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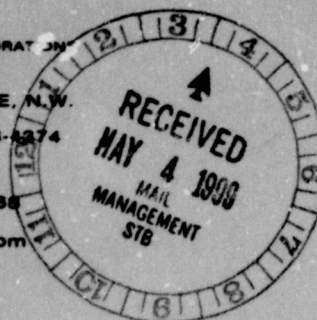
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May 4, 1999

Mr. Vernon Williams  
Secretary  
Surface Transportation Board  
1925 K Street, N.W.  
Washington, DC 20423-0001

D

Re: Finance Docket No. 32760 (Sub-No. 33)

Dear Mr. Williams:

Enclosed for filing in the above referenced matter are the original and 10 copies of the Reply of Union Pacific Railroad Company to Petitioners' Petition for Review. If you should have any questions or require further documentation, please do not hesitate to contact me.

Sincerely,

Brenda J. Council

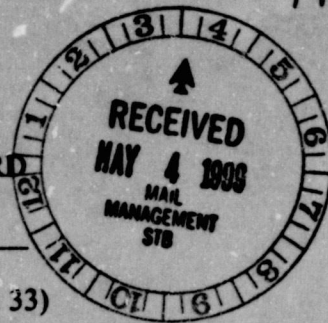
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BEFORE THE  
SURFACE TRANSPORTATION BOARD



FINANCE DOCKET NO. 32760 (Sub-No. 33)

UNION PACIFIC CORPORATION, UNION PACIFIC RAILROAD COMPANY  
AND MISSOURI PACIFIC RAILROAD COMPANY  
-CONTROL AND MERGER-  
SOUTHERN PACIFIC RAIL CORPORATION,  
SOUTHERN PACIFIC TRANSPORTATION COMPANY, ST. LOUIS  
SOUTHWESTERN RAILWAY COMPANY, SPCSL CORP. AND THE  
DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY

(Arbitration Review)

REPLY OF UNION PACIFIC RAILROAD COMPANY

Brenda J. Council  
Barry P. Steinberg  
Kutak Rock  
The Omaha Building  
1650 Farnam Street  
Omaha, Nebraska 68102  
(402) 346-6000

Attorneys for Union Pacific  
Railroad Company



## **REPLY OF UNION PACIFIC RAILROAD COMPANY**

Lyn Swonger and James Spaulding, on behalf of themselves and all others similarly situated ("Petitioners"), have appealed the New York Dock Arbitration Award of William E. Fredenberger, Jr. Union Pacific Railroad Company ("Union Pacific") submits its reply in opposition to the Petitioners' Petition for Review, pursuant to 49 C.F.R. § 1104.13. Union Pacific's Reply is also supported by the Declarations of John M. Raaz.<sup>1</sup>

### **I.** **INTRODUCTION**

This arbitration appeal arises out of the actions of Union Pacific to implement the coordination of operations and workforces of Union Pacific and its affiliates, and Southern Pacific Transportation Company ("Southern Pacific") and its affiliates, including the St. Louis Southwestern Railway ("SSW"), at the Salina, Kansas, hub in connection with the merger of those two railroads, which was approved by the Surface Transportation Board ("Board"). Union Pacific Corp. – Control and Merger – Southern Pacific Transportation Co., STB Finance Docket No. 32760 No. 44 (served August 12, 1996). The coordination is being implemented pursuant to the New York Dock implementing agreement imposed by Arbitrator William E. Fredenberger, Jr., in his decision issued on March 25, 1999 ("Fredenberger Award").

The agreement imposed by Arbitrator Fredenberger is the agreement that Union Pacific and the United Transportation Union ("UTU") tentatively agreed upon following negotiations conducted under Article I, Section 4 of New York Dock. With respect to seniority integration,



the parties had agreed that dovetailing employees into the new roster using the date of hire on the property where the employee was last hired, would provide for a fair and equitable arrangement of forces. However, the UTU Associate General Chairman representing the former SSW employees refused to initial the tentative agreement because of objections to the seniority integration methodology voiced by former Rock Island employees. After being advised that the tentative agreement could not be submitted for ratification without the approval of all of the affected General Chairmen, Union Pacific invoked arbitration under Article I, Section 4 of New York Dock. The Petitioners are now appealing the implementing agreement imposed by the Fredenberger Award.

