

# communitycoalition on high speed rail



3 April 2021

Transportation Secretary Pete Buttigieg  
U.S. Department of Transportation  
1200 New Jersey Avenue, SE  
Washington, DC 20590

Honorable Secretary Buttigieg:

In the spirit of wishing you every possible success in dealing with the daunting and important challenges you face as Transportation Secretary, we are writing to caution you not to fall into the trap of supporting the disastrous and ill-fated California High Speed Rail Project. There are so many worthy and badly needed projects ... including high speed rail ... where you have the opportunity to shine the bright light of success on the Biden Administration, please do not let this already failed project tarnish critically important work you will be doing for our Nation.

We do recognize that the concept of high-speed rail can be a great one, providing fast travel between major population centers as it does in Asia and Europe. And, we believe that you should support and encourage HSR projects that are well planned, well funded, professionally executed, and will meet real transportation needs with positive public support. Since being initiated by a state-wide ballot measure in 2008, the California HSR project has demonstrably failed to meet any of these criteria. Simply stated, all high-speed rail projects are not good high-speed rail projects.

Who are we? CC-HSR is a genuinely non-partisan group of citizens who have monitored the project for over 12 years — for us, this not a political issue, it is about good government and how to best serve the community. While we were originally established to watch the development of the San Francisco to San Jose segment through this heavily congested and severely impacted (by HSR) area, CC-HSR has developed into a state-wide watchdog. We believe that you find our perspective and knowledge of the issue could be very valuable to you for any consideration you might give to the California HSR project. To that end, please consider the attached overview information about the project as it stands in 2021. We believe this overview will be helpful to you.

Respectfully submitted,

James Janz, CC-HSR President

cc: Laura Schiller

Attachments: LAO report: [https://lao.ca.gov/Publications/Report/4202#High.2011Speed\\_Rail\\_Project\\_Overview](https://lao.ca.gov/Publications/Report/4202#High.2011Speed_Rail_Project_Overview)

LA Times Article: <https://www.latimes.com/california/story/2021-01-12/california-high-speed-rail-delays-contractor-angry-letter>

Tutor Perini letter: No link available File is. FRA 25-page letter of contract violations:

<http://www.thehamiltonreport.com/downloads/2019/Feds-decision-letter-on-California-high-speed-rail.pdf>

CC-HSR — dedicated to preventing the California High-Speed Rail Project from devastating our communities and State finances.  
[www.cc-hsr.org](http://www.cc-hsr.org)

## California High-Speed Rail Project Overview comments, 2021

### Issues

The issues that have made the CA HSR project a failure are summarized by the graphic (taken from our web site) at the top of the transmittal letter: costs have escalated to far beyond the original estimates, wasting billions we don't have at the expense of critical education and infrastructure needs; the promise of jobs and environmental benefits has not and will not be realized; the routing has and will be devastating to homes, businesses, and farms; the indicated ridership will likely fall short of a self-sustaining project; and cost and performance promises made to the voters when the measure was on the ballot will not be realized.

### State project requirements

The California HSR project began with the passage of **Prop 1A** in November 2008 which had strict requirements including a train that averages 200 mph and promises 2 hour and forty-minute travel time between San Francisco and Los Angeles. Most importantly, those **requirements mandated a self-funded system with no operational subsidy permitted.**

Unfortunately, the route was pre-determined before the measure was put on the ballot, which was an unfortunate result of the selection being steeped in politics when more direct, more efficient, and routing with less impact was available. There was an earlier attempt in 2012 by the French National Railways, who believed high-speed rail in California could be profitable, even with the limited available funding. However, because they wanted total control of route selection, the Rail Authority refused their offer. You can read more about what happened at: <https://transdef.org/tag/sncf-french-railways/>

### Where are we today?

The issues outlined above largely obtain to this day. We have a special concern about the project financing. After spending over \$8 billion dollars in Federal, State, and Cap & Trade funds, no tracks have been laid after 12 years. The funding has been spent on consulting fees, environmental studies, land purchases, administrative expenses, and lawsuits. The project was originally envisioned to have more or less equal funding from the Federal Government, State bond funds of \$9.95 billion, and private investment — but no funding has materialized from private investment and not enough came from federal grants.

