



U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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December 9, 2011

SUMMARY OF SUBJECT MATTER

To: Members of the Committee on Transportation and Infrastructure

From: Majority Staff on the Subcommittee on Railroads, Pipelines, and Hazardous Materials

Subject: Hearing on "California's High-Speed Rail Plan: Skyrocketing Costs & Project Concerns"

I. Purpose of Hearing

On Thursday, December 15, 2011, at 10:00 a.m. in 2167 Rayburn House Office Building, the Committee on Transportation and Infrastructure will receive testimony regarding the California High-Speed Rail Project. While the 800-mile statewide project, from Sacramento and San Francisco to San Diego, was originally estimated to cost \$43 billion in 2008, that total cost estimate has more than doubled to \$98.5 billion and the project completion date has extended 13 years, with the completion date pushed back from 2020 to 2033. This oversight hearing will provide Committee members the opportunity to learn about where the project stands and what concerns have been raised to this point.

II. Identification of the Entities Involved

Federal Railroad Administration (FRA) -- The Federal Railroad Administration was created by the Department of Transportation Act of 1966. The FRA is charged with managing the High-Speed Intercity Passenger Rail Program, including acting as the lead federal agency for environmental reviews under the National Environmental Policy Act (NEPA).

California High-Speed Rail Authority (CHSRA) -- The California High Speed Rail Authority is a California state agency established pursuant to the California High-Speed Rail Act (S.B. 1420, Chapter 796 of the California Statutes of 1996) to develop and implement high-speed intercity rail service, such as the California High-Speed Rail project. The CHSRA has a nine-member

policy board, with five members appointed by the Governor, two appointed by the Senate Rules Committee, and two appointed by the Speaker of the Assembly.

California's Legislative Analyst's Office (LAO) -- The California Legislative Analyst's Office serves as the self proclaimed "eyes and ears" for the California legislature to ensure the executive branch is implementing legislative policy in a cost effective and effective manner (similar to the U.S. Government Accountability Office). The office carries out this legislative oversight function by reviewing and analyzing the operations and finances of state government, including in this instance the CHSRA. The LAO is overseen by the Joint Legislative Budget Committee (JLBC), a 16-member bipartisan committee.

California High-Speed Rail Peer Review Group (Peer Review Group) -- The California High-Speed Rail Peer Review Group was established by California Law AB 3034. The Peer Review Group's duty is to evaluate the CHSRA's funding plans and prepare its independent judgment as to the feasibility and the reasonableness of those plans, appropriateness of assumptions, analyses and estimates, and any observations or evaluations it deems necessary.

Californians Advocating Responsible Rail Design (CARRD) -- Californians Advocating Responsible Rail Design is a citizens' grassroots network that initially formed in response to community concerns about the California High-Speed Rail Project and presents themselves as "volunteers who want to help keep the public informed on this transportation mega-project."

III. History of the California High-Speed Rail Project

In General

In 1996, the CHSRA was created as an independent state entity charged with designing a high-speed train system for the state. CHSRA first introduced a plan in 2000 for a system that would link all of California's major population centers, including the San Francisco Bay Area, Los Angeles, Sacramento, the Inland Empire, Orange County, and San Diego. The Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century, AB 3034, was presented to the legislature in September of 2002 and provided for the issuance of \$9.95 billion in general obligation bonds for passenger rail in the State. The bond measure was removed from the ballot twice, first in 2004 and again in 2006, but finally went to the voters on November 4, 2008.¹ California voters approved Proposition 1A with 52.7 percent of the vote.

Proposition 1A

Finances: Proposition 1A authorized the state to sell \$9.95 billion in general obligation bonds to fund: (1) pre-construction activities and construction of a high-speed passenger train system in California (\$9 billion), and (2) capital improvements to passenger rail systems that expand capacity, improve safety, or enable train riders to connect to the high-speed train system (\$950 million). The bond funds would be available when appropriated by the Legislature. However, the bond funds can only be used for one-half of the total cost of construction of each corridor or

¹ Under California law, any bill that calls for the issuance of general obligation bonds must be adopted by each house of the State Legislature by a two-thirds vote, signed by the Governor, and approved by a majority of voters.

segment of a corridor. Proposition 1A requires CHSRA to seek private and other public funds to cover the remaining costs and also limits the amount of bond funds that can be used to fund certain pre-construction and administrative activities.

