

Assembly chair: High-speed rail can't become 'next Bay Bridge'

Jody Meacham, San Francisco Business Times, 3-29-16

Saying he doesn't want California's high-speed rail system "to turn into the next Bay Bridge," the chair of the Assembly's transportation committee said Monday that the system should go forward but it needs more legislative oversight and better communications.

The committee's hearing was the first formal opportunity that state legislators like committee chair Jim Frazier, a Democrat who represents much of the California Delta, have had to question the California High-Speed Rail Authority about its new draft business plan. The plan, released in mid-February, shifted the initial operating segment (IOS) to link San Jose to the San Joaquin Valley rather than the valley to Los Angeles.

A final version of that plan is due to the Legislature by May 1 and requires ratification for construction — already underway between Madera and Shafter, north of Bakersfield — to continue.

The system's funding plan, targeted 10 days ago in a report by the Legislative Analyst's Office, was the expected object of questioning by legislators, but they found additional pressure points during the afternoon.

Hasan Ikhata, executive director of the Southern California Association of Governments, whose continued support for the system has become even more critical as the result of the new IOS, criticized the lack of identified funding sources even as he said he understood the reasons the system's extension to Los Angeles was delayed.

"We want to end up with a system that connects the urban areas of the state, and we should not be shy in sharing what it takes to do that," Ikhata told the committee.

"It will be shameful, and we will not be doing our duty to the state if we let this opportunity [to build high-speed rail] pass. But it's going to cost more money than we have and we have to be upfront about it. The business plan should spell out where this money will come from."

The rail authority says the San Jose IOS can be opened with money it can count on under the most optimistic scenario regarding California's cap-and-trade revenues.

But the full completion of Phase 1 from San Francisco to Los Angeles/Anaheim will require \$43.5 billion in additional funding from sources the new business plan doesn't identify, according to Jessica Peters, author of the Legislative Analyst's Office report. Louis Thompson, a member of the rail authority's Peer Review Group, said there is still \$19 billion in unidentified funding even after hoped-for private investment in the system kicks in.

The proposed new IOS also came under fire for postponing a planned spur to Merced — which in a later Phase 2 is to be lengthened to tie Sacramento into the system — and for not informing government officials there before the new business plan was released.

Catharine Baker, R-San Ramon, whose district includes Walnut Creek, Pleasanton and Livermore, and Adam Gray, D-Merced, hammered rail authority chair Dan Richard for the communications failure and for failing to emphasize the need for improved existing Amtrak and Altamont Corridor Express (ACE) rail service in the business plan.

“I owe you and your constituents an apology for that,” Richard said in response.

The authority has resisted cutting back the southern terminus of the IOS to the station serving Kings and Tulare counties, as suggested by the Legislative Analyst's Office, and using those funds elsewhere because it says that can't be accomplished before the Sept. 30, 2017, deadline for spending federal stimulus funds that the construction relies on.

Richard rebuffed Baker's contention that a Monday story in the *Los Angeles Times* citing numerous potential construction change orders between Madera and Fresno is proof of poor planning and execution.

“There are risks associated with those contracts,” Richard said. “In identifying those risks, it doesn't mean those risks are going to happen. The story that ran this morning is nothing more than a regurgitation of what we have said in public meetings.”

The hearing also featured a lengthy discussion of the possibility that cap and trade funds may expire in 2020 leaving construction stranded.

While there was disagreement among witnesses over whether cap-and-trade may expire, Frazier said he expects the Legislature will have to take up the issue of explicitly authorizing an extension of the cap-and-trade market as well as possible additional steps to ensure that revenues will continue to flow so that bonds can be issued against them.

“Pursuing this project will not be for the faint-hearted,” Frazier said.