The Petitioners assert that the Fredenberger Award presents issues relating to a "recurring or otherwise significant issue of general importance regarding interpretation of the New York Dock conditions." However, the Petitioners' Petition for Review does not raise any novel or complex issues and, therefore, does not meet the Board's standard for review. They challenge Arbitrator Fredenberger's ruling regarding the movement of the home terminal from Pratt, Kansas, to Herington, Kansas, object to the seniority integration methodology, and disagree with his finding of necessity to modify the seniority provisions. Even if the Board has not previously decided all of the issues raised in this Petition for Review, Petitioners are still required to establish that their arguments are well-grounded in law and fact, which they have failed to do.

The Fredenberger Award was fair and equitable, satisfied the requirements of Article I, § 4 of the New York Dock conditions, complied with the orders issued by the court in connection

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<sup>1</sup> Mr. Raaz's first Declaration was filed with Union Pacific's Opposition to Petitioners' Motion for Stay. Mr. Raaz's Supplemental Declaration is filed herewith.

with Volkman, et al. v. UTU, et al., 73 F. 3d 1047 (10<sup>th</sup> Cir. 1996), rev'g and rem'g, 724 F. Supp. 1282 (D. Kan. 1989), , followed controlling Board and judicial precedent, and should be affirmed.

## II. ARGUMENT

The standard of review for arbitration awards is very limited. Chicago & N.W. Transp. Co. – Abandonment (“Lace Curtain”), 3 I.C.C. 2d 729, 735-36 (1987), aff'd sub nom., International Brotherhood of Electrical Workers v. I.C.C., 862 F. 2d 330, 335-38 (D.C. Cir. 1988).<sup>2</sup> Under the Lace Curtain standard, the Board’s review is limited to “recurring or otherwise significant issues of general importance regarding the interpretation of [its] labor protective conditions.” Id. at 736. Even when the Board determines that such issues are presented, the scope of its review is very narrow. Interstate, 1989 ICC LEXIS 174, at \*9-11 (“If we determine that there is a significant issue that warrants our review we will employ an extremely limited standard of review according substantial deference to the arbitrator’s competence and special role in resolving labor disputes and giving a strong presumption of finality to an award.”) (quoting CSX Corp. – Control – Chessie System, Inc., 4 I.C.C. 2d 641, 649 (1988)). The Board does not review “ issues on causation, the calculation of benefits, or the resolution of factual disputes.” Id.; See, also, Fox Valley & Western Ltd. – Exemption Acquisition & Operation, 1993 ICC LEXIS 228, \*5 (served Nov. 16, 1993); Lace Curtain, 3 I.C.C. 2d at 736. The Board will vacate an award “only when ‘there is egregious error, the award fails to draw its essence from [the labor conditions], or the arbitrator exceeds the specific contract

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<sup>2</sup> The Board’s (formerly the Interstate Commerce Commission’s) standard of review has been repeatedly upheld by the courts. See, UTU v. ICC, 43 F. 3d 697 (D.C. Cir. 1995); BMWE v. ICC, 920 F. 2d 40,44 (D.C. Cir. 1990).



limits on his authority.” Norfolk & W. Ry. Co. – Merger, Finance Docket No. 21510 (Sub-No. 5) at 3-4 (served May 25, 1995) (quoting, Lace Curtain at 735); Fox Valley & Western, *infra*, at \*5.

While the Petitioners invoke the words of Lace Curtain, (Pet. at 5), they fail to show that their Petition raises recurring and significant issues of general importance regarding the interpretation of the New York Dock conditions. Rather, as demonstrated fully below, the Petitioners merely disagree with Arbitrator Fredenberger’s factual findings on necessity and the appropriateness of the seniority integration methodology. It is well established that a New York Dock arbitration award will not be reviewed or overturned simply because a party is dissatisfied with the arbitrator’s factual findings, as in this case. The Petitioners make no showing that Arbitrator Fredenberger committed egregious error. Accordingly, the Petitioners’ Petition for Review should be denied.