These general obligation bonds are backed by the state, meaning that California is required to pay the principal and interest on the bonds out of the State's General Fund. At the time in 2008, it was estimated that the cost to the General Fund would be \$647 million per year.

The Project: The bond funds for the high-speed rail project were authorized to develop and construct the system connecting San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim, and link the state's population centers, including Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County, and San Diego.

Proposition 1A defined Phase I as the corridor between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim. Phase II would include the extension of the high-speed rail line to Sacramento in the north and San Diego in the south, via the Inland Empire. Specifically, the bond funds are only allowed to be used on 7 corridors:

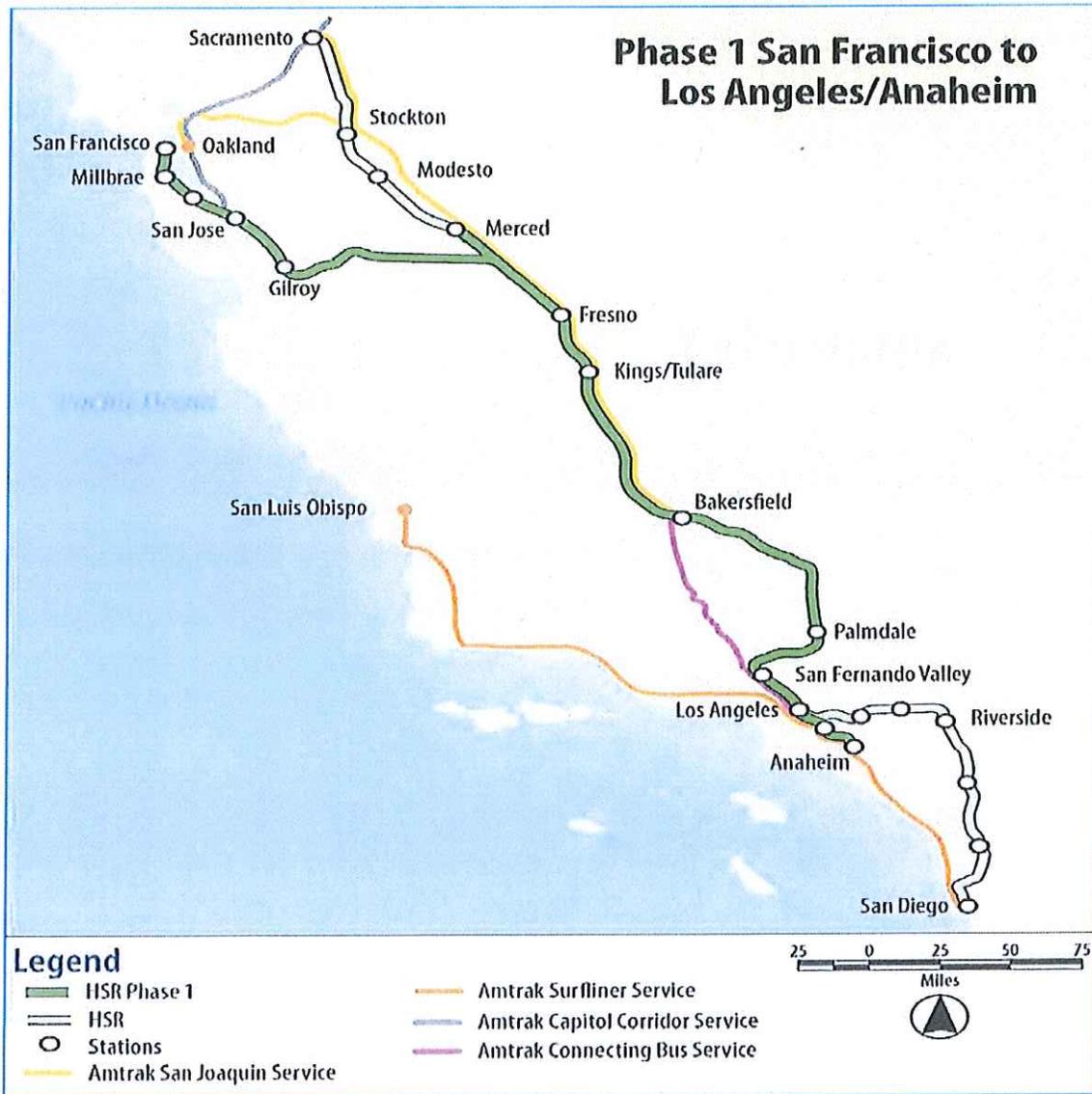
- Sacramento to Stockton to Fresno;
- San Francisco Transbay Terminal to San Jose to Fresno;
- Oakland to San Jose;
- Fresno to Bakersfield to Palmdale to Los Angeles Union Station;
- Los Angeles Union Station to Riverside to San Diego;
- Los Angeles Union Station to Anaheim to Irvine; and
- Merced to Stockton to Oakland and San Francisco via the Altamont Corridor.

