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OVERSIGHT HEARING

Review of the California High-Speed Rail Project

Tuesday, November 12, 2019
California High-Speed Rail Authority
1111 H Street, Fresno, CA

Background

Introduction and Purpose of Hearing

The purpose of today's hearing is to continue the committee's oversight of the state's progress related to the California High-Speed Rail Project. The California High-Speed Rail Authority (HSRA) released its 2019 Project Update Report (PUR) on May 1st, a statutorily-required update on its development and implementation of intercity high-speed train service.

The PUR typically is not as extensive as HSRA's biennial Business Plans, which detail funding, financing, and ridership estimates for the entire project. However, this version of the PUR took on new significance as it reflects Governor Gavin Newsom's new vision for the high-speed rail program. Additionally, the PUR includes work conducted by the Early Train Operator (ETO), a private sector rail operator from Germany, who was tasked with studying ridership and costs of interim service options for both the San Francisco Bay Area and Central Valley.

The 2019 PUR shifted the focus of the high-speed rail program from the Initial Operating Segment (IOS) connecting the Silicon Valley to the Central Valley outlined in the 2018 Business Plan, to adopting a "building blocks" approach of completing a high-speed rail line from Merced to Bakersfield, the so-called "Central Valley Line." The report, "focuses limited resources the state has identified to get a working section that can demonstrate the viability of the broader project." HSRA has defined this new Central Valley Line as a 171-mile long segment from Merced to Bakersfield upon which high-speed trains may operate by 2028 at a cost of $18.3 billion. The line would be coordinated with increased service from the San Joaquins intercity passenger rail system and the Altamont Corridor Express (ACE) service to the Bay Area.

Finally, the PUR details the funding available to HSRA to complete the Central Valley Line, including federal funding, Proposition 1A bonds, and revenues from the state's cap-and-trade program. HSRA estimates the total funding available to be between $20.4 billion and $23.4 billion by 2030, depending on cap-and-trade revenue fluctuations. Recent actions by the federal government have put this funding scheme in jeopardy. The Federal Railroad Administration (FRA), HSRA's federal funding and project partner, announced its intention to de-obligate nearly $1 billion from the project and possibly claw back $2.6 billion in funds already expended on construction.

The high-speed rail program is facing its biggest challenge to date. HSRA remains committed to completion of a high-speed operating segment, as costs continue to increase and schedules continue to slip. However, the PUR does not provide the Legislature with alternative options for completion of segments or future service. There are hard decisions on the very short horizon for Legislators.

The purpose of today's hearing is to discuss findings and issues since the Committee's hearing in May, including but not limited to Federal environmental review challenges, recommendations of the State Auditor, and various analyses of potential investment strategies for completing the high-speed train dream.

Background

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 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.

Assembly Bill 3034 (Galgiani), Chapter 267, Statutes of 2008, placed before the voters the Safe, Reliable High Speed Passenger Train Bond Act for the 21st Century (Proposition 1A) in the fall of 2008. California voters approved the initiative, which authorized $9.9 billion in general obligation bonds for two distinct purposes: $9 billion to develop and construct a high-speed rail system connecting San Francisco Transbay Terminal to Los Angeles Union Station and Anaheim; and $950 million for connecting intercity and commuter rail systems that would enhance those systems' capacity, safety, or connectivity to the high-speed rail system.

At the time of the passage of Proposition 1A, estimates for the cost of the system varied. The analysis by the Legislative Analyst's Office (LAO) that accompanied the ballot measure referenced a 2006 estimate from HSRA that the total cost to develop and construct the entire high-speed rail system would be about $45 billion. However, HSRA's 2008 Business Plan, released after the passage of Proposition 1A estimated the cost at $33 billion, financed by a mix of state bond funds, federal, local, and private funds.

Proposition 1A prescribes specific route and design requirements for the high-speed rail system including that it must be electrified, be capable of sustaining speeds of no less than 200 miles per hour, and have the capacity to achieve travel times between San Francisco and Los Angeles of 2 hours and 40 minutes. Additionally, Proposition 1A requires a 50 percent match of all bond funds and lays out specific requirements HSRA must meet in order to access and spend the bond funds, including submission of detailed funding plans to the Legislature and Department of Finance. Furthermore, Proposition 1A requires high-speed rail to operate without government subsidies.

