Testimony of:

The Honorable Jerry Amante
Member of the Board of Directors
Chair, Transportation 2020 Committee
Orange County Transportation Authority
Orange County, California

Before the

United States House of Representatives
Committee on Transportation and Infrastructure

Hearing on:

California High Speed Rail Plan: Skyrocketing Costs and Project Concerns

OCTA

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Chairmen Mica and Shuster, Congressman Rahall and Congresswoman Brown, members of the Committee, my name is Jerry Amante and I am here today representing the elected Board of Directors of the Orange County Transportation Authority (OCTA), located in Orange County, California. My current OCTA Board responsibilities include chairing OCTA's Transportation 2020 Committee, which considers matters involving the funding of future OCTA transportation projects.

The Orange County Transportation Authority was formed in 1991 by the consolidation of seven separate transportation agencies. This consolidation created a multi-modal authority, which eliminated duplicate transportation functions and increased efficiency in permitting one agency to provide a full range of multimodal transportation services for the more than 3 million residents of Orange County. In short, the OCTA is responsible for all modes of transportation in Orange County with the exception of aviation.

In addition to my OCTA responsibilities, I also serve on the Board of the LOSSAN Corridor Joint Powers Authority, which oversees service from San Luis Obispo, through Los Angeles and Orange County, to San Diego. I am also Mayor of the City of Tustin, a major Orange County city located on the LOSSAN Corridor.

Thank you very much for the opportunity to discuss the OCTA Board's comments on the recently released Draft 2012 California High-Speed Rail Business Plan (Plan) and to share with you OCTA's vision for investments to improve the LOSSAN Corridor generally, and the Los Angeles to Anaheim portion of this corridor, which would also be part of the corridor used for any future California High-Speed Rail project. OCTA owns the 42 miles of LOSSAN Corridor right of way located in Orange County and jointly funds and manages the present Metrolink commuter rail service in that corridor.

Today, the LOSSAN corridor is well established as the nation's second busiest passenger rail corridor and the California counterpart to the Northeast Corridor. LOSSAN carries 2.7 million Amtrak passengers each year, behind only the Northeast Corridor in terms of Amtrak riders. In addition, this corridor carries a combined 4.5 million rail riders annually on Metrolink and the Coaster, the two commuter rail providers servicing the corridor.

Located within the LOSSAN corridor, the City of Anaheim is designated by Proposition 1A (the High-Speed Rail Bond Measure passed by California voters in 2008) as the southern terminus for Phase 1 of the California High-Speed Rail (CHSR) project. In 2007, OCTA contributed $7 million to the advancement of the environmental documentation for the Anaheim to Los Angeles segment of the CHSR project and directed staff to participate in and monitor the development process of the CHSR project to ensure that the needs and interests of Orange County were

represented. OCTA was the only public agency to make such a financial contribution to the environmental clearance effort.

High-speed and intercity passenger rail investment can play a key role in California's transportation future. Existing passenger rail services in the Bay area of Northern California and the Los Angeles Basin in Southern California, serve some of the busiest Amtrak corridors in the nation. The improvement of these corridors constitutes an important piece of an overall mobility strategy to move the 35 million current California residents. That population is expected to grow to over 50 million in 2030. California must meet the mobility challenges of this growing population, and the State has already invested $1.8 billion in passenger rail infrastructure through a partnership dating back to 1976. The alternative to improved passenger rail services is a significantly greater investment in California highways and airports. While we may differ over the exact amount of that investment, the magnitude is undeniable, and the need for passenger rail as a mobility component for the future of California is clear.

As part of the most populous region in the most populous state, we are particularly grateful to the federal government for investments to date in high-speed and intercity passenger rail. A continued future funding partnership with the federal government for California high speed and intercity passenger rail is absolutely necessary and in the national long term interest. However, we also appreciate there are limited federal transportation funds to go around, including for high speed rail. We agree with this Committee's position that public-private-partnerships (P3s) to leverage federal funds should also become part of the high speed rail discussion both in California and nationally.

The latest California High-Speed Rail Business Plan is a marked improvement over the 2009 Plan and attempts to address many of the previous areas of concern raised by the State Legislature, an independent peer review group, the State Legislative Analyst, and affected communities. OCTA is pleased that this Plan includes the blended approach to providing service in Orange and Los Angeles Counties, as requested by OCTA and Los Angeles Metropolitan Transit Authority (LAMTA) in spring 2010. By incorporating this blended approach, the Plan recognizes the importance of existing passenger rail service providers and the need to link those systems with the CHSR project. OCTA believes this is the key to the successful implementation of CHSR in Southern California. Linking into the existing successful rail services will provide the needed connectivity to regional transit systems to enable the full potential of the CHSR system to be realized.

While the Plan represents a more realistic assessment of the CHSR project and is an improvement over the previous plan, there remain areas of grave concern that should be addressed prior to submission to the State Legislature and certainly prior to implementation. Below is a summary of OCTA comments/ concerns:

Phased Delivery Approach: OCTA is pleased with the introduction of the phased delivery approach as it represents a more realistic delivery model as requested by OCTA and LAMTA. However, this approach begins with construction in the Central Valley instead of the "bookends" in the Los Angeles Basin (San Fernando Valley to Anaheim) and San Francisco Bay (San Jose to San Francisco) areas, which show much higher ridership and revenue as well as providing connectivity to the most urbanized areas of the State. OCTA believes it more prudent for the California High-Speed Rail Authority to begin with at least some investment at the north and south ends of the system. This approach will maximize the investment of scarce State and Federal funds and provide critical connections to the existing passenger rail systems in Southern and Northern California. Further, this investment will benefit existing passenger rail services even if CHSR is not successful. Putting all currently available funding in the Central Valley also fails to address the prominent rail gap between Bakersfield and Los Angeles which currently requires Amtrak bus service to connect passenger rail services in Northern and Southern California.

Project Schedule: The updated schedule aligns with the phased delivery approach, adding 13 years to the Full Phase 1 project. This change in schedule leads to significant cost increases due to inflation and escalation and it puts the existing funding sources in jeopardy due to timely use. Additionally, the updated schedule includes no additional contingency for project delay that may be caused by environmental clearance, legal challenges, gaps in funding or limited availability of construction materials and qualified technical resources.

Cost Increase: The previous cost estimate of $43 billion was in base year dollars and the updated cost estimate now includes normal escalation and inflation, resulting in a significant cost increase. As stated in the business plan, the increased cost also does not address worst case scenarios for mitigations that may be required through the environmental process nor is it based on the high end (up to $117 billion) of the range, presented in year of expenditure dollars. These potential cost changes could be significant and should be addressed through better contingency planning and project development.

Funding/Financial Plan: The funding plan is largely speculative and lacks any firm commitment of funding beyond the initial construction section. The current secured funding is not adequate to build either of the Initial Operating Sections, which the Plan states are the driving force behind attracting any private funding and future public funds. Necessary private investment opportunities are limited until at least one of the initial construction segments is complete. Additionally, the Plan relies heavily on scarce public funds on the front end of the project and will place the CHSRA in direct competition with existing rail service providers given some of the identified potential

federal funding sources. Both of these issues are of great concern to local entities such as OCTA since they will directly impact existing and future planned programs. Specifically, OCTA is very concerned about the assumptions on the use of federal Congestion Mitigation and Air Quality and Regional Surface Transportation Program funds that OCTA utilizes for highway and transit projects. In addition the use of federal New Starts funds for the CHSR project presents direct competition to OCTA and other local transportation agencies that need to rely on this program for the development of new fixed-guideway projects.

Operational Assumptions: The operating assumptions include some very aggressive service levels of up to nine trains per hour. This is likely to result in unnecessary frequency. The projected operating surplus of over $1 billion per year is speculative and based on an optimum number of trains. It is simply too optimistic.

Cost Comparisons: The cost comparisons made in the business plan are based on a theoretical maximum of high-speed rail capacity. More concerning is that the plan does not include a build vs. no build option for high-speed rail and ignores existing capacity and other tools for managing congestion. In addition, the plan compares a $98 billion investment in high-speed rail to a $171 billion future investment in airports/roadways for equivalent capacity. However, the Plan does not account for the roadway/airport work investment that will be required both with and without the CHSR project.

Compliance with Proposition IA: California's Proposition 1A requires that a specific series of items be addressed as part of the funding plan. One of these items is that "the corridor or usable segment thereof would be suitable and ready for high speed train operation". Another is that "the authority has completed all necessary project level environmental clearances necessary to proceed to construction". It appears that there are serious questions that need to be fully analyzed as to whether the funding plan truly complies with Proposition 1A in these regards.

Of all of the concerns discussed, the paramount issue for OCTA remains the phasing of the project. A blended approach to project implementation allows for existing rail service providers such as Amtrak, Metrolink, and Caltrain to provide much needed connectivity to the backbone of the high-speed rail system by sharing facilities and tracks. This will allow for existing services to bridge the gaps with the project from the Central Valley to the urban areas in the north and south in advance of the Full Phase 1. Early investment in the blended approach will provide immediate benefit to the existing rail services operating in Southern California that would enhance the passenger experience, reduce travel times, and improve safety where the largest numbers of passenger rail travel already exists. These improvements

could include upgrades to stations, track improvements, and a limited number of key grade separations, and would provide public benefits with or without high speed rail.

While Our Board has serious concerns about some of the specifics included in the business plan, we support the federal investment for California's high speed rail program. In fact, continued federal support will be necessary if the program is to be successful.
OCTA intends to continue to provide input to the CHSRA on this project and we are pleased that the CSHRA has welcomed our input. We are also available to be a continued resource to this Committee, should you seek input from those who will stand to benefit from a properly planned and implemented high speed rail initiative in California.

We greatly appreciate the monumental task facing the Committee as you work to improve our nation's transportation infrastructure. Thank you once again for the opportunity to testify today and for all that you do for America's transportation systems. I would be pleased to answer any questions.