Proposition 1A also established performance goals for the project, including that the project be an electric train capable of sustained maximum speeds of no less than 200 mph; it be able to achieve operating headway (time between successive trains) of 5 minutes or less; there be no more than 24 stations; there be no requirement to change trains to travel between stations on each corridor; and that stations be located with good access to local mass transit or other modes. Proposition 1A also established travel times on corridors not to exceed the following:

- San Francisco-Los Angeles Union Station: two hours, 40 minutes.
- Oakland-Los Angeles Union Station: two hours, 40 minutes.
- San Francisco-San Jose: 30 minutes.
- San Jose-Los Angeles: two hours, 10 minutes.
- San Diego-Los Angeles: one hour, 20 minutes.
- Inland Empire-Los Angeles: 30 minutes.
- Sacramento-Los Angeles: two hours, 20 minutes.

The following is a map of the project from the CHSRA's 2012 Draft Business Plan:

Exhibit 2-5. Phase 1 System—San Francisco to Los Angeles/Anaheim



This "one-seat ride" allows a passenger to ride high-speed rail all the way from San Francisco to Los Angeles and on to Anaheim.

Accountability and Oversight Process: Proposition 1A also required accountability and oversight of the authority's use of bond funds authorized for the project. In general, the bond funds must be appropriated by the Legislature and approved by the Governor. Proposition 1A established the Peer Review Group with members that are experts on high-speed rail, financial services, and environmental planning.

Ninety days prior to requesting appropriation from the bond funds, CHSRA is required to submit to the Director of Finance, the Peer Review Group, the requisite legislative committees a detailed funding plan for a corridor, or a "usable segment" thereof, on which the funds are to be spent. After receiving these reports the Peer Review Group has 60 days to review and issue an

analysis of the appropriateness and accuracy of the CHSRA's assumptions underlying its planning, engineering, and financing plan and its viability for a project in a corridor for which it is seeking bond funds. The Legislature and Governor must then approve appropriation of the bond funds for expenditure on the project. Furthermore, once funds are appropriated, Proposition 1A requires an updated funding plan be submitted and approved by the Director of Finance before the authority can spend the bond funds.²

High Speed Intercity Passenger Rail Funding

The California High-Speed Rail project is the single largest beneficiary of federal funding from the High-Speed Intercity Passenger Rail (HSIPR) grant program under the American Recovery and Reinvestment Act (P.L. 111-5) and the fiscal year 2010 Consolidated Appropriations Act (P.L. 111-117). In total, the project has been awarded \$3.896 billion (\$2.952 billion from the Recovery Act, and \$945 million from the FY 2010 Appropriations bill). This represents almost 39 percent of the total HSIPR grant funding awarded by the FRA.

Most of the funding provided for the project will be utilized in California's Central Valley, on the Bakersfield-Fresno-Merced sections of the Phase 1 project, with the exception of \$400 million for construction of the underground train box at the Transbay Terminal in San Francisco, the north end terminus of Phase 1. However, the 50-mile San Jose to San Francisco segment of the project is still in a very early stage of development, analyzing different alternative routes and whether the system will run at grade, on a viaduct, or in a trench or tunnel. Therefore, the train box will not be utilized when the Transbay Terminal opens in 2018.

All of the \$3.896 billion awarded to the California High-Speed Rail has been obligated and is under contract. However, only \$142 million has actually been spent, \$47 million for environmental studies and preliminary engineering work and \$95 million for Transbay Terminal train box design and construction. All federal funds provided through the Recovery Act must be completely spent by September 30, 2017, under the federal appropriations law "five-year rule" (31 U.S.C. §1552).

