

From the Desk of the CEO



Dear CALED Members & Friends,

For this quarter's letter, I want to focus on a key element in California's economic development picture, rail transport. In a recent report, "Rail and the California Economy," the California Department

of Transportation (Caltrans) detailed the massive economic development impact that freight and passenger rail have on the California economy, writing that "the availability of rail service shapes California's economic landscape."

California is an economic leader in the U.S.—recently ranking as the sixth largest economy in the world. Much of this is because of the impact of California's ports. In fact, California is ranked first for tons of intermodal cargo entering and exiting a state. Without rail service, however, according to the report, container flows through the ports of Los Angeles and Long Beach would be reduced by 38 percent and truck traffic would increase by 44 percent. That is staggering, though not a surprise to anyone who knows railroads.

Railroads themselves employ nearly 9,000 Californians, but the goods movement industry they facilitate employs millions more. For example, the Ports of Los Angeles and Long Beach support over a million jobs in Southern California alone.

When freight moves by rail, we all benefit. Railroads are four times more efficient than other modes, emitting 75 percent fewer greenhouse gases than trucks for every ton of freight moved. Trains also alleviate highway congestion and ease the burden on taxpayers who fund highways (as opposed to railroads, which are privately owned and operated).

That's why it's so critically important that policymakers at all levels continue to support legislative and regulatory policies that allow railroads to be successful. One way is to promote regulations that are performance-based rather than prescriptive, giving rail companies the room to innovate. Another is to reject current calls at the U.S. Surface Transportation Board to add rail regulations around "forced access," which would compel railroads to open their lines to competitors at rates and schedules determined by the government.

Since Congress partially deregulated freight railroads in 1980 and freed them to operate like other businesses—i.e. set their own rates and routes so as to make sufficient profit to invest back into their networks—they have invested over \$630 billion into maintaining, upgrading, and expanding the rail network. Balanced rail regulations that protect shippers while allowing railroads to be successful businesses have made the U.S. rail network the most productive and efficient in the world.

For California, railroads serve as key connectors to companies and communities across the state, country, and world. Even California's vaunted wine industry is relying on rail more than ever to move product. Between 2003 and 2013, 17 million tons of California wine left the state by rail, saving \$30 million in pavement costs and \$72 million of greenhouse gases at current cap-and-trade prices.

Per the Caltrans report, "From the South, where ports and warehouses handle massive import flows to be transported by rail around the country, to the North, where Caltrain offers commuters a reliable alternative to clogged Silicon Valley freeways, rail services enable industrial activities that generate employment, wealth, and innovation."

Let's keep the freight rail effect—stronger economies and greener, more efficient transport—in motion by continuing to support smart public policy on rail. Thank you for your membership and support.

Sincerely,

Gurbax Sahota

Thank you to Go Rail for their continued support of our rail system.

To learn more about rail in California and how to get more involved, visit gorail.com or contact Nate Kaplan at nkaplan@gorail.org