**A. THE ARBITRATOR DID NOT ERR IN HIS RULING ON THE MOVEMENT OF THE HOME TERMINAL FROM PRATT TO HERINGTON**

The Petitioners argue that there is no transportation benefit obtained from the movement of the home terminal from Pratt, Kansas, to Herington, Kansas. However, there was ample evidence in the record of the transportation benefits that would result from “hub and spoke” operations such as Salina. Union Pacific’s Operating Plan for the merged system, which was a part of the arbitration record, enumerated the many public transportation benefits the merger would yield. Included among these benefits was the establishment of more efficient alternate through freight routes that would run as spokes from large consolidated terminal hubs.



Despite the fact that Arbitrator Fredenberger was "convinced that relocation of the terminal is part and parcel of the hub and spoke operation to be implemented at Salina," for which "the public transportation benefit is demonstrated," the Petitioners argue that no public transportation benefit can be shown when employees are required to relocate to towns that have inadequate housing and public facilities. Fredenberger Award at 8. First, it is doubtful whether the availability or adequacy of housing and public facilities are factors required to be considered by an arbitrator in determining whether the public interest is promoted by the movement of a home terminal. The courts have held that the "public interest," as that term is used in the Interstate Commerce Act, has "direct relation to adequacy of transportation service, to its essential conditions of economy and efficiency, and to appropriate provision and best use of transportation facilities." United States v. Lowden, 308 U.S. 225, 230 (1939), citing, State of Texas v. United States, 292 U.S. 522, 531 (1934). While the availability of employee protective conditions such as relocation benefits bears a relationship to the promotion of transportation efficiency, it is questionable whether the quality or quantity of housing and public facilities at a particular terminal bears any relation to the adequacy or efficiency of transportation service.

Second, even if the availability or adequacy of housing and public facilities at Herington would have a relation to the adequacy or efficiency of the transportation service resulting from the consolidation of the operations in the Salina hub, the Petitioners presented no evidence to support their assertion that there are inadequate housing and public facilities in Herington. The Petitioners failed to present any evidence of the alleged inadequacy of housing and public facilities at Herington because there is no such deficiency. As demonstrated by the letters from Herington's Interim City Manager and the Executive Secretary of the Greater Morris County

Development Corporation, there is more than an adequate supply of housing and ample public facilities in and around Herington. Raaz Supp. Decl., ¶ 3.

Finally, those employees who did not believe that there was suitable housing or public facilities available in Herington had the option of remaining in Pratt. In that regard, it is to be noted that as early as November, 1998, only nine (9) conductors elected to remain at Pratt, while twenty-eight (28) volunteered to relocate to Herington. Raaz Decl., ¶ 10. Additionally, it appears that the employees who elected to remain in Pratt will not be required to commute to Herington for their assignments. Even if they were required to report for duty at Herington, Arbitrator Fredenberger determined that the 135 miles between Herington and Pratt was a reasonable commute for those employees. Arbitrator Fredenberger's finding with respect to the reasonableness of the commute is not to be disturbed by the Board in the absence of a finding of egregious error. See, Norfolk & W. Ry. Co. - Merger, Finance Docket No. 21510 (Sub-No. 5) at 3-4; Fox Valley & Western, 1993 ICC LEXIS 228, \*5; CSX Corp. - Control - Chessie System, Inc., 4 I.C.C. 2d 641, 649 (1988)); Lace Curtain, 3 I.C.C. 2d at 735-36.

There is nothing in the record that even hints at the possibility that Arbitrator Fredenberger erred, much less committed egregious error, with respect to his finding that Herington is not beyond a reasonable distance from Pratt. Thus, there is no basis for review of Arbitrator Fredenberger's finding that movement of the home terminal from Pratt to Herington is part and parcel of the hub and spoke operation at Salina, which is a public transportation benefit.

**B. ARBITRATOR FREDENBERGER'S AWARD COMPLIES WITH THE COURT DECISIONS IN THE VOLKMAN CASES**



The Petitioners contend that Arbitrator Fredenberger failed to follow the orders issued by the court in Volkman, 73 F.3d 1047. Volkman involved claims by former Rock Island employees who worked on the Tucumcari line.<sup>3</sup> The SSW purchased the Tucumcari line following the Rock Island's bankruptcy. The SSW and several other carriers who purchased portions of the bankrupt Rock Island entered into an agreement dated March 4, 1980, which provided for the preferential hiring of former Rock Island employees. Id. at 1052. However, the SSW entered into an implementing agreement with the UTU that did not comply with the March 4 agreement. Instead, the SSW recalled its furloughed employees before it hired any of the former Rock Island employees. The court ruled that the former Rock Island employees were wrongfully denied preferential hiring. Id. at 1328.