Summary of Prior CHSRA Business Plans

Over the history of the project CHSRA has issued several business plans for the project, which have outlined to varying degrees, the details of the project and its estimated costs. A number of these plans have been reviewed by the LAO, which submits its recommendations to the State Legislature. The following outlines the highlights of those plans and the LAO's reviews.

CHSRA's 2000 Business Plan: CHSRA produced its 2000 Business Plan (2000 Plan) which envisioned a 700-mile high speed train system reaching speeds of 200 mph on dedicated, grade-separated tracks by 2020. The 2000 Plan projected capital costs to be \$25 billion. CHSRA made

² California Secretary of State, Official Voter Information Guide, Proposition 1A: Reliable High-Speed Passenger Train Bond Act, November, 4, 2008.

several recommendations to the Governor and Legislature on steps to initiate funding and environmental processes.³

CHSRA's 2008 Business Plan: On November 7, 2008, three days after Proposition 1A was approved by California voters, CHSRA released an updated 2008 Business Plan (2008 Plan), which estimated that building Phase I, San Francisco-to-Los Angeles/Anaheim, would cost between \$32.8-\$33.6 billion and be completed by 2020. The federal share of those costs was assumed to be \$12-\$16 billion.

On March 17, 2009, the Legislative Analyst's Office reported to the California Senate Transportation and Housing Authority on the CHSRA and its 2008 Plan. The LAO noted that the 2008 Plan was "very general" and did not provide any sense of how CHSRA would develop, construct, and operate the project. LAO recommended that before bond funds were appropriated CHSRA should supply more specifics on system details, description of steps to secure funding, timeline of project milestones, and mitigation strategies for project risks.⁴

CHSRA's 2009 Business Plan: The 2009-2010 State Budget required that CHSRA update its 2008 Plan and submit it to the Joint Legislative Budget Committee by December 15, 2009, including specific information required by the law. The 2009 Plan increased the estimated cost of the project from approximately \$33 billion to \$42.6 billion. The federal share of those costs also increased to a range of \$17-\$19 billion. The 2009 Plan did not change the projected completion date for Phase I of 2020.

On January 11, 2010, the LAO reported to the California Assembly Transportation Committee on the CHSRA and its 2009 Plan. The LAO noted that the 2009 Plan was more informative in some areas, but its discussion of risk was inadequate and its timeline identified few deliverables or milestones to measure progress. For example, the LAO noted that the 2009 Plan barely addressed the risk of incorrectly projecting ridership and "was unclear in what order various events would occur." The LAO also noted that federal funding expectations were "highly uncertain" explaining the plan assumed \$17-19 billion in federal funds over six years. The LAO also explained that an operating subsidy may be necessary to attract private funding, and if so, provision of an operating subsidy would be a violation of Proposition 1A.⁵

May 2011 LAO Report

On May 10, 2011, the LAO released a more detailed report entitled "High-Speed Rail is at a Critical Juncture" based on the 2009 Plan and project progress thus far. The report noted a number of serious problems that threatened the successful development of the project.⁶

³ CHSRA, "High-Speed Rail System Business Plan," Executive Summary, pp. 1-4.

⁴ LAO, "The High-Speed Rail Authority," Presentation to Senate Transportation and Housing Committee, Mar. 17, 2009.

⁵ LAO, "The 2009 High-Speed Rail Business Plan," Presentation to Assembly Transportation Committee, Jan. 11, 2010.

⁶ Legislative Analyst's Office, "High-Speed Rail is at a Critical Juncture," (May 2011 Report) May 10, 2011, p. 6.

Regarding funding concerns, the LAO explained that federal funding expectations seemed “unrealistic” given the current fiscal climate, and that other funding sources were “unclear.” It also explained that the State could face increased debt service costs of \$1 billion for 20 years.⁷ The LAO also again raised concern that if the project did not meet its projected ridership it would require an operating subsidy, which is prohibited by Proposition 1A.

Regarding the federal project requirements, the LAO explained that because all ARRA funds had to be spent by 2017, the FRA required that federal funds for construction be spent on the rail line segment in the Central Valley. LAO reported the assumption was that there would be little opposition to construction in the Central Valley.

