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Dan Richard, Chairperson, Board of Directors
California High-Speed Rail Authority (CHSRA)
770 L Street, Suite 1160
Sacramento, CA 95814

RE: Comments On Draft 2016 Business Plan
[Sent By Email: 2016businessplancomments@hsr.ca.gov]

Dear Chairperson Richard and Board Members:

These comments on the Draft 2016 Business Plan are being submitted on behalf of the Community Coalition on High-Speed Rail (CC-HSR). CC-HSR has been working on high-speed rail issues since 2008.

The comments in this letter are in addition to other comments jointly submitted on behalf of CC-HSR and Citizens for California High-Speed Rail Accountability by attorney Jason Holder. This letter will make a set of specific comments on the 2016 Draft Business Plan, providing those comments on a page by page basis. The letter will begin, however, with an overall analysis of how well the Authority's Draft 2016 Business Plan complies with the requirements of Section 185033 of the California Public Utilities Code.

Code Requirements – Purpose Of The Business Plan

By way of requirements imposed on the Authority by Public Utilities Code, the Authority has been directed *by the