In fashioning the remedy for the SSW's violation of the March 4 agreement, the court considered the former Rock Island employees' request for full "carryover" seniority by dovetailing them into the SSW roster according to their Rock Island hire dates. The court expressly rejected the request for full "carryover" seniority, finding that they had no contractual right to "carryover" seniority. Id. at 1335. Instead, the former Rock Island employees were granted prior rights at their SSW terminal of first hire. Id. The court confirmed the establishment of March 24, 1980, as their seniority date on the SSW, which represents the date the SSW should have hired the former Rock Island employees instead of recalling its furloughed employees.

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<sup>3</sup> It is to be noted that the appeal to the Tenth Circuit principally involved the claims of certain former Rock Island employees who did not work on the Tucumcari line ("off-line employees"). The Tenth Circuit remanded the case to the District Court with instructions to determine what, if any, relief the off-line employees should receive. On remand, the District Court ruled that the off-line employees were entitled to comparable treatment as the former Rock Island employees who worked on the Tucumcari line ("on-line employees"). Volkman v. UTU, 962 F. Supp.



The Petitioners suggest that the prior rights granted by the court were inviolate. However, the court's order provided that "those prior rights are subject to modification through future collective bargaining as are prior rights granted under the existing labor contracts between the defendants SSW and UTU." Petitioners Supp. App., Ex. 9, ¶ 4. As the Petitioners concede, their prior rights were "deemed to have the same character and status of prior rights seniority of any other UTU represented employees." Petition at 12; Petitioners Supp. App., Ex. 11, ¶ 1.

It is clear from the court's decisions and orders that the Petitioners' prior rights seniority were subject to modification through collective bargaining under the Railway Labor Act and Article I, § 4 of the New York Dock conditions. Thus, Arbitrator Fredenberger neither violated the court's orders in Volkman nor exceeded any contract limits on his authority when he adopted the seniority modification that had been negotiated and agreed upon by Union Pacific and the UTU. To the contrary, he allowed the Petitioners' prior rights to be modified through the "give and take characteristics of the process of collective bargaining," as contemplated by the court. See, Fredenberger Award at 6.

**C. ARBITRATOR FREDENBERGER'S FINDINGS OF NECESSITY WERE CORRECT**

The Petitioners assert that the seniority integration methodology adopted by Arbitrator Fredenberger is neither fair or necessary to effectuate the coordination of operations in the Salina hub. It is well established that Article I, Section 4 does not require any particular seniority integration methodology, and grants the parties through negotiation and the arbitrator, if necessary, the discretion to fashion the appropriate methodology for a particular case. See

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1364 (D. Kan. 1997). Thus, for purposes of this Reply, all references to "former Rock Island" employees shall

ATDA v. I.C.C., 26 F. 3d 1157, 1163 (D.C. Cir. 1994); Norfolk & Western Ry. New York, Chicago & St. Louis R.R. - Merger, Etc., Finance Docket No. 21510 (Sub-No. 3), slip op. at 5 (served Dec. 18, 1998). An arbitrator is charged only with fashioning a mechanism that is "appropriate" for application in the particular case. ATDA, 26 F.3d at 1163. There is nothing inherently unfair about the methodology adopted here. In fact, the Petitioners agree that the date of hire, dovetail seniority integration methodology negotiated by the parties and adopted by the arbitrator is a fair method of consolidating the forces at Salina. Petition for Review at 12. What the Petitioners contest is the fact that the date of hire used for former Rock Island employees is their SSW hire date rather than their earlier date of hire on the Rock Island. It would have been patently unfair to grant the Petitioners greater seniority rights by recognizing their hire dates on the Rock Island than those granted by the court's orders in Volkman.

The Petitioners next argue that Arbitrator Fredenberger failed to follow the requirements of the Interstate Commerce Act and the New York Dock conditions by imposing the implementing agreement negotiated and agreed upon by Union Pacific and the UTU. They do not dispute that Arbitrator Fredenberger had the authority to modify their seniority. Rather, they challenge his determination that modification of the seniority provisions in the manner specified in the negotiated implementing agreement was "necessary" to effectuate the approved transaction.

