

NATIONAL MEDIATION BOARD

1301 K St NW, Suite 250E Washington, DC, 20005

In the Matter of the Application of the

ASSOCIATION OF RAILROAD SIGNALMEN

alleging a representation dispute pursuant to Section 2, Ninth, of the Railway Labor Act, as amended involving employees of

> SPRINGFIELD TERMINAL RAILWAY COMPANY

51 NMB No. 10

CASE NO. RD-7617 (File No. CR-7248)

FINDINGS UPON INVESTIGATION – DISMISSAL

March 4, 2024

This determination addresses the application filed by the Association of Railroad Signalmen (ARS or Applicant). ARS seeks to decertify the Brotherhood of Railroad Signalmen (BRS) as the representative of Signalmen, employees of Springfield Terminal Railway Company (ST).

The ARS's application raises the question of the appropriate system; specifically, whether CSX Transportation, Inc. (CSXT) and ST are operating as a single transportation system for representation purposes.

The investigation establishes that the appropriate system for Signalmen employees covered by the application is the CSXT-ST single system. Applicant has failed to meet the showing of interest requirement among the craft or class of Signalmen for the appropriate system, and therefore, the application is dismissed.

PROCEDURAL BACKGROUND

On February 26, 2021, CSXT notified the NMB that it had applied to the STB for regulatory approval to acquire and merge rail carrier subsidiaries of Pan Am Railways, Inc., including ST, into CSXT.¹

On December 7, 2023, ARS filed an application alleging a representation dispute involving Signalmen employees at ST. The application was designated NMB File No. CR-7248, and assigned to Investigator John S.F. Gross.

On December 26, 2023, BRS filed an initial position statement, and on December 27, 2023, CSXT and ARS filed their initial position statements.

ISSUE

What is the appropriate system for employees covered by the application: specifically, are CSXT and ST a single transportation system?

CONTENTIONS

ARS

According to ARS, it filed its application "as a result of the failure of the BRS to properly represent [the ST Signalmen] in the Pan Am/CSXT transaction."

ARS contends ST is not part of the CSXT system, as the ST Signalmen have not yet been fully integrated into the CSXT Signalmen craft or class. It argues in part that CSXT's submission to the NMB of a list of potential eligible voters limited to the 20 ST Signalmen, as opposed to a list of approximately 1,220 Signalmen CSXT claims are in the Signalmen craft or class across the CSXT-ST system, is evidence that ST remains a separate, distinct carrier.

ARS further claims the ST Signalmen remain operationally separate from the CSXT Signalmen because ST Signalmen do not currently have full access to CSXT's intranet as full CSXT employees, employee payroll has not been fully integrated with CSXT's system, and the ST Signal Roster, employee paychecks, and current collective bargaining agreement covering the ST Signalmen all still indicate "ST" as the employer.

¹ On August 8, 1991, the NMB certified BRS as the representative of Signalmen, employees of Guilford Rail Division in NMB Case No. R-6062. *Guilford Rail Div.*, 19 NMB 64 (1991). The Board had previously determined that Guildford Rail carriers ST, Boston and Maine Company, Maine Central Railroad Company, and Portland Terminal Company constituted a single transportation system known as the Guilford Rail Division. *Guilford Rail Div.*, 18 NMB 418 (1991). In 1998, Guilford purchased the name, logos and colors of the former Pan Am World Airways It changed its name to Pan Am Railways in 2006.

ARS further submits that CSXT and ST are separate, distinct carriers as evidenced by the fact that certain agreements between BRS and CSXT related to CSXT's acquisition of ST define ST as a carrier and were signed by "ST," with no signature by "CSXT."

ARS asks the Board to authorize a vote among the ST Signalmen to determine their representational desires.

BRS and CSXT

CSXT and BRS contend ST is part of a single transportation system with CSXT, as there is a substantial integration of operations, financial control, and labor relations and personnel functions, in addition to common ownership and management, and other factors the Board considers in determining whether a single transportation system exists.

Both CSXT and BRS ask the Board to dismiss ARS's application as it is not supported by a sufficient showing of interest among the approximately 1220 employees in the Signalmen craft or class across the CSXT-ST single system.

FINDINGS OF LAW

Determination of the issues in this case is governed by the Railway Labor Act, as amended, 45 U.S.C. § 151, *et seq.* Accordingly, the Board finds as follows:

I.

