California's High Speed Rail Still on Track

Back in November 2008, California voters gave a green light to the nation's first high speed rail system, approving a $9.95 billion bond to fund trains covering 800 miles at an astounding velocity of up to 220 mph between major metropolitan areas. California's effort has been 14 years in development, since it was first recommended by a Commission back in 1994. Two years later, lawmakers created the nine-member California High Speed Rail Authority (the "Authority") to oversee planning for the trains. Legislators approved a bond measure that was originally slated to go before the voters for the November 2004 ballot then postponed it until 2006, and again until 2008 in deference to other construction borrowing measures. Oddly enough, this delay may have actually worked to the measure's advantage.

Proposition 1A passed with 52% support and will fund the first phase of what is forecasted to be a $40 billion project built with a combination of state, federal, local, and private money. The bond would provide nearly $1 billion for improvements to local and regional passenger rail projects that complement and connect with the high speed train system. By law, state funds will not be made available until matching funds from additional non-state sources are obtained. Federal funding is projected to provide 25%-33% of the construction costs - from $10 to $12 billion. The Authority anticipates that public-private partnerships will comprise $4.5-$7 billion of initial investment opportunities, including project debt financing, vendor financing, system operations and private ownership.

In June 2009, the U.S. Department of Transportation announced guidelines for receiving federal funds for high speed rail as part of the American Recovery and Reinvestment Act (ARRA), commonly known as the economic stimulus bill. Not surprisingly, competition for these funds is fierce. The Department of Transportation has been deluged with proposals seeking a portion of the $8 billion it received for high speed rail grants. As of July 2009, the Department of Transportation had received 278 rail grant "pre-applications" totaling over $102 billion. The Federal Railroad Administration (FRA), part of the Department of Transportation, will start awarding $8 billion in grants later this year to states with viable plans for building high speed rail lines or upgrading existing passenger rail service. Based on statements by the Transportation Secretary Ray LaHood, California and Florida were singled out as leading contenders to secure federal grants for high speed passenger rail service; although no final decisions have been made. The Obama Administration indicates that

it wants to spend another $1 billion annually on high speed rail over the next five years. Congress must approve the use of that $5 billion as part of its review of the fiscal 2010 budget.

High speed trains will be separated from all crossing auto and pedestrian traffic and the system will be fenced to prevent intrusion. As a further safety measure, high speed trains will not share tracks with freight services, but will be immediately adjacent to existing tracks. The existing rail corridor will be used to bring high speed train service to Orange County with a terminal at Anaheim called the Anaheim Regional Transportation Intermodal Center (ARTIC), and later could be extended as far south as Irvine with a station at the Irvine Transportation Center. The ARTIC project is a partnership between the City of Anaheim and the Orange County Transportation Authority. ARTIC is a multi-year, multi-phase project with each phase coinciding with new and/or expanded transportation services and development. The first phase of this project, valued at approximately $180 million, shall consist of site work and preparation, transportation center and supporting facilities, track work and platforms, parking, public art, and access and street improvements. Completion of this phase is expected in mid-2013. In May 2009 the joint venture of Parsons Brinckerhoff/HOK was awarded the phase one architectural and engineering services.

Ultimately, existing rail quarters will be used to bring direct high speed train service from Los Angeles to Riverside with links to stations at Ontario Airport and Riverside. From Riverside to San Diego, the system will follow the I-215/I-15 freeway corridors with a station at Murrieta/Temecula. To bring the trains to the heart of downtown San Diego, the train line will use the existing rail corridor immediately adjacent to the existing rail tracks. In addition, there will be direct high speed train service from Palmdale to Los Angeles with multi-modal stations at Los Angeles Union Station, Burbank, Sylmar/San Fernando, and Palmdale Airport. The rail line would connect Anaheim, Los Angeles, Fresno, and San Francisco. Planners eventually want to include Sacramento, San Diego and Oakland. Once completed, the train will go from Los Angeles to San Francisco in just under 2 hours and 40 minutes and from Anaheim to Sacramento in similar time.

While the Authority envisions that private investment will comprise as much as $7 billion of the program costs, next to no private money will come in the early, more risky civil work stages. The Authority's Executive Director hopes to instead receive $3-$5 billion in ARRA grants and combine that with funds from the $9 billion state bond issue. These funds would begin grade separations in the Los Angeles-to-Anaheim corridor, storage facilities in Los Angeles and the Bay Area, and a heavy maintenance area in the Central Valley. The Authority's Executive Director anticipates that in two or three years when the state's rail program gains momentum public-private partnerships will assist in paying for systems, vehicles, and operations.

The State of California's "pre-application" package, submitted to meet the July 10th deadline imposed by the FRA, identifies the scope of projects that would likely qualify

for planning and engineering funds (Track 1 under FRA guidelines) and construction funding (Track 2). As indicated in a California High Speed Rail Authority Press Release in July 2009:

- Track 1- The Authority is developing project submissions for completion of preliminary and project level environmental work in six corridors including: Los Angeles to San Diego, Los Angeles to Palmdale, Palmdale to Bakersfield, Merced to San Jose, Sacramento to Merced, and the Altamont Pass.
- Track 2- Based on its adopted phasing plan and progress in the environmental and planning process, the Authority identified Los Angeles to Anaheim, Merced to Bakersfield, and San Francisco to San Jose as three initial segments meeting FRA requirements for construction funding. Each of the three corridors is critical to the success of the project, demonstrates independent utility, and is completing environmental review.

Track 1 projects are intended to satisfy the economic recovery goals of ARRA through construction of "ready-to-go" intercity passenger rail projects. Environmental and preliminary engineering activities for these projects are generally complete. Track 2 projects do not need to be "ready-to-go" and the Federal Government may commit to fund the entire program through a Letter of Intent and obligate funds through cooperative agreements that establish deadlines for completion of environmental, engineering, design and other work.

In compliance with FRA deadlines, on August 24, 2009, Governor Schwarzenegger submitted 42 formal applications totaling $1.1 billion in federal stimulus funds to help pay for intercity rail projects, including funds for a future high-speed rail station and Caltrain beneath San Francisco's Transbay Terminal. Applications seeking federal stimulus funds specifically for the high-speed rail network connecting Southern California to the Bay Area and Sacramento will be filed by the due date of October 2, 2009.

California's high speed rail would very likely be the most expensive single infrastructure project in United States history. However, in defense of its unprecedented price tag, advocates of the rail system argue that it will create a number of potential benefits such as easing auto and air traffic congestion, protecting our environment by reducing carbons being released into the atmosphere, and economic growth and employment opportunities in construction, manufacturing, operations and maintenance.

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