruptions not only can upend operations and affect availability of every-day products ordinary citizens have come to rely on, but they also tend to result in serious job losses and its related consequences to families. Thus, BNSF's unilateral decision to reduce service to the Valley Park facility has far-reaching implications beyond harming Reichhold itself; the decision will, by extension, inflict substantial economic harm on multiple companies and the workers who are employed at them, and result in more products being taken off shelves.

Notably, on March 30, 2022 BSNF Railway's President and CEO, Katie Farmer, penned a letter to the National Grain and Feed Association, in which she acknowledged that the railroad is not meeting its customers' service expectations, and stated BNSF was "undertaking aggressive measures to drive step-level improvements and regain [] customers' confidence." (A copy of Ms. Farmer's March 30, 2022 letter has been posted and may be viewed at <https://www.stb.gov/wp-content/uploads/BNSF-response-to-NGFA-03302022.pdf>.) It is indeed regrettable that instead of making such improvements, about two weeks after posting this letter BNSF apparently has only further reduced its services, resulting in further dramatic and far-reaching consequences as described in this letter.

Although Reichhold is well-familiar with the challenges of maintaining successful and efficient operations on a nationwide scale, especially in the wake of the COVID-19 pandemic and related labor shortages, the root of BNSF's service issues – precision scheduled railroading (“PSR”) – cannot be ignored. The implementation of PSR has caused railroads to substantially trim their workforce in the name of “efficiency” and “cost-cutting.” However, in the wake of increased and increasing demand, the railroads' economically-motivated decision to increase its existing employees' workload rather than hire additional employees disfavors worker safety and

¹ The Company notes that if it learned of BNSF Railway's degradation of service earlier, the Company would have filed a notice to participate in the upcoming April 26 and 27, 2022 public hearing.

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productivity, and the railroad's ability to operate appropriately, which, in turn, is highly detrimental to the country's supply chain.

Though BNSF and other railroads have expressed their intent to remedy service issues and the STB is considering regulatory options to address the issues, more urgent action is necessary. With each additional day of inadequate rail service, Reichhold's ability to meet its production and supply obligations grows more and more tenuous. If BNSF's decision in Valley Park is allowed to take hold, its severe consequences will continue ripple, affecting numerous manufacturers, sellers and resellers and their employees and families in its wake.

Reichhold respectfully requests that the STB investigate and take immediate steps to remedy the severe negative impact of BNSF Railway's reduced rail service in Valley Park, MO. The Company supports the efforts by the Board to improve service, and recognizes and appreciates the Board's attention to this serious issue. Please do not hesitate to contact us with any questions.

Very truly yours,

NEAL, GERBER & EISENBERG LLP

/s/ Sonya Rosenberg

Sonya Rosenberg