As to the CHSRA’s structure and staffing, the LAO stated that the CHSRA’s board lacked relative accountability to the executive or legislative branches. The LAO also reported that the CHSRA relied heavily on consultants, with a staff of 19, but a team of 604 consultants, questioning whether the staff could effectively manage so many consultants.

Finally, LAO identified that the Legislature “lacks a detailed business plan to guide multi-million dollar decision it must make.”⁸ Noting that the 2009 Plan did not estimate the total costs for all phases, the LAO expressed concern that the cost estimates that were included (\$43 billion for Phase I), were outdated. By way of reference, the LAO explained the cost of the segment between Fresno and Bakersfield increased 57 percent to \$4.5 billion, and if the whole Phase I followed suit, costs would be closer to \$67 billion. The LAO observed that “there is a significant risk to the state that the statewide high-speed rail system envisioned in Proposition 1A will never be fully completed.”⁹ LAO explained that starting with the Central Valley construction could leave the State with only a segment or two ultimately constructed, but recommended construction of end segments first, like Los Angeles to Anaheim or San Francisco to San Jose, would provide greater benefit to the State’s overall transportation system. However, given the FRA’s “impractical restriction” of federal funds to the Central Valley construction, the LAO recommended the State seek federal flexibility regarding the timing of construction and the choosing for itself which segment to construct first.¹⁰

Pursuant to a request of the Senate Select Committee on High-Speed Rail, the Peer Review Group reviewed the May 2011 LAO Report. The Peer Review Group agreed with the LAO and stressed that the following months would be the last chance for the Legislature and Governor to influence plans for the project, as future changes would increase costs. The Peer Review Group expressed concern with the cost estimates stating “the actual cost of the project is still unknown with any degree of confidence but the cost is ‘trending upward.’”¹¹

Given the questionable funding situation, the Peer Review Group explained that there was a clear risk “whatever is started will not be finished and whatever is finished may have only

⁷ In California, because debt service on the general obligation bonds comes from the General Fund, those debt service payments must compete for General Fund monies with other state programs like schools and universities.

⁸ May 2011 Report, p.

⁹ May 2011 Report, p. 16.

¹⁰ May 2011 Report, p. 15.

¹¹ Peer Review Group, Comment on the LAO Report, p. 3.

limited utility.”¹² Elaborating on the LAO’s concerns about starting in the Central Valley, the Peer Review Group stated that constructing the Central Valley portion first “would yield an asset of very little value if the project cannot be funded beyond this segment alone. ... and would not actually demonstrate high-speed service because it would not be electrified.”¹³ The Peer Review Group reiterated LAO’s recommendation that the construction begin at one of the end segments.

The Peer Review Group agreed that LAO was reasonable in its conclusion that there is greater risk to the State of partial completion by starting in the middle rather than upgrading the end segments. The Group agreed that the State should seek revision of sequencing and spending with FRA before the Legislature decides how to proceed and before construction commitments are made.

IV. Current Developments

Draft 2012 Business Plan

On November 1, 2011, CHSRA released its Draft 2012 Business Plan for review and submitted to the Legislature its Funding Plan on November 3, 2011, pursuant to Proposition 1A’s requirement that it do so at least 90 days prior to requesting an appropriation from the bond act. The Funding Plan primarily incorporates by reference the 2012 Business Plan.

Funding Changes: The 2012 Business Plan estimated the cost of completing Phase I would more than double, from \$43 billion to a range of \$98.5-\$117.6 billion.¹⁴ Though the plan assumes no federal funding FYs 2012-14, beginning in 2015 the plan assumes federal grants totaling more than \$52 billion, as follows:

¹² Id.

¹³ Id. at 5.

¹⁴ CHSRA, “California High-Speed Rail Program Draft 2012 Business Plan,” November 1, 2011, pp. 8-1 – 8-2.