Under the necessity standard reflected in Board and judicial precedent, Arbitrator Fredenberger only needed to find that the coordination of operations in the Salina hub, considered independently of the seniority modifications, would result in public transportation

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include the on-line and off-line employees.



benefits. For example, the Supreme Court held that the Board's (formerly the Commission's) exclusive jurisdiction was necessary to "promote 'economy and efficiency in interstate transportation by the removal of the burdens of excessive expenditure,'" and overrode Railway Labor Act requirements and agreements so that "the efficiencies of consolidation" sought by the carrier would not be "defeated." Norfolk & Western Ry. Co. v. American Train Dispatchers' Ass'n., 499 U.S. 117, 133 (1991) ("Dispatchers"). In Railway Labor Executives' Ass'n. v. United States, 987 F.2d 806 (D.C. Cir. 1993), the D. C. Circuit held that the necessity standard was satisfied by a showing of public transportation benefits, which the court defined as including "the promotion of 'safe, adequate, economical, and efficient transportation,' and the encouragement of sound economic conditions . . . among carriers." Id. at 815. The D. C. Circuit also held that the efficiencies from the consolidation of work yielded public transportation benefits. ATDA, 26 F.3d at 1164.

Arbitrator Fredenberger specifically found that the seniority modifications at issue met the Board's necessity standard:

successful implementation of the 'hub and spoke' operations at Salina is an obvious public transportation benefit and that considerations of efficiency of that operation warrant the modification and elimination of existing seniority rights as set forth in the proposed implementing agreement.

Fredenberger Award at 5.

Contrary to the Petitioners' assertion, Arbitrator Fredenberger did explain why the modification of seniority was necessary. He considered the evidence submitted by Union Pacific relative to the efficiencies that would result from creation of the hub and spoke operation at Salina, specifically the movement of the home terminal from Pratt to Herington. The hub



operation provides efficiencies in the form of better manpower utilization, more streamlined and flexible train operations and fewer train delays. See, Raaz Supp. Decl., ¶ 3. Employees also have more job opportunities as a result of the expanded seniority. These are precisely the types of operating efficiencies the Board and the courts have found constitute public transportation benefits. See, Executives, 987 F.2d at 815. In reaching his necessity determination, Arbitrator Fredenberger also reviewed arbitration awards involving the implementation of hub operations at other locations on Union Pacific. Specifically, Arbitrator Fredenberger relied on the awards issued by Arbitrator James E. Yost in UTU and Union Pacific Railroad Company, April 14, 1997, which involved the creation of the Denver and Salt Lake City hubs. Arbitrator Yost found that the seniority modifications in the implementing agreements, which were similar to those in this case, were "necessary to effect the STB's approved consolidation and yield enhanced efficiency in operations benefiting the general public and the employees of the merged operations." As Arbitrator Fredenberger duly noted, the Board sustained Arbitrator Yost's finding of necessity with respect to the seniority modifications when it declined to review his award. Union Pacific/Southern Pacific, slip op. at 4.

Arbitrator Fredenberger's finding that implementation of the Salina hub, which requires modification of contractual seniority provisions, is necessary to carry out the Board approved merger is a factual determination committed to the judgment of the arbitrator under the Board's extremely deferential standard for review. See, CSXT Corp. - Control - Chessie System, Inc., & Seaboard C. L. Industries, Inc., Finance Docket No. 28905 (Sub-No. 27) (served Dec. 7, 1995), slip op. at 32, aff'd sub nom., UTU v. STB, 108 F.3d 1425 (D.C. Cir. 1997) (arbitrator's factual necessity finding "entitled to deference" under Lace Curtain). There is ample evidence in the

record to support Arbitrator Fredenberger's necessity determinations. Indeed, the Petitioners failed to present any credible evidence that the seniority modifications were unnecessary. Accordingly, the Fredenberger Award is not subject to review because no error, much less egregious error, was committed.

Finally, the Petitioners argue that their prior rights seniority was modified while other employees' prior rights were preserved. This contention is belied by the facts. The implementing agreement provides for the modification of the prior rights of all employees in the Salina hub. Fredenberger Award, Attach. at 10. Further, the Petitioners ignore the fact that the implementing agreement grants prior rights to all employees in the zones in which the employees request to be placed and common seniority throughout the hub. Fredenberger Award, Attach. at 9-10. As a result, all employees, including the Petitioners have greater work opportunities. In sum, the Petitioners were treated no differently than any other employees in the Salina hub, and the Fredenberger Award should not be disturbed.


