

Date of Hearing: May 4, 2020

ASSEMBLY COMMITTEE ON TRANSPORTATION
Jim Frazier, Chair
AB 3213 (Luz Rivas) – As Introduced February 21, 2020

SUBJECT: High-Speed Rail Authority: high-speed rail service: priorities

SUMMARY: Requires the California High-Speed Rail Authority (HSRA) to prioritize projects based on specific criteria. Specifically, **this bill** requires HSRA, when developing and implementing intercity high-speed rail service, to prioritize projects based on the following criteria:

- 1) Providing the most overall benefit to the state;
- 2) Increasing passenger rail ridership; and
- 3) Replacing automobile trips with passenger rail trips.

EXISTING LAW:

- 1) Creates HSRA to direct the development and implementation of intercity high-speed rail service that is fully integrated with the state's existing intercity rail and bus network.
- 2) Authorizes the sale of \$9 billion in general obligation bonds to partially fund the development and construction of California's high-speed rail system.
- 3) Continuously appropriates 25% of the state's Cap-and-Trade program funds for the high-speed rail project.
- 4) Requires HSRA to complete and submit to the Legislature funding plans and financial analyses, as specified, prior to requesting an appropriation of bond funds for eligible capital costs and prior to committing bond proceeds for expenditure for construction, real property and equipment acquisition.

FISCAL EFFECT: Unknown

COMMENTS: Development of high-speed rail in California began more than 20 years ago. SB 1420 (Kopp), Chapter 796, Statutes of 1996, created HSRA to direct development and implementation of intercity high-speed rail service that would be fully coordinated with other public transportation services. HSRA reports to the California State Transportation Agency (CalSTA) and is governed by an eleven-member Board of Directors. The Governor appoints five members of the board, the Senate Rules Committee appoints two, and the Assembly Speaker appoints two. Additionally, the board includes two ex-officio, non-voting members, one member of the Assembly and one member of the Senate.

In 2008, voters approved Proposition 1A, the Safe, Reliable, High-Speed Passenger Train Bond Act, a \$9.95 billion general obligation bond to fund the proposed California high-speed rail project and related improvements. As envisioned at the time of the ballot measure, the project was to consist of an 800-mile dedicated high-speed passenger rail system capable of speeds up to

220 miles per hour, initially serving the major metropolitan market of San Francisco through the Central Valley into Los Angeles and Anaheim (Phase I), with service eventually extending to Sacramento, the Inland Empire, and San Diego (Phase II).

When the bonds were approved in 2008, costs for the entire project were estimated to be \$45 billion, to be paid by a mix of state bonds, federal grants, and private investments. Since then, estimated costs for the project have risen markedly. HSRA's most recent estimate for Phase I is \$80 billion using the blended approach of relying in part on existing tracks in the Bay Area and parts of Los Angeles. Furthermore, federal contributions to date are limited to \$3.3 billion and there have been no private investments.

In February 2019, Governor Newsom delivered his first State of the State address and he appeared to signal a change in the project, shifting emphasis to completing a workable rail line in the Central Valley, but casting doubt over the completion of the full Phase I. Specifically, Newsom noted, “the project, as currently planned, would cost too much and take too long. There's been too little oversight and not enough transparency.” He outlined a new Central Valley construction plan, including extending the line currently under construction north to Merced and south to Bakersfield.

On May 1, 2019, HSRA released its 2019 Project Update Report (PUR). Chairman of HSRA Lenny Mendonca stated very clearly in the PUR that, “this report focuses the limited resources the state has identified to get a working section that can demonstrate the viability of the broader project.” The 2019 PUR put forth a plan to fund and deliver a high-speed rail line in the Central Valley alone. The proposed Central Valley Line is a 171-mile high-speed rail line from Merced to Bakersfield, with stations planned for Merced, Madera, Fresno, Kings/Tulare (future), and F Street in Bakersfield.

Most recently, HSRA's Draft 2020 Business Plan identifies total funding available to the project of between \$20.6 and \$23.4 billion, depending on how much future auction revenue is generated by the state's Cap-and-Trade program between now and 2030. The \$20.4 billion cost to complete and begin operating the Central Valley Line by 2029, complete the Phase I environmental work, and finish funding the bookend projects, which was outlined in the 2019 PUR, remains unchanged in the Draft 2020 Business Plan.

Existing law requires HSRA to develop and implement high-speed electrified rail service. This bill requires HSRA to prioritize projects that are best for the state in terms of ridership and passenger rail service instead of what may be the most direct way to implement electrified service.

According to the author, “Despite recent concerns that have been raised about the current approach to building the High Speed Rail Project, we know that construction is continuing to move forward even as the COVID-19 crisis continues to unfold.

The California High Speed Rail Project is one of the largest transportation infrastructure projects currently taking place in the world, which requires significant private sector financing to be secured at a time when the economy is contracting. I believe we have a fiduciary responsibility to the residents of this state, and before compelling this Legislature to incur significant electrification costs, we must consider if a portion of the electrification funds could instead be redirected to increase ridership in communities with significant populations. I want to be clear

that I am not suggesting we abandon the billions in investments that the state has already made in the Central Valley to connect Merced and Bakersfield.

Instead of electrifying the Central Valley portion of the project, the state could use those cost savings to purchase fast trains for that segment, whereby ensuring those residents are connected to jobs, and then utilize those cost savings to invest in mass rail transit projects that will increase ridership, and reduce car trips in heavily populated communities.”

Committee comments. According to HSRA, it plans to spend over \$20 billion on a fully electrified high-speed segment of rail between Bakersfield and Merced, which will require through passengers to transfer at either end to either bus service or conventional rail service. According to travel behavior experts, the transfer time will almost certainly negate any time savings from the electrified segment in the middle of any trip connecting the Central Valley to the population centers to the north or south, raising serious doubts about whether the electrification is going to increase ridership at all.

An alternative option, to operate clean diesel trains over the new track with almost as much speed and avoiding transfers in Merced, could save the state several billion dollars and actually lead to higher ridership. Further, the state could then direct those billions of dollars in savings to other segments of the proposed high-speed rail system to make improvements in highly-populated areas and result in increased ridership where people already live and work.

HSRA appears unwilling to consider any alternative that does not result in an electrified train. It seems reasonable to require HSRA to prioritize projects that are best for the state in terms of ridership and passenger rail service instead of what may be the most direct way to implement electrified service, potentially at the expense of what might be best for the state.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file

Opposition

None on file

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