CSXT and ST are common carriers as defined in 45 U.S.C. § 151, First.

II.

BRS is a labor organization and/or representative as defined in 45 U.S.C. § 151, Sixth, and § 152, Ninth.

III.

45 U.S.C. § 152, Fourth, gives employees subject to its provisions, "the right to organize and bargain collectively through representatives of their own choosing. The majority of any craft or class of employees shall have the right to determine who shall be the representative of the craft or class for purposes of this chapter."

IV.

45 U.S.C. § 152, Ninth, provides that the Board has the duty to investigate representation disputes and to designate who may participate as eligible voters in the event an election is required.

STATEMENT OF FACTS

Background

CSX Corporation (CSX) through its principal operating subsidiary CSXT (a Class I common carrier by rail), provides rail freight transportation service over a 20,000 route-mile rail network serving 26 states east of the Mississippi River, the District of Columbia and the Canadian provinces of Ontario and Quebec.

In mid-2020, CSX was the successful bidder for the purchase of Pan Am Railways, Inc. (PAR), a wholly-owned subsidiary of Pan Am Systems, Inc. (Systems). PAR operated an 800-plus mile rail system in New England through its rail carrier subsidiaries. It owned seven Class II carriers, including ST, which was the only operating carrier with employees.² At the time, BRS represented Signalmen at CSXT (approximately 1200 in number), as well as the Signalmen employed by ST (approximately 20 in number).

In late 2020, CSX and CSXT and the sellers of Systems entered into a merger agreement under which CSXT would acquire control and ownership of the PAR rail carriers and merge six of the seven, including ST, into CSXT. The parties to the agreement subsequently applied to the U.S. Surface Transportation Board (STB) for regulatory approval of the transaction.³ As part of the transaction, and to address competitive concerns raised by Norfolk Southern Railway (NS), lines that had been operated by ST over track jointly owned with NS (the "Pan Am Southern" (PAS) joint venture) would be operated by a new entity, Berkshire & Eastern Railroad (B&E), a rail carrier subsidiary of Genesee & Wyoming, for the benefit of CSX and NS.⁴

On April 14, 2022, the STB approved, effective May 14, 2022, CSXT's proposal to acquire control of PAR and merge ST and other PAR rail carrier subsidiaries into CSXT, and other related transactions. The STB's approval was subject to a number of conditions. For example, the STB specified that while

² ST operated the entire PAR rail system, and the service was marketed as "Pan Am Railways." PAR's non-operating subsidiary railroads included Maine Central, Portland Terminal, Boston and Maine, Northern Railroad, Stony Brook Railroad, and the Vermont and Massachusetts Railroad.

³ On February 26, 2021, CSXT notified the NMB that it had applied to the STB for regulatory approval to acquire and merge rail carrier subsidiaries of Pan Am Railways, Inc., including STR, into CSXT.

⁴ ST was the contract operator of PAS, a rail carrier and joint venture between Boston and Maine and NS.

CSXT could control ST as soon as its approval was effective, the separate related transaction involving B&E had to be implemented before CSXT could fully integrate ST into CSXT (or make any material operational changes to ST). Thus, until B&E replaced ST as operator of PAS, ST had to retain a level of separateness from CSXT.

The STB's approval of the merger transactions, including the B&E transaction, was also made subject to the employee protective conditions set out in *New York Dock Railway-Control-Brooklyn Eastern District Terminal*, 360 I.C.C. 60 (1979), which require that carriers involved in transactions such as mergers reach implementing agreements with the representatives of potentially affected employees before they can make changes in operations authorized by the STB.

On June 1, 2022, CSX notified the STB that the merger transaction had been "consummated." On that date, CSXT assumed control of ST: PAR, the parent of ST, became a wholly owned subsidiary of CSXT, and ST became a wholly owned indirect subsidiary of CSXT (ST/CSXT). With that control, CSXT began taking steps to integrate ST's operations into those of CSXT consistent with the STB's requirements.