The Rail Authority received **two grants from the federal government.** One, the American Recovery and Reconstruction Act (ARRA) of 2009 for **\$2,552,556,231**, unfortunately pushed the project into a premature start before proper planning was complete. The state also received a 2010 grant of **\$928,620,000** which has since been withdrawn by the FRA due to the poor state of the project. (Reference to a 25 page letter explaining why the FRA withdrew the

grant is provided as a footnote to this overview.) And, finally, private capital investment has not come forward. No one is willing to invest without a guarantee against loss, as forbidden by the California initiative.

## **Estimated cost**

The total capital cost of the program was originally estimated to be \$33 billion in 2008 and immediately rose after the vote to \$42.6 billion! The latest draft business plan shows \$80.3 billion which we strongly believe to be significantly underestimated. The California's Legislative Analyst Office (LAO) reported that the Central Valley segment ballooned 70% as they planned and worked on the segment. The true system-wide cost is expected by most to soar well over \$100 billion especially if more challenging segments are developed which, for example, require complex tunnels.

The most current estimate of \$80.3 billion is only for San Francisco to Los Angeles, excluding phase 2 which includes Sacramento and San Diego which the original cost projections included. In the short term, there might be enough funding to build a small segment in the Central Valley, but in all probability not achieving this goal in the time frame promised in the ARRA loan agreement (December 2022). And, even if built, the Legislative Analyst Report predicts that the Merced to Bakersfield interim service would require an operating subsidy of roughly \$54 million annually ... which would be, as already noted strictly forbidden by the California state laws. The billion-dollar question as posed by the Legislative Analyst report: *"HSRA has not specifically identified how the over \$60 billion in estimated construction costs for the portions of Phase I beyond the Merced to Bakersfield segment would be funded. Thus, there is significant risk that the state would have to cover the large majority of any funding gap. Additionally, if project costs are ultimately higher than anticipated, this funding gap would be even greater."*

## **Environmental effects**

The project was promised to reduce emissions greenhouse gas production and be environmentally friendly. Unfortunately, the ridership population required to reach environmental benefit in the far future has dropped. People are moving out of California and, as the population projections move down, the ridership will drop as well. The state's numbers have always been in question by several experts. In addition, a new contemporary twist, the pandemic has created a substantial "work at home" population which will also reduce high-speed rail ridership. Not be to overlooked, the building of the rail project itself will cause an increase in green-house gas production due to the massive concrete requirements.

## Newest issues

In the newest Los Angeles Times article, <https://www.latimes.com/california/story/2021-01-12/california-high-speed-rail-delays-contractor-angry-letter>, they report that **“one of the state’s top bullet train contractors sent a scorching 36-page letter to California high-speed rail officials, contradicting state claims that the line’s construction pace is on target and warning the project could miss a key 2022 federal deadline..”** The letter alleges issues that have been unresolved for years, including constant turnover of state officials, delays in obtaining land for the rail, and agreements with city, private industry, utilities, and freight railroads. Tutor Perini, the main contractor and planner for the project, states that these delays will result in unproductive work sites and layoffs of field workers.

## Conclusion

The bottom line is this: the California high-speed rail project is a money pit and if Federal infrastructure funds are in the country’s future, surely improvement to failing utility grids and declining highways and bridges are better immediate investments.

If high-speed rail in California *is* being considered, it requires an honest risk-benefit assessment. The Northeast has proven ridership and established routes with the Acela line ... and provides dense population in a small radius as opposed to California’s project, a green field project sprawled all over the state with unproven ridership projections. The California HSR project has many added challenges, including undeveloped routes through a mountainous, earthquake-prone area, and routing that presents a very real engineering challenge with unknown and potentially unlimited cost ramifications.

The question is risk and the probability for success if high-speed rail projects are considered in future infrastructure packages. Will the Biden administration be more successful with the Northeastern High-Speed Rail project or the California’s project? An honest assessment needs to be done, with full consideration of the history in California including the fact that California’s project has been developed and managed by a group of people who have missed every cost and schedule benchmark over the past 10 years by very significant amounts.

Please know that we write this report in the spirit of both an honest, in-depth evaluation of California’s HSR project and our genuine wish that success for badly needed projects in your areas of responsibility is important for *all* of America. Pursuing the California HSR project at this point will only detract from that needed success. The concept of high-speed rail can be very valid — but it requires the right project in the right place to be successful.

CC-HSR (cc-hsr.org) has an enormous stock of information about the California HSR project. Please do not hesitate to contact CC-HSR president James Janz (650-465-4104) for more information and/or to discuss the project.