



March 25, 2019

Assembly Member Sabrina Cervantes  
Chair, Assembly Committee on Jobs, Economic  
Development and the Economy  
State Capitol, Room 5164  
Sacramento, California 95814

**SUBJECT: Support of AB 371 (Frazier) - Freight: Economic Assessment**



Dear Assembly Member Cervantes:



California Railroads **SUPPORT AB 371**, a bill to examine the influence of freight sector competitiveness on consumers and communities, suppliers and manufacturers, retailers and recyclers.



California Railroads believe a competitive freight sector is essential to California's economy, workforce, communities, environment, and most importantly safety. Increasing the competitiveness of the California freight sector will supply the private capital required for infrastructure maintenance and improvements. As more freight moves greater distances, e-commerce transforms supply chains, and the industrial economy and energy markets re-tool, regulatory and transportation policy makers need a better understanding of how their actions impact competitiveness, and in turn the growing need for a robust supply of private capital investment. If adopted, AB 371 will support that understanding.



Economy. "California's complex freight transportation system is responsible for one-third of the State's economy and jobs," as noted in former Governor Brown's Sustainable Freight Executive Order B-32-15. Reducing supply chain costs increases the competitiveness of American businesses in the global market and, subsequently, economic well-being and economic development.

Safety. Most important to railroads is the safety of our employees and the communities in which we operate. Railroads have invested \$2.25 billion in California during the past five years, improving railroad safety through maintenance and improvement of rail infrastructure and implementation of safety technologies.

Workforce. Respectable pay, benefits, and training are products of a successful freight industry. California railroad employees, 85% of whom are union members, earn average annual compensation of nearly \$120,000.

Communities. Railroads believe it is important to contribute to the long-term sustainability of communities by both minimizing our impact on the planet, and increasing access to food, healthcare products, energy supplies, and building materials. According to Worldwatch Institute, our food currently travels an average of 1,500 to 2,500 miles from farm to table. As global demand and population increase, so does the need to increase the sustainability of the supply chain to improve quality of life.

Environment. According to the EPA: (a) during 2015, the U.S. logistics industry moved more than 49.5 million tons of goods worth nearly \$52.7 billion every day, which is more than 56 tons of freight per person per year; (b) between 1990 and 2013, freight activity grew by over 50 percent and is projected to double again by 2040; and, (c) global trade has a net positive effect on the world economy, and an adverse impact on the environment and public health. To

reduce environmental impacts while supplying world economies, the freight industry implements fuel-saving technologies and improves logistics operations to reduce fuel consumption and advance a sustainable supply chain.

For many decades, major investments in the efficiency and reliability of California's supply chain gave the state a significant competitive advantage and the market share that goes along with it. But without further investment, California's advantage will be marginalized by major transportation investments in the European Union, China, Canada, Mexico and other U.S. states. Competitors are investing significant funds in trade and transportation infrastructure to attract imports to their locales.

AB 371 would provide policy makers an essential starting point for understanding the impacts of various public policies upon freight industry vitality and competitiveness. Maintaining and strengthening the economic vitality of the California freight industry will supply the private investment required to compete for market share, meet community needs through affordable freight delivery and job creation, reduce adverse environmental impacts, and improve transportation safety.

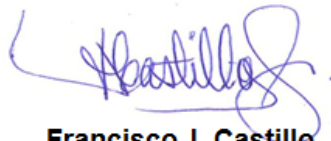
For these reasons, California Railroads respectfully request your **SUPPORT of AB 371**.

If you have any questions, please contact the governmental affairs representatives of the railroads listed below.

Sincerely,



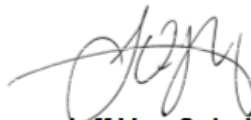
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