

Congress of the United States
Washington, DC 20515

April 22, 2022

The Honorable Martin Oberman
Chairman Surface Transportation Board
395 E. Street SW
Washington, DC 20423-0001

RE: Rail Services Issues Affecting California Agriculture

Dear Chairman Oberman:

Thank you and the Surface Transportation Board for holding the public hearing set for April 26th and April 27th to address recent rail service issues and recovery efforts involving several Class 1 carriers. The letter serves to express the concerns we have heard from our constituents regarding the reduced deliveries of feed grain to California's livestock and poultry operations, and the risk of disrupted delivery services creates for animal health and welfare. As Members of the California delegation, we urge the Surface Transportation Board to address the disruption in rail service and return to consistent, on-time regularity of rail services for critical poultry and livestock feed, and to investigate the increased costs to customers.

Over the past 45 days, the significant amount of delivery reductions in feed has resulted in extreme concern as unprecedented rolling mills shutdown throughout the state. Such disruptions not only pose a critical threat to California's economy and our domestic meat, milk, and egg production supply, but more importantly the real threat to animal health and welfare and feeding our nation.

California's livestock and livestock products are a \$12.1 billion industry, with dairy and dairy products leading the nation in total milk production of 41.3 billion pounds. Poultry and other livestock operations are also top agriculture industries in the state, with 130 million various poultry species, 1.5 million dairy cows, and 650 thousand head of beef cattle. California is an eighty-five percent grain deficit state and heavily relies on the rail systems throughout North America to fulfill feed supply needs. Current rail service disruptions into California have caused massive stress and costs to agricultural industries, specifically the poultry and livestock industries. While cattle have some flexibility in their diet for feed grain alternatives, such as almond hulls or bakery byproducts, diet does impact milk production. Chickens are limited to a specific feed grain diet and are sensitive to any deviation from their feeding schedule, which may be triggered by delayed feed deliveries. The above facts demonstrate that this situation is dire for animal welfare which will be severely compromised when feed supplies are delayed and inconsistent.

California Department of Food and Agriculture Feed licensees have endured three-week delays in receiving unit trains – a stark contrast to the three-to-four-day delivery schedule they have long relied upon. Additionally, the industry continues to face empty unit trains, leaving congested lines at licensed facilities for up to four days reportedly due to crew shortages yet licensees are still being charged significant demurrage fees. The California feed industry has paid

tens of millions of dollars in fuel surcharges and demurrage fees in March alone and are anticipating these costs to continue to rise in the coming months. California feed manufacturers and customers are paying higher fees for rail services while services have diminished.

As Members of the California delegation, we thank you for your critical attention to this issue and for your fair and full consideration of this letter. Anything impacting our food supply chain is a national security issue— prioritization must be given to supplying human food and animal feed to meet the population’s nutritional needs.

Sincerely,



JIM COSTA
Member of Congress



JIMMY PANETTA
Member of Congress