Overall, the project is to be built in two phases, with Phase I covering roughly 500 miles from San Francisco to Anaheim. Phase II would extend the system to Sacramento in the north and San Diego in the south. The delivery of the project is broken into segments, including an Initial Operating Segment (IOS), which over the years has changed from a southern-focused route to Los Angeles, to the current northern-focused route from San Francisco to Bakersfield.

In July 2012, the Legislature approved SB 1029 (Committee on Budget and Fiscal Review), Chapter 152, Statutes of 2012, that appropriated nearly $8 billion in federal and state funds to begin the construction between Madera and Bakersfield. SB 1029 funded three components of the project, including:

1) <u>Initial Operating Segment:</u> SB 1029 provided $5.8 billion to fund construction of the high-speed rail "backbone" in the Central Valley with approximately 130 miles of right-of-way and track bed from Madera to the northern outskirts of Bakersfield. Of this amount, $3.2 billion was from federal grants (both American Recovery and Reinvestment Act (ARRA) funds and a Fiscal Year (FY) 2010 grant), and $2.6 billion was from Proposition 1A bonds.

2) <u>Connectivity</u>: SB 1029 appropriated $819 million of Proposition 1A bonds for "connectivity" projects on existing regional and inter-city rail systems throughout California to improve the connectivity to the future high-speed rail system.

3) <u>Bookends</u>: SB 1029 also appropriated $1.1 billion of Proposition 1A funds for improvements in the Los Angeles Basin and in the San Francisco Peninsula, referred to as the "bookends." These funds were for near-term improvements to these existing rail segments that will facilitate the eventual use of the segment for high-speed rail and also improve service for existing riders.

   Of this amount, $500 million was dedicated to fund projects in the Los Angeles Basin as reflected in the 2012 Memorandum of Understanding (MOU) signed with the Southern California Association of Governments (SCAG) and its regional transportation members, and $600 million for electrification of the Caltrain system in the San Francisco Bay Area.

Additional federal funds and Proposition 1A funds were authorized for ongoing administrative, planning and environmental work on the project.

Furthermore, a 2014-15 state budget trailer bill [SB 862 (Committee on Budget and Fiscal Review), Chapter 36, Statutes of 2014], continuously appropriated 25 percent of the revenues derived from the state's Cap-and-Trade program to the project. Additionally, in July 2017, the Legislature extended the state's cap-and-trade program through 2030, in AB 398 (Garcia), Chapter 135, Statutes of 2017. HSRA estimates that this equates to a range of $500 to $750 million annually in funding for the program.

In 2015, HSRA broke ground on the first construction segment in the Central Valley, starting work on 119 miles from Madera to Poplar Avenue outside of Shafter. This work was reflected in HSRA's grant agreement with FRA, to spend the federal and state monies appropriated in SB 1029. However, HSRA faced ongoing litigation on the issuance and expenditure of the Proposition 1A bonds. To begin construction work in the Central Valley and move forward on the other project sections, HSRA negotiated its funding agreement with FRA to allow a "tapered match"—i.e., to allow federal dollars to be spent first and state matching dollars to be spent later. The FRA grant agreements require HSRA to complete construction of this section by December 2022.

2018 Business Plan
In June 2018, HSRA approved the 2018 Business Plan which details an implementation and delivery strategy for the IOS from San Francisco to Bakersfield, or the Silicon Valley to Central Valley (Valley to Valley) Line. The Valley to Valley Line would run from 4th and King Streets in San Francisco to Bakersfield across the Pacheco Pass at a cost of $29.5 billion to be completed by 2029. Additionally, the plan reflects work directed by HSRA's Board of Directors in 2017 for a comprehensive review of the current Central Valley construction contracts and cost estimates for the Valley to Valley Line and full Phase I of the system. This new cost review was first unveiled in November 2017, when HSRA revealed that costs for the Central Valley segment had risen over $2.8 billion from previous estimates, due primarily to right-of-way acquisition delays and so-called third party agreements with freight railroads and utilities. The new cost estimates are reflected in the plan. The updated cost for full implementation of Phase I of the system is $77.3 billion.