Draft 2012 Business Plan ¹⁵	
Federal Funding Projections	
Fiscal Year	Amount
2015	\$881 million
2016	\$907 million
2017	\$935 million
2018	\$1.444 billion
2019	\$1.488 billion
2020	\$1.572 billion
2021	\$2.831 billion
2022	\$3.299 billion
2023	\$3.665 billion
<i>Two-year hiatus relying on private sector funding of \$4.5 billion each year</i>	
2026	\$3.165 billion
2027	\$4.564 billion
2028	\$4.695 billion
2029	\$4.843 billion
2030	\$4.988 billion
2031	\$5.138 billion
2032	\$5.283 billion
2033	\$2.336 billion

Source: CHSRA Draft 2012 Business Plan

Project Sequencing Changes: The completion date for Phase I was pushed back 13 years to 2033. The 2012 Business Plan proposes to first use the committed funds of \$6 billion to construct the “Initial Construction Segment” (ICS) from south of Merced to north of Bakersfield.¹⁶ The ICS would connect Fresno (population of 900,000) and Bakersfield (population of 600,000). Los Angeles has a population of 19 million and the San Francisco Bay Area, 6.4 million. Once the ICS is completed, no high-speed rail train will operate on it, as it will not be electrified and is not a usable segment. Instead, the 2012 Plan proposes allowed Amtrak’s *San Joaquin* service through the Central Valley, but it is unclear when Amtrak would begin using the high-speed tracks.¹⁷

¹⁵ As compiled by Transportation Weekly, Thursday, November 3, 2011.

¹⁶ Draft 2012 Business Plan, p. 8-4.

¹⁷ Draft 2012 Business Plan, p. 9-9.

While the concept of the ICS is new to the 2012 Plan and is not a usable segment, the 2012 Plan identifies two possible usable segments that will be constructed sometime in the future once the ICS is complete: (1) the Initial Operating Segment North from Bakersfield to Merced and San Jose (IOS-N); and (2) the Initial Operating Segment South from Merced to the San Fernando Valley. CHSRA does not commit to which IOS it would construct after the ICS is completed; however, the ICS is part of both IOS-N and IOS-S.¹⁸ The following chart outlines the proposed construction schedule for completion of Phase I.

Exhibit ES-1. Capital costs for phased sections (billions 2010\$)

Section ¹	Length (approx)	Endpoints	Service Description	Incremental Cost (billions 2010\$) ²	Cumulative Cost (billions 2010\$) ²
Initial Construction Section	130 miles	Fresno–Bakersfield	Provides track and structures to support system spine	5.2	5.2
IOS-North	290 miles	Bakersfield to Merced and San Jose	Supports 220 mph HSR service; includes trains and systems. Ridership and revenues sufficient to attract private participation. Connects with regional/local rail for blended operations	19.4 to 26.4	24.6 to 31.7
IOS-South	300 miles	Merced to the San Fernando Valley	Supports 220 mph HSR service; includes trains and systems. Ridership and revenues sufficient to attract private participation. Connects with regional/local rail for blended operations.	21.4 to 25.8	26.6 to 31.0
Bay to Basin	410 miles	San Jose and Merced to the San Fernando Valley	First HSR service to connect the San Francisco Bay area with the Los Angeles Basin.	14.2 to 17.3	40.8 to 48.3
Phase 1 Blended	520 miles	San Francisco to Los Angeles/ Anaheim	Builds on Bay to Basin with blended operations with existing commuter/intercity rail, and additional improvements for a one-seat ride, connecting downtown San Francisco and Los Angeles/ Anaheim. Caltrain corridor electrified for HSR, and new dedicated lines into Los Angeles and Anaheim	14.1 to 18.0	54.9 to 66.3
Full Phase 1	520 miles	San Francisco to Los Angeles/ Anaheim	Continues dedicated high-speed alignment in full from San Jose to San Francisco and into Los Angeles/Anaheim.	8.2 to 10.5	65.4 to 74.5

¹ Decision on which IOS to advance will be made at a future date, as described in Chapter 2, A Phased Implementation Strategy.

² Ranges reflect the difference between the combination of lowest cost feasible options and the combination of highest cost feasible options.

Source: CHSRA Draft 2012 Business Plan

¹⁸ Draft 2012 Business Plan, pp. 2-11 – 2-16.

FRA Environmental Review

Transportation projects in California are subject to the California Environmental Quality Act (CEQA). If federal funds are utilized, the project is also subject to the requirements of the NEPA. CEQA is generally considered to be even stricter in its requirements for analysis of environmental impacts and mitigation for such impacts than NEPA. CHSRA is the lead agency for meeting CEQA and NEPA requirements, and FRA is the federal agency charged with ensuring that NEPA requirements have been satisfied.