### **III.** **CONCLUSION**

For the foregoing reasons, the Board should deny the Petitioners' Petition for Review and affirm the Fredenberger Award.

Respectfully submitted,

Dated: May 4, 1999

By



Brenda J. Council  
Barry P. Steinberg  
Kutak Rock  
The Omaha Building  
1650 Farnam Street  
Omaha, Nebraska 68102  
(402) 346-6000



**ATTORNEYS FOR UNION PACIFIC  
RAILROAD COMPANY**

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the Reply of Union Pacific in Opposition to Petitioners' Petition for Review were served this 4<sup>th</sup> day of May, 1999, by first-class mail, postage prepaid, upon the following:

M. B. Futhey, Jr.  
Vice President, UTU  
7610 Stout Road  
Germantown, TN 38138

R. E. Karstetter  
General Chairman, UTU  
1721 Elfindale Drive, #309  
Springfield, MO 65807

P. C. Thompson  
Vice President, UTU  
10805 West 48<sup>th</sup> Street  
Shawnee Mission, KS 66203

Don L. Hollis  
Assoc. General Chairman, UTU  
13247 C R 4122  
Lindale, TX 75771

James Spaulding  
515 North Main Street  
Pratt, KS 67124

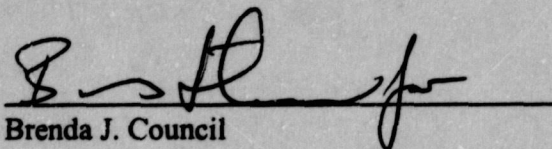
Lyn Swonger  
1204 East Maple  
Pratt, KS 67124



A. Martin, III  
General Chairman, UTU  
2933 S.W. Woodside Drive, #F  
Topeka, KS 66614-4181

Joseph Guerrieri, Jr.  
Debra L. Willen  
Guerrieri, Edmond & Clayman, P.C.  
1625 Massachusetts Avenue, N.W.  
Suite 700  
Washington, DC 20036

Bruce H. Stoltze  
Brick, Gentry, Bowers,  
Schwartz, Stoltze, Schuling  
& Levis, P.C.  
550 39<sup>th</sup> Street  
Des Moines, IA 50312

  
Brenda J. Council

## **SUPPLEMENTAL DECLARATION OF JOHN M. RAAZ**

I, John M. Raaz, pursuant to 28 U.S.C. Section 1746, declare that the facts stated herein are known to me to be true, based on my personal knowledge or on information received in the ordinary course of the discharge of my employment responsibilities.

1. I am Assistant Vice President Labor Relations – Northern Region for the Union Pacific Railroad Company. I have previously submitted a declaration in this proceeding.

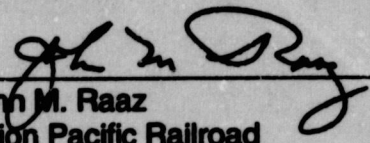
The purpose of my second declaration is to address the operational efficiencies associated with the movement of the home terminal to Herington, and the housing situation at Herington.

2. One specific efficiency provided by the implementation of the Hub Agreement would be the additional flexibility gained by a single crew base protecting multiple directional operations from Herington. The Herington crew base will be able to protect service in four directions: towards Pratt, Kansas to the West; toward Wichita to the South; toward Kansas City to the East, and toward Marysville, Kansas to the North (see attached map). These four routes can be manned by a single crew base at Herington which allows for the shifting of traffic from one route to another. With crews already headquartered at Herington, plus those that will be added from Pratt, the Union Pacific has the necessary crew base at a single location to make adjustments, as needed because of traffic flow changes. This Herington crew base also provides the

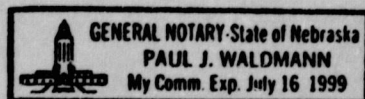


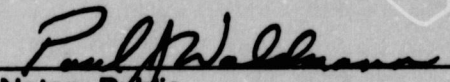
option of avoiding the major terminal of Kansas City in times of heavy congestion or flooding.