Over the summer of 2023, CSXT, ST, B&E and BRS entered into agreements to implement New York Dock protective conditions. (CSXT and BRS refer to the implementing agreements pertaining to the B&E transaction as the "Phase 1" implementing agreements.) Those agreements established a process for and other provisions related to the division of the ST Signal work force between ST/CSXT and B&E (which required sufficient employees to operate). They also provided that the collective bargaining agreement applicable to Signalmen who remained on the former ST territories not operated by B&E would be the BRS-ST agreement as modified by the implementing agreement, and that that agreement would apply until ST was fully integrated under the CSXT Northern Agreement between BRS and CSXT ("the CSXTN Agreement"). The parties also agreed to conditions for and the timing of pay increases for ST/CSXT Signalmen, all of which would become effective no later than January 1, 2024, and paid retroactively to August 10, 2023. The agreements also established September 1, 2023 as the "Change Over Date" - the date on which B&E would take over PAS operations and ST employees would either become B&E employees or remain ST/CSXT employees.

B&E did in fact assume operation of PAS on September 1, 2023, and with that development, CSXT no longer had to maintain any indicia of ST as a separate carrier, and CSXT moved to more fully integrate, operationally and functionally, ST into CSXT.

The next phase in the integration process was the integration of ST's workforce into the workforce of CSXT. With respect to ST's unionized employees,

before that integration could occur, CSXT and the ST employees' representatives had to reach *New York Dock* implementing agreements, as required by the STB.

On December 20, 2023, CSXT, ST and BRS reached a "Phase 2" *New York Dock* implementing agreement to integrate the ST signal system into the CSXT system, to integrate the ST Signal workforce with the CSXT Signal workforce, and to place all of the Signalmen under the CSXTN Agreement.

Common Corporate Ownership

CSXT and ST are commonly owned. As of June 1, 2022, with the closing of the merger agreement, PAR, the parent of ST, became a wholly owned subsidiary of CSXT, and ST became a wholly owned indirect subsidiary of CSXT.

Common Board of Directors

According to CSXT, the composition of ST's board of directors overlaps with CSXT's, with all three directors being CSXT officers.

Common Management

CSXT and the former ST share common management in many critical operational and functional areas, and have for quite some time.

Since January 1, 2023, there are no longer any ST management officials; they were offered management positions with CSXT and, those who accepted, became CSXT management officials.

On the operations side, for example, the operations of the PAR system lines formerly operated by ST are now within CSXT's Northeast New England Zone and managed by CSXT officials, including a former ST manager who is now a CSXT Superintendent responsible for the day-to-day supervision of CSXT operations on those lines. CSXT and ST share common management in a number of functional areas, including labor relations and human resources (discussed more fully below).

Financial Integration

CSXT and the Pan Am system formerly operated by ST have been integrated financially since June 1, 2022, when CSXT assumed control of Pan Am and ST, and that integration has been publicly reported since that time.

For instance, on July 20, 2022, CSX filed its SEC 10-Q quarterly report for the quarter ending June 30, 2022. The report included a section on "Business Combinations," which addressed the "Acquisition of Pan Am Systems, Inc." as follows: "On June 1, 2022, CSX completed its acquisition of Pan Am Systems, Inc. ("Pan Am") which is the parent of Pan Am Railways, Inc. . . The results of Pan Am's operations and its cash flows were consolidated [with CSX] prospectively." Subsequent SEC filings by CSX, including its 2022 8-K and 2023 10-Qs, contain similar references and descriptions of the transaction and the consolidation of financials beginning in the 2nd quarter of 2022.

In addition, in its 2022 annual report to the STB on financial and operating results (a report required of all Class I railroads), CSXT included in its results the operating and financial statistics pertaining to PAR and its rail carrier subsidiaries, including ST, as of June 1, 2022 and going forward.

CSX's financial reports and filings, service metrics, news and events, CSX stock quotes, governance documents, an investor FAQs, and other investor resources are available at a single, common source - an "Investors" page at its csx.com website.

Common Control of Labor Relations

According to CSXT and BRS, labor relations and personnel functions of the former ST operations not operated by B&E have been centralized and consolidated under CSXT as part of the integration of ST into CSXT.

Prior to CSXT control and ownership of ST, ST had its own labor relations and human resources departments. Since the STB approved CSXT control of ST, labor relations and human resources for ST employees have been centralized under CSXT's Labor Relations and Human Resources Departments. The ST labor relations or human resources departments no longer exist.

Prior to the merger, ST had two officials responsible for labor relations. Both joined CSXT's Labor Relations Department. Tony Lomanto was formerly Director of Labor Relations for ST; he is now Director, Labor Relations CSXT – Springfield Terminal. Mr. Lomanto is an employee of CSXT, and has a CSXT email address. He reports to CSXT's Vice President of Labor Relations and, together with the Senior Labor Relations Analyst (also a former ST labor relations official), are responsible for all labor relations matters relating to ST. Notably, Mr. Lomanto participated in the negotiations for the implementing agreements concerning the ST Signalmen along with CSXT's VP of Labor Relations and other CSXT labor relations officials, counsel for CSXT, and other CSXT officials. In addition, so long as the BRS-ST collective bargaining agreement continues in effect (until the Phase 2 *New York Dock* implementing agreement with BRS becomes effective), that agreement will be administered by the CSXT Labor Relations Department.

Implementing Agreements with Other Unions

In addition to reaching *New York Dock* implementing agreements with BRS (to merge the former ST Signalmen into the CSXT Signalmen craft or class and

place them under the CSXTN Agreement), as of December 27, 2023, CSXT and ST have reached *New York Dock* implementing agreements with three other unions representing former ST employees: the International Association of Machinists and Aerospace Workers for the craft of Machinists, the Brotherhood Railway Carmen for the craft of Carmen, and the International Association of Sheet Metal, Air, Rail and Transportation Worker-Mechanical Division for the craft of Sheet Metal Workers. Employees working in these crafts are now CSXT employees covered by CSXT's labor agreements with those unions.

Integration of Operations and Workforce

ST no longer has any independent rail operations. The PAR system rail lines operated by ST are now operated by CSXT as part of the CSXT rail system. ST locomotives, rolling stock, and equipment are now part of CSXT's locomotive fleet, rolling stock, and equipment; and former ST facilities are now CSXT facilities (for example, ST's former headquarters facility is now a regional office of CSXT).

According to CSXT, CSXT's operating rules and hazmat requirements now apply to train operations on the former PAR system. In addition, CSXT assumed ST's shipping contracts for freight transportation and adopted ST's tariffs as CSXT tariffs.

In terms of the workforce, all ST employees were guaranteed employment with CSXT in connection with the merger. And, since the PAR system was integrated into CSXT, ST's unionized employees have been performing work on the CSXT system, consistent with the terms of the implementing agreements.

With the required Phase 2 *New York Dock* implementing agreements, ST employees will become CSXT employees subject to CSXT collective bargaining agreements and have their seniority rights combined with those of CSXT employees. When the implementing agreement process is concluded, all ST employees will have been combined into the CSXT workforce.

With specific respect to the CSXT-BRS implementing agreement, all active ST Signalmen will have their seniority rights integrated with those of CSXT Signalmen, become CSXT employees, and be placed under the CSXTN Agreement and other collective bargaining agreements between CSXT and BRS. The ST-BRS collective agreement will be terminated.

Holding Out to the Public

ST and its corporate affiliates are no longer held out to the public as independent entities. Rather, the PAR system formerly operated by ST is held out to the public as an integral and integrated part of the CSXT rail system.

CSXT has removed ST and Pan Am Railways signage at former ST locations and replaced it with CSXT signage. The ST locomotives being kept by CSXT as part of its fleet are being repainted as CSXT locomotives and renumbered into CSXT's locomotive numbering system. Other ST locomotives will be sold or scrapped. ST's rolling stock will also be remarked as CSXT.

In addition, the Pan Am Railways website (panamrailways.com), which displays the CSX logo, states that, "Pan Am Railways is now CSX Transportation." It states further that, "In 2022, Pan Am Railways was acquired by and became part of the CSXT Transportation network. For more information for safely and securely moving your freight with CSX, visit csx.com." The site also states, "Get Ready for Integration Day – January 23, [2023]," and invites visitors to a "Learn More" link to "Learn more about what to expect during the transition and the new CSX customer experience." The link sends visitors to a letter from CSX Sales and Marketing addressed to "Valued Pan Am/CSX Customer," describing the full integration to CSX shipping, tracking and pricing systems on January 23, 2023, and the transition to a new CSX customer experience. Customers with questions are directed to contact the CSXT Sales and Marketing Department.

On CSX's website, csx.com, the former PAR railroads that had been operated by ST are shown as part of CSXT on the CSX System map. There is no mention of ST or Pan Am Railways.

DISCUSSION

I.

The Board's Authority

45 U.S.C. § 152, Ninth, authorizes the Board to investigate disputes arising among a carrier's employees over representation and to certify the duly authorized representative of such employees. The Board has exclusive jurisdiction over representation questions under the RLA. *General Comm. of Adjustment v. M.K.T. R.R.*, 320 U.S. 323 (1943); *Switchmen's Union of N. Am. v. Nat'l Mediation Brd.*, 320 U.S. 297 (1943). In *Air Line Pilots Ass'n, Int'l v. Texas Int'l Airlines*, 656 F.2d 16, 22 (2d Cir. 1981), the court stated, "the NMB is

empowered to . . . decide representation disputes arising out of corporate restructurings."

II.

Scope of the System

Section 2, Ninth, of the Act provides for representation of employees or subordinate officials on a craft or class basis. The Board has consistently held that such representation must include all employees working in the craft or class regardless of work location. *See, e.g., Nat'l R.R. Passenger Serv.*, 31 NMB 178, 189 (2004); *Lufthansa Servs.*, 25 NMB 96, 108 (1997). The Board's practice is to conduct elections across a carrier's entire system. *See Summit Airlines, Inc. v. Teamsters Local Union No. 295*, 628 F.2d 787, 795 (2nd Cir. 1980), *America West Airlines*, 16 NMB 135, 141 (1984).

When determining the scope of a carrier's system, the Board examines the extent of the consolidation of operations and labor relations. *Nat'l R.R. Passenger Serv.*, 31 NMB at 189-90; *Ogden Union Ry. & Depot Co.*, 16 NMB 398, 404 (1989). In addition, the Board examines how the carrier is held out to the public, including how the carrier advertises services and identifies itself in signs, logos, or other indicia. *Dobbs Int'l Servs.*, 19 NMB 198, 205 (1992). The factors considered by the Board in such a case are similar to those considered in a single transportation system determination following a merger. *Id.* at 206 (citing *Trans World Airlines/Ozark Airlines*, 14 NMB 218, 236 (1987)).

Single Transportation System

In *Missouri Pacific R.R.*, 15 NMB 95, 108 (1998), the Board adopted its current criteria for single carrier status in the railroad industry. There, the Board adopted the factors cited in its earlier decision in *Trans World Airlines/Ozark Airlines*, 14 NMB 218 (1987) for evaluating when two or more carriers' operations have or will be integrated into a single transportation system.

In *Trans World Airlines/Ozark Airlines*, the Board cited the following indicia of a single transportation system:

[W]hether a combined schedule is published; how the carrier advertises its services; whether reservation systems are combined; whether tickets are issued on one carrier's stock; if signs, logos and other publicly visible indicia have been changed to indicate only one carrier's existence; whether personnel with public contact were held out as employees of one carrier; and whether the process of repainting planes and other equipment, to eliminate indications of separate existence, has been progressed. *Id*. at 236.

Other factors investigated by the Board seek to determine if the carriers have combined their operations from a managerial and labor relations perspective. Here, the Board investigates whether labor relations and personnel functions are handled by one carrier; whether there are a common management, common corporate officers and interlocking Boards of Directors; whether there is a combined workforce; and whether separate identities are maintained for corporate and other purposes. *Id.* at 236. *See also Wisconsin Cent. Transp. Railroads*, 24 NMB 307 (1997); *Wisconsin Cent. Ltd./Fox Valley & Western Ltd.*, 21 NMB 431 (1994); *Fox Valley & Western, Ltd.*, 21 NMB 112 (1994); *Guilford Rail Div.*, 18 NMB 418 (1991).

The Board finds a single transportation system when there is substantial integration of operations, financial control, and labor and personnel functions. *See, e.g., Bristow Group Inc. d/b/a Bristow U.S. LLC/Era Group Inc.*, 48 NMB 51 (2020); *Alaska Airlines/Virgin America*, 44 NMB 82 (2017); *Southwest Airlines/AirTran Airways*, 43 NMB 120 (2016); *Delta Air Lines/Northwest Airlines*, 36 NMB 36 (2009); *Burlington N. Santa Fe Ry.*, 32 NMB 163 (2005); *Huron & Eastern Ry. Co.*, 31 NMB 450 (2004). Further, the Board has noted that a substantial degree of overlapping ownership, senior management, and boards of directors is critical to finding a single transportation system. *Precision Valley Aviation d/b/a Precision Airlines & Valley Flying Serv., Inc., d/b/a Northeast Express Reg'l Airlines*, 20 NMB 619 (1993).

The Board's criteria for substantial integration of operations do not require total integration of operations. *Southeast Airlines/ExpressJet Airlines*, 38 NMB 224 (2011); *US Airways/America West Airlines*, 33 NMB 49 (2006); *Allegheny Airlines/Piedmont Airlines*, 32 NMB 21, 28 (2004).

In this case, the integration of CSXT and ST is substantial. The corporate merger involving CSXT and ST became effective on June 1, 2022, over a year and a half ago, and at that time they became commonly owned. The former ST is under the ultimate direction of three CSXT officers; and since January 2023, ST's management functions – including labor relations and human resources – have been under the control and direction of CSXT management officials. Operations have been integrated, and agreements are in place with representatives of the former ST employees, including BRS, to integrate the ST and CSXT workforces (and as of the date of this determination may already have been implemented). In addition, the finances of the carriers are reported on a consolidated basis, and have been since June 1, 2022; the former ST is under a single common brand – CSXT – for its operations; and CSXT has been implementing its plan to standardize livery on locomotives, rolling stock and equipment, and other public-facing markings from ST to CSXT; and for some time now CSXT has communicated to the public and former ST customers,

through news releases, corporate filings, and its website about the merger of Pan Am/ST into CSXT, and that Pan Am is now CSXT.

Based upon the application of the principles to the evidence in this case, the Board finds that CSXT and ST are a single transportation system for representation purposes with respect to the Signalmen craft or class. See e.g., Huron & Eastern Ry., 31 NMB 450 (2004); Maryland & Pennsylvania R.R. Co./Yorkrail/York Ry. Co., 29 NMB 444 (2002); Wisconsin Cent. Transp. Corp. Railroads, 24 NMB 307 (1997).

With respect to ARS's claims that CSXT and ST do not constitute a single system because operations, systems and workforces are not yet fully integrated, as noted, a single carrier finding requires only substantial, not total or complete, integration; and the evidence presented by CSXT and BRS satisfies the required showing.⁵ This is not a case where, for example, two carriers are operating as separate systems and merger plans are merely proposed or too speculative to be assured. *See, e.g., Airtran Airways*, 25 NMB 24, 27, 31 (1997) (finding that carriers were operating as separate systems where merger plans were speculative and carriers could not report when integration of management would occur); *Frontier Airlines*, 25 NMB 5, 9 (1997) ("The Board does not issue single carrier determinations where the prospect that a new system will be created is too far in the future to be certain."); *Re: SAPADO I a/k/a Dobbs Int'l Servs.*, 19 NMB 279, 281–82 (1992) (refusing to change scope of system for representation purposes when sale of part of company was "proposed and too speculative to be assured").

As for ARS's claim with respect to the list of potential eligible voters submitted by CSXT in this matter, it is not relevant to the single system inquiry and determination.

⁵ With respect to ARS's claim concerning the separate CSXT and ST Signal rosters, for example, even assuming separate rosters are still in place, the fact that there may be separate rosters is insufficient to offset the evidence of the substantial integration of ST into CSXT. *See, e.g., Maryland & Pennsylvania R.R. Co./Yorkrail/York Ry. Co.,* 29 NMB 444, 452 (2002) (fact that there are separate rosters for the two carriers does not offset the substantial integration of operations, financial and managerial control and personnel and labor relations of the two operations).

CONCLUSION

The Board finds that CSXT and ST are operating as a single transportation system for representation purposes under the RLA with respect to the Signalmen craft or class. Accordingly, the ARS has failed to support its application with the required showing of interest (as set forth in Part 1206.2(a) of the Board's Rules) from employees in the Signalmen craft or class across the single system. Therefore, NMB File No. CR-7248 is converted to NMB Case No. RD-7617 and dismissed.

By direction of the NATIONAL MEDIATION BOARD.

MANIA-Kik Dowl

Maria-Kate Dowling General Counsel