Phase 1 of the project is a total of 520 miles, from San Francisco to Los Angeles Union Station and Anaheim. Due to the large scope of the project, environmental review is being conducted in two parts: a statewide program-level environmental impact review (EIR, under CEQA) and environmental impact statement (EIS, under NEPA), followed by a more specific project-level EIR/EIS of each segment of the system. Each project segment is moving through this process at a different pace.

Environmental Review Status	
Phase 1 Segment	Environmental Review Status
San Francisco-San Jose (50 miles)	Preparing Draft EIS for Fall 2012 review
San Jose-Merced (125 miles)	Alternatives Analysis
Merced-Fresno (60 miles)	Preparing Draft EIS; preferred alternatives will be adopted by CHSRA 12/13/11. Record of Decision: Spring 2012
Fresno-Bakersfield (113 miles)	Supplemental Draft EIS, Final EIS to be drafted in 2012. Record of Decision: December 2012
Bakersfield-Palmdale (85 miles)	Alternatives Analysis
Palmdale-Los Angeles (58 miles)	Supplemental Alternatives Analysis
Los Angeles-Anaheim (29 miles)	Preparing Draft EIS for Fall 2012 review

The ICS from Merced to Bakersfield is scheduled to begin construction after Records of Decision are issued by FRA on both Merced-Fresno and Fresno-Bakersfield segments, probably in 2013. Construction of the ICS is expected to be completed by the end of 2017.

V. Causes of Concern

Concerns with Increased Costs and Time

The 2012 Business Plan outlined the increase to the cost of the project to nearly \$100 billion and an extension of the completion date to 2033. The heavy reliance on federal funding for the project in the 2012 Plan also raises concerns about whether the project is feasible, especially in light of Congress de-funding the HSIPR Program. The following chart illustrates how the costs of the project have risen since 2000.

California High-Speed Rail Project's Rising Costs Chart		
Plan or Report	Estimated Costs (Phase 1)	Completion Date (Phase 1)
2000 CHSRA Business Plan	\$25 billion	2020
2008 CHSRA Business Plan	\$32.8 – \$33.6 billion	2020
2009 CHSRA Business Plan	\$42.6 billion	2020
May 2011 LAO Report	\$67 billion	2020
Draft 2012 CHSRA Business Plan	\$98.5 - \$117.6 billion	2033

Because Proposition 1A requires that a Funding Plan be submitted prior to appropriation of bond funds, both houses of the California Legislature held hearings on the 2012 Plan and Funding Plan. On November 29, 2011, the Assembly Transportation Committee held a hearing, at which a number of Assembly Members questioned the rising costs, the wisdom of beginning with the Central Valley segment, and the ridership models upon which the plans were based. The LAO made a presentation at the hearing and testified that the Funding Plan “does not meet the requirements of Proposition 1A” because it only identifies committed funding for the ICS, which is not a usable segment.¹⁹ The LAO also reiterated the future funding sources are “highly speculative” and further federal funding “appears doubtful,” making it “increasingly likely that the ICS may be all that is ever built.”²⁰

Assembly Members also expressed concern that the ridership projections, which were integral to the revenue projections, were unrealistically optimistic. Furthermore, concerns were raised that the State’s General Fund would be responsible for any further State funding needs, which would compete with education and other needs. The Peer Review Group also testified that it would be preferable to the start construction at the end segments and not in the middle.

Similarly, the California Senate held a joint hearing on December 5, 2011, at which many of the same concerns were raised. LAO again affirmed its belief that the Funding Plan violates Proposition 1A. Several Senators also raised concerns regarding where the remaining projected \$98.5 billion would come from and questioned the wisdom of constructing the ICS first.

¹⁹ LAO, High-Speed Rail Authority: The Draft 2012 Business Plan and Funding Plan (LAO 2012 Presentation), Presentation to Assembly Transportation Committee, November 29, 2011, p. 6

²⁰ LAO 2012 Presentation, pp. 6-8.

Pending Lawsuit

On November 14, 2011, two individuals and Kings County filed a lawsuit against the CHSRA, Governor Brown, and other state officials alleging that the planned Initial Construction Segment in the Central Valley would violate Proposition 1A, thereby making it ineligible for bonds funds. The lawsuit seeks to temporarily and permanently enjoin bond funds from being used to construct the Initial Construction Segment.²¹ While the lawsuit is in its preliminary stages, the CHSRA plans to discuss this lawsuit at its Board meeting on December 13, 2011. The lawsuit appears to draw on the LAO's concerns regarding whether using the bond funds for construction of the ICS would violate Proposition 1A.

Eroding Citizen Support

Upon release of CHSRA's most recent Business Plan and Funding Plan and subsequent State-level hearings, a Field Poll was released that showed that Californians want an opportunity to vote "no" on high-speed rail. Nearly two-thirds of voters (64 percent) want the Legislature to call for a re-vote. According to the poll, 59 percent of voters said they would reject the \$9 billion bond measure from 2008, including 37 percent of those who voted for the bond measure in 2008. Even prior to the release of this poll, some state legislators proposed introducing legislation to put the bond measure back on the ballot in 2012. A summary of the Field Poll is included in Attachment 1.

VI. U.S. Congressional Initiatives

In the 112th Congress, several legislative initiatives have been introduced regarding high-speed rail in California. Major legislative initiatives focusing specifically on the California High-Speed Rail Project include:

H.R. 761 – San Joaquin Valley Transportation Enhancement Act of 2011 (Introduced 2/18/2011) – Rep. Devin Nunes (R-CA). This legislation would allow the State of California to redirect federal high-speed rail funding to finance roadway improvements along the State Route 99 corridor.

H.R. 3143 – To freeze the availability of Federal funding for high speed rail projects in California, and for other purposes (Introduced 10/7/2011) – Rep. Kevin McCarthy (R-CA). This legislation would prohibit the obligation of expenditure or any federal funds for high speed rail projects in California until after September 30, 2012. The legislation would also require the Comptroller General to submit a report to Congress making a number of assessments regarding high-speed rail in California.

²¹ Complaint for Petitioners, John Tos; Aaron Fukuda and County of Kings v. California High Speed Rail Authority, Sacramento Superior Court Case No. 34-2001-00113919.

VII. Invited Witnesses

The Honorable Joseph Szabo
Administrator
Federal Railroad Administration

Roelof Van Ark
CEO
California High Speed Rail Authority

The Honorable Jerry Amante
Mayor of Tustin, California
and Member, Orange County Transportation Authority Board of Directors

The Honorable Ashley Swearengin
Mayor of Fresno, California

Greg Gatzka
Director
Kings County Community Development Agency

Elizabeth Alexis
Co-founder
Californians Advocating Responsible Rail Design

Kole Upton
Vice President
Preserve Our Heritage

Attachment 1

California Field Poll Questions on High Speed Rail

Survey conducted Nov. 15-27, 2011 of 1,000 registered voters. Margin of error +/- 4.4%.

“...[D]o you favor or oppose the legislature putting the 9 billion dollar state bond package to another public vote in next year's statewide elections?”

	Favor Another Vote	Oppose Another Vote	No Opinion Vote
Statewide Total	64%	30%	6%
<u>Party Registration</u>			
Democrats	57%	35%	8%
Republicans	66%	29%	5%
Non-Partisan/Other	73%	22%	5%
<u>Awareness of Project</u>			
Have heard	66%	29%	5%
Have not heard	56%	36%	8%
<u>Vote in 2008 on Prop. 1A</u>			
Voted Yes	64%	30%	6%
Voted No	64%	33%	3%
DNV/Don't Recall	63%	28%	9%

“Suppose that 9 billion dollars in state bonds for the California High Speed Rail project were put before voters again in a statewide election ballot. If the election were being held today, would you vote YES to approve or NO to reject this bond package?”

	Yes, to Approve	No, to Reject	Undecided
Statewide Total	31%	59%	10%
<u>Party Registration</u>			
Democrats	40%	49%	11%
Republicans	21%	73%	6%
Non-Partisan/Other	27%	61%	12%
<u>Awareness of Project</u>			
Have heard	32%	58%	10%
Have not heard	26%	63%	11%
<u>Vote in 2008 on Prop. 1A</u>			
Voted Yes	53%	37%	10%
Voted No	3%	96%	1%
DNV/Don't Recall	28%	57%	15%