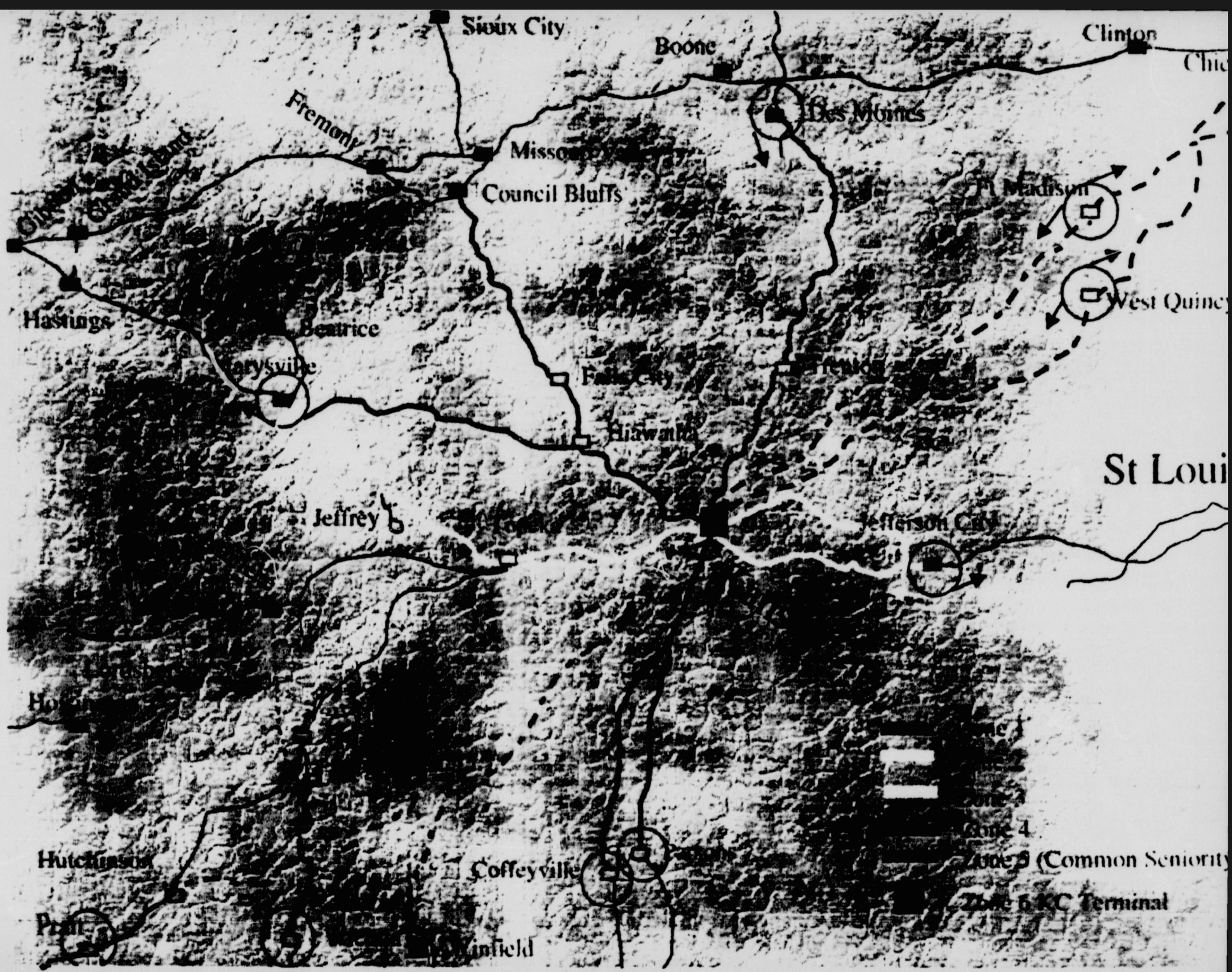
3. Also, during the Arbitration of the Salina Hub, the representative for the employees stated there was a severe shortage of housing for these employees who would move to the Herington area. This assertion was made with no supporting documents or information. Subsequent to the arbitration, the Interim City Manager of Herington, Kansas and the Executive Secretary of the Greater Morris County Development Corporation provided information regarding the availability of housing in and around Herington. I am attaching copies of those letters, which indicates that a sufficient number of suitable homes are available to accommodate the influx of employees into the Herington area.