As noted, the focus of the 2018 Business Plan is the development of the Valley to Valley Line. The funding estimate for Valley to Valley includes everything needed to construct the line and start revenue service, including rolling stock, maintenance facilities, stations, and all necessary rail systems. HSRA acknowledged the funding gap to complete Valley to Valley, specifically the tunnels through the Pacheco Pass, which is estimated to cost roughly $12.6 billion. HSRA detailed a funding package for Valley to Valley which includes existing sources of Proposition 1A bonds, federal funds, continued cap-and-trade pay-as-you-go funding and a cap-and-trade financing scheme.

Bookend Projects
As previously described, the so-called bookend projects were defined and funding was appropriated by SB 1029 in 2012. Specifically, the Legislature appropriated $600 million in Proposition 1A bond funds to the Northern California project, the electrification of Caltrain. Additionally, HSRA committed some of its allocation of state cap-and-trade funds to the project for a total commitment of $713 million. The Caltrain electrification project, which is scheduled to be completed by 2022, will electrify and upgrade Caltrain's commuter rail service between San Francisco and San Jose. Additionally, a component of the project is to install Positive Train Control (PTC) in the corridor, which is now required by federal law. The improvements will allow high-speed trains to utilize the corridor as part of a blended system. The total cost of the Caltrain project is estimated at $1.98 billion.

In Southern California, two projects have been identified for funding from the $500 million in Proposition 1A bond funds appropriated in SB 1029. Specifically, in early 2017, $76 million was approved for the Rosecrans/Marquardt grade separation project. The Rosecrans/Marquardt grade separation is in Santa Fe Springs on the BNSF mainline tracks at the intersection of Rosecrans and Marquardt Avenues. The intersection is also on the Los Angeles/San Diego/San Luis Obispo (LOSSAN) corridor, which is utilized by Amtrak and Metrolink. The intersection sees more than 112 freight and passenger trains per day and has been rated by the California Public Utilities Commission (CPUC) as the most hazardous grade crossing in California. The total cost of the project is $155.3 million.

The remainder of the Proposition 1A bonds funds for Southern California, $423.3 million, is dedicated to Los Angeles Union Station (LAUS) for the Link Union Station (Link US) project in downtown Los Angeles. The Link US project will extend up to 10 rail tracks at LAUS to the south of the station over U.S. Highway 101, including platforms and tracks for use by future high-speed rail. The project allows trains at LAUS to "run through" the station rather than head in and back out through a single entrance. The project is planned for two phases of construction with the cost of Phase A estimated at $950.3 million, (including Proposition 1A bond funds), and the cost of Phase B estimated at $1.14 billion. The project is expected to be completed in 2027.

Changes since the 2018 Business Plan
In November 2018, the California State Auditor released a comprehensive audit of the high-speed rail program and found that flawed decision making and poor contract management contributed to billions in cost overruns and construction delays. The auditor reiterated that HSRA does not have the funding to complete the system, and highlighted concerns over possible future cost increases. Additionally, the auditor made numerous recommendations to increase oversight of the project, focusing on the delivery of the Central Valley segment currently under construction, by strengthening internal Authority controls, such as contract management. The auditor also recommended increasing transparency and reporting. Specifically, one of the recommendations was for HSRA to develop a quarterly update to the Legislature on progress in the Central Valley to better inform policymakers and the public. Additionally, the auditor recommended HSRA develop a contingency plan for the Central Valley construction in case it is unable to meet its federal grant requirements. In November 2018, this committee joined the Joint Legislative Audit Committee to conduct an oversight hearing regarding the state audit.

In February 2019, Governor Newsom delivered his 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, Newsome 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 current line north to Merced and south to Bakersfield, stating, "High-Speed Rail is much more than a train project. It's about economic transformation and unlocking the enormous potential of the Valley."

In response to Governor Newsom's address, FRA issued a letter stating that it plans to "de-obligate $929 million in federal funding for the project." The letter details what FRA contends is HSRA's failure to comply with the terms of the federal grant agreement for the FY 2010 funds. Specifically, the state must meet certain agreements under the federal grant agreement, including fully spending its state match to the ARRA funds prior to spending the FY 2010 and completing all environmental work on the full Phase I project by 2022. FRA contends that HSRA has "materially failed to comply, with the terms of the agreement, and has failed to make reasonable progress on the project." FRA also stated it is exploring all legal options, which could put the roughly $2.6 billion already expended also in jeopardy.

HSRA responded with a rebuttal letter in March 2019, reaffirming Governor Newsom's commitment to the full Phase I project and detailing HSRA's progress and its compliance with the grant agreement. On May 16, 2019, FRA sent a letter formalizing its plan to de-obligate the $929 million, stating that the letter provides a final decision on the matter and that FRA is terminating the FY

2010 cooperative agreement with HSRA. It is unclear what recourse the State of California may have regarding this issue.

2019 Project Update Report
On May 1, 2019, HSRA released the 2019 PUR. As mentioned, the PUR is not normally as extensive of a document as the Business Plan, which is released every even-numbered year. However, the 2019 PUR takes on special significance as it is the first detailed public plan of the Newsom Administration. When Governor Newsom took office, he outlined his vision for the project in the State of the State. His speech, as detailed above, initially caused confusion about the future of the full high-speed rail project. Subsequent to the State of the State, Governor Newsom has reiterated his support for the completion of the project; however, he has focused the work of HSRA on completing an initial "building block" of a high-speed system in the Central Valley.

To help realize his vision, Governor Newsom appointed a new Chairman of the California High-Speed Rail Board of Directors, his chief economic advisor, Mr. Lenny Mendonca. Chair Mendonca states 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." Further that abandoning the project, "would leave California having spent $5 billion, with nothing but lawsuits, job losses, and billions of IOUs with nothing to show for our debts." The PUR represents a plan to fund and deliver a high-speed rail line in the Central Valley.

Central Valley Line
The new 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. The Central Valley Line includes all of the current Central Valley construction, with extensions to Merced and Bakersfield. The PUR outlines updated cost estimates for the current Central Valley construction and the new Central Valley Line. Specifically, the Central Valley Line is estimated to cost $18.3 billion and be up and running by 2028. The Central Valley Line estimates include the additional scope in the north and south, all track and systems, new high-speed trains, and several maintenance facilities.

The new line would be operated by an interim passenger rail operator and HSRA anticipates the Central Valley Line would require an operating subsidy. Together with completion of all of Phase I environmental work, as required by the FRA grant agreement, and construction of the book end projects, the PUR outlines a total cost of $20.4 billion to complete the "building blocks."

How did we get here?
In 2017, HSRA brought on DB Engineering and Consulting USA as the ETO to assist in analyzing the operations and financing of possible early interim service prior to full build out of the Valley to Valley Line. The ETO was tasked with studying two options for interim service, a Central Valley Line with various station options and Bay Area service on the peninsula sharing tracks with the Caltrain system going from San Francisco to Gilroy.

The ETO concluded that the best scenario to pursue for interim service is a high-speed line from Merced to Bakersfield. The line would connect, cross platform, with the existing San Joaquins intercity passenger rail (Amtrak) service and ACE at Merced. In the south, the high-speed rail line would connect with Amtrak bus service to Southern California. The ETO measured possible ridership in this corridor and concluded that revenues would be 2.8 times higher than what are currently forecasted for the San Joaquins and ACE, and that roughly 90 minutes would be shaved off travel times.

To bring this all together, the current Central Valley construction would be extended north to Merced and south to Bakersfield. Additionally, the plan relies on the completion of the current construction and service plans envisioned by the San Joaquins/ACE Valley Rail Plan. Specifically, the Valley Rail Plan is an extension of ACE between San Jose and Merced and implements two new daily round-trips for the Amtrak San Joaquins service to better connect the Central Valley with Sacramento. The Valley Rail Plan anticipates the ACE extension to Ceres would be completed in 2023 and the ACE extension to Merced would be completed by 2026. According to the San Joaquin Regional Rail Commission (SJRRC), who operates both the San Joaquins and ACE, the Valley Rail Plan is fully funded, but work will still be required to reach agreements with freight railroad operators to authorize increased travel on their corridors.

The PUR envisions that SJRRC could be the operator of the new high-speed service and that it would no longer operate "competing" Amtrak rail service south of Merced. It is unclear what this specifically means, or how it would work in practice. Additionally, it is unclear whether this type of interim service would violate Proposition 1A, which requires "planned passenger train service to be provided by HSRA, or pursuant to its authority," to operate without a subsidy. Currently, the San Joaquins is one of the busiest Amtrak routes in the United States, connecting the Central Valley to Sacramento and Oakland, with bus connections south to Los Angeles. ACE connects nearly 1.5 million commuters per year to the Bay Area.

Costs Continue to Increase
The ETO was also tasked with reviewing cost estimates for the current Central Valley construction contracts, and incorporate these new estimates with the full cost of the newly envisioned Central Valley Line. Additionally, HSRA performed a financial risks analysis to recast cost estimates to reflect a 70 percent level of confidence, or a P70, that the project will stay within its budget baseline. Prior Business Plans reflected only a 10 percent level of confidence, or a P10.

These analyses determined that the current Central Valley construction contracts have again increased in costs, by $1.8 billion, over the 2018 Business Plan for a total of $12.4 billion. HSRA indicates that this primarily reflects the inclusion of a larger contingency to meet this new P70 level. This amount is reflected in the overall $18.3 billion price tag for the Central Valley Line. The ETO did not, however, conduct a similar analysis on the Valley to Valley Line.

Where will the money come from?
HSRA identifies numerous existing sources of funding to complete the Central Valley Line.

Federal Funds
- $2.55 billion ARRA
- $929 million FY 2010

State Funds
- $7.46 billion Proposition 1A (non-bookends)
- $1.1 billion Proposition 1A (bookends)
- $2.42 billion Cap-and-Trade received through December 2018

- $6 billion -- $9 billion Cap-and-Trade future revenue through 2030

$20.45 -- $23.45 billion total funding available

This funding scheme assumes HSRA is able to retain all of the federal funds, including the $929 million the FRA is currently threatening to de-obligate, access to the remaining Proposition 1A bonds, and continued allocation of Cap-and-Trade funds at a certain level per year.

<u>Recent Findings</u>
Since HSRA released the 2019 PUR, a number of additional findings and issues have arisen, as discussed below.

Federal Environmental Review Authority
Since the fall of 2018, HSRA has struggled to receive timely responses from FRA on environmental clearance work along the corridor. This delay has jeopardized the project timelines and was identified by HSRA as a major risk to the success of the project.

In July of this year, Governor Newsom and FRA Administrator Ronald Batory signed a Memorandum of Understanding (MOU), by which HSRA takes over FRA's responsibilities as lead agency under the National Environmental Policy Act (NEPA) through a process known as NEPA Assignment.

The NEPA Assignment MOU assigns to the State all environmental review responsibilities under NEPA and other federal environmental laws with respect to projects in California's High-Speed Rail system. These federal responsibilities will be performed by HSRA, with oversight by the California State Transportation Agency.

Since 2007, the California Department of Transportation (Caltrans) has performed as NEPA lead agency for highway projects and achieved significant time savings. Now, HSRA expects it will be able to accelerate project delivery by conducting more efficient environmental reviews and approvals of the environmental documents required to advance the High-Speed Rail Program. This effort removes a major risk to the project.

Alternative Investment Analyses
As previously discussed, the ETO was tasked by HSRA staff to study two options for interim high-speed service, a Central Valley Line and Bay Area service on the peninsula sharing tracks with Caltrain. Following the release of the PUR, HSRA board members requested additional information. First, board members requested a business case analysis justifying the claims in the PUR of the benefits derived from the Central Valley Line. Though expected to be released in September and therefore available for discussion in today's hearing, to date, this analysis has not been completed.

Second, the board asked the ETO to complete a side-by-side study to investigate and compare options for potential early service investments in the Central Valley, San Francisco Bay Area and Los Angeles/Anaheim high-speed rail corridors. The focus of this work is to assess comparable investments within each corridor that could provide early interim high-speed rail service. This analysis is to provide information to the Board to support upcoming future investment decisions.

To accomplish this work, HSRA requested information from the Southern California Regional Rail Authority (Metrolink) regarding investments that could be made in the Southern California rail network that would benefit future high-speed rail deployment (see Attachment 1). Metrolink is the nation's third largest commuter rail system with 538 total route miles, serving six Southern California counties with a cumulative population of 21.5 million people. Currently, Metrolink customers ride an average of 36 miles one-way and remove more than 9 million car trips annually, equating to a 28% reduction in traffic volume during the peak hour in peak direction on parallel freeways.

In response, Metrolink identified approximately $9.4 billion in capital projects and rolling stock deployments needed for the Corridor. According to its report, a phased delivery strategy reduces that need in the short term to $3.5 - $5.5 billion by 2024, which would allow the Burbank to Anaheim Corridor to initiate a high-speed rail ready service and enhance connectivity with multiple existing services throughout Southern California. The benefits from these investments are estimated as follows:

	Today	**Tomorrow**
Annual Ridership	11.9 million	20 million +
Annual VMT Reduced	335 million	500 million +
Time Saved vs. Driving I-5	Up to 54 minutes	Up to 84 minutes
Annual GHG Reduction	130,000 metric tons	207,000 metric tons +

After consulting with Metrolink and receiving this information, the ETO provided its Interim Report (qualitative analysis) to the HSRA board at the October board meeting (see Attachment 2). The ETO's report concluded that an investment to extend the Central Valley segment to Merced and Bakersfield would offer a significantly improved service and increased benefits to Central Valley passengers, while investments in either the Bay Area or Southern California would yield limited ridership growth and minimal improvement in travel times. Further, the report concludes that, to achieve a high-speed rail benefit within the Southern California regional context, it would require more funding than what currently remains available for high-speed rail purposes. It also states that, to maximize benefits of interim high-speed rail investments in Southern and Northern California, it would require additional funding to improve regional services to complement any high-speed rail investments. Finally, the incremental ridership benefits in these already congested corridors, without the benefit of access to new markets, does not result in significant incremental ridership.

The ETO's conclusions do not seem to align with the information provided by Metrolink, nor do they seem to acknowledge a number of factors that otherwise go unsaid such as: the availability of matching funds in both the Bay Area and Southern California that do not exist in the Central Valley; the interest of private companies actively pursuing high-speed rail in Southern California and the potential of partnership; or the significant differences in populations between the various regions studied. The hope of the committee is to discuss these issues at the hearing and hopefully come to some understanding of how these factors and others might affect future investment decisions.

State Auditor Update
As previously discussed, the California State Auditor released a comprehensive audit of the high-speed rail program in November 2018 that included 17 recommendations (see Attachment 3).

State law requires auditees who have not implemented recommendations after one year, to report to the Auditor and to the Legislature why they have not implemented them or to state when they intend to implement them. To date, HSRA has fully implemented nine of the recommendations, but has only partially implemented seven, and taken no action on one recommendation. The committee may wish to inquire with HSRA about the status of its implementation of these recommendations.

Conclusion

Unquestionably, HSRA's task - to build a high-speed passenger rail system - is a daunting one. The sheer size of the program combined with uncertain funding, rigidly prescribed design criteria, constant legal threats, weighty environmental concerns, and difficult engineering challenges seemingly jeopardize accomplishment of the task at every turn.

It is clear that the 2019 PUR outlines the vision of the new Administration, to build a workable line with the funding it has and hope to demonstrate both the technology and the benefits of high-speed rail. However, this approach still raises many questions that the Legislature must consider:

- Does the plan serve the transportation needs of the state?
- Can the Central Valley Line be built at the current cost and schedule?
- Will all of the other pieces, such as the ACE/San Joaquins build out, come together on time and provide the level of service anticipated?
- Would the envisioned interim high-speed service conform to state and federal requirements?

At some point, either 2020 or 2021, HSRA will request that the Legislature appropriate the remaining Prop 1A bond funds for the development of the system. At that point, the Legislature will have one last opportunity to weigh in on the direction of this effort. It is critical that, before moving forward, the committee and other members of the Legislature understand the proposed plan, as well as the tradeoffs and risks associated with that proposal. This hearing is the next step in clarifying the proposal and an important part of the Legislature’s oversight responsibilities for what may eventually be the most critical infrastructure investment in California history.