

VALLEY PACIFIC



November 7, 2022

California Air Resources Board
P.O. Box 2815
Sacramento, California 95812

Re: Comments on In-Use Locomotive Regulations

Dear Chair Randolph and Members of the Board:

My letter is to provide you with a better understanding of the importance of smaller “short line” freight railroads generally in California and more specifically to my company, Valley Pacific Petroleum Services, Inc. (“Valley Pacific”), with our headquarters located in Stockton, California, and facilities throughout California, from Bakersfield to the Oregon border. Valley Pacific is served by one of the 20 “local service” short line railroads in California, the San Joaquin Valley Railroad – Genesee & Wyoming, Inc. This railroad provides us with very important connectivity to the national railroad network.

Short line railroads are most typically light-density operations providing a “first mile – last mile” service to and from the large railroads. As the 2018 California State Rail Plan points out:

“It is apparent that some short lines operating in California are not meeting critical volume thresholds, and services and investment in track and equipment are declining.

Many of the short lines contacted during the development of the Rail Plan expressed concerns regarding new environmental, safety, and insurance related regulations (including the recently imposed hazmat fees, and two-person crew requirements) that they are required to follow. Although the desired intent behind these requirements is positive, many of the short lines are cash-strapped and find the additional costs imposed by these regulations difficult to bear.”

Most short lines, including those in California, were spun off from the large railroads like Southern Pacific, Union Pacific, and BNSF due to their low revenues and cash flows. These short line railroads must operate on lower margins than the larger railroads, and they spend much of their available funds simply to maintain and improve their tracks.

Valley Pacific Petroleum Services, Inc.
152 Frank West Circle, Suite 100
Stockton, CA 95206

The proposed in-use locomotive regulations you are considering will create a major new expense on these short line railroads. This in turn could compromise the ability of these railroads to provide efficient and safe freight transportation services to my company. In the worst case, the regulations could force some short lines in the state into financial insolvency.

Based on the above-referenced points, I strongly encourage you exempt these smaller freight railroads from the new in-use locomotives under consideration for adoption.

Respectfully,



NATHAN CRUM
President/CEO

NEC:gpp