  
\_\_\_\_\_  
John M. Raaz  
Union Pacific Railroad  
Room 330  
1416 Dodge Street  
Omaha, NE 68179

Sworn to before me on this 3rd day of May 1999



  
\_\_\_\_\_  
Notary Public







# THE CITY OF HERINGTON, KANSAS

P.O. Box 31 • 17 North Broadway • Herington, KS 67449

Telephone: (785) 258-2271 FAX: (785) 258-3552

February 18, 1999

John Razz  
Director-Labor Relations  
AUP Labor Relations  
1416 Dodge Street Room 330  
Omaha, NE 68179

SR. VICE PRESIDENT  
FEB 24 1999  
LABOR RELATIONS

Dear Mr. Razz:

I would like to take this opportunity to ease your concern about adequate housing in the Herington area.

Herington has 75-100 homes for sale at the present time, with 30 of them being in the \$50,000-\$60,000 range. Council Grove has 29 homes with 21 being over \$60,000, and Abilene has 75-100 with 35 being over \$60,000. Other housing at a reasonable distance from Herington can be found at Junction City, Manhattan, and numerous surrounding small towns and rural areas.

The Herington City Commission has recently approved the final plat for a housing subdivision that includes building lots for twelve homes. Additionally, the Lutheran Home and Herington Municipal Hospital are building housing for the elderly, which could put another 25 homes on the market. Thirteen apartments will also be constructed in the old Herington Middle School building.

I have enclosed an area home guide, as well as a map of the housing addition plat. If you need any further information or have any questions, please do not hesitate to contact me.

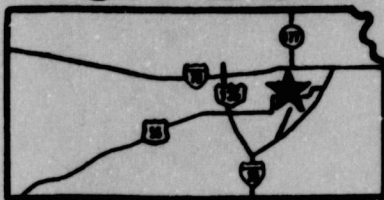
Sincerely,

*Debra Wendt*

Debra Wendt  
Interim City Manager

Enclosures

**COUNCIL GROVE**  
KANSAS



**THE GREATER MORRIS COUNTY DEVELOPMENT CORPORATION**  
**P. O. Box 276 • Council Grove, Kansas 66846 • 316-767-7355**

VICE PRESIDENT  
MAR 09 1998  
LABOR RELATIONS

5 March 1999

Mr. John Razz  
Director, Labor Relations  
AUP Labor Relations  
1416 Dodge Street - Room 330  
Omaha, NE 68179

Dear Mr. Razz:

This is written to extend best wishes and a welcome from our community for your workers that are being transferred from Pratt to the Herington operations center.

We do welcome your employees - and we do send best wishes to those that are facing the sometimes onerous and challenging tasks in making a transition from Pratt to our part of the state. Please communicate to them that we are ready to help them in any way that will make their physical and emotional move more positive.

Because we are especially interested in the economic development of Morris County - and new families in our midst certainly is positive economic development - we want your folks to know that Morris County offers a superb quality of life not found in many other communities.

For starters, the twin lakes at Council Grove offer so much in the way of relaxation, recreation and living facilities. Couple that with the surrounding serene Flint Hills, first class swimming, golf and hunting, and quality schools that offer newcomers (and longtime residents) a superior quality of life.

Our residents are less than 50 miles from two state universities offering cultural, academic and major college sports opportunities. We're 60 miles from the State Capitol and 45 miles from one of this nation's premiere military installations offering visitors unique historical opportunities. Council Grove, itself, is one of the most historically significant communities in Kansas, having more than 18 authenticated historical sites.



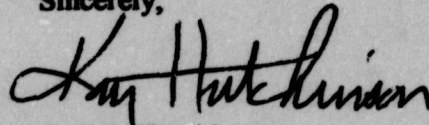
Mr. John Razz  
5 March 1999  
Page 2

Lest there be any doubt about available housing, or opportunities for constructing that "dream home", I am taking the liberty of including some of the listings from local real estate firms.

Should your relocating employees desire more information about our area, please ask them to contact me at the above number, the Council Grove Chamber of Commerce (316-767-5413), or one or more of the realtors listed on the enclosures.

The Greater Morris County Development Corporation extends a hand of welcome to Union Pacific employees and stand ready to assist them any way that we can to make their transition easier.

Sincerely,



C. Kay Hutchinson  
Executive Secretary

Enclosures

CF: w/o encls: John White  
Council Grove C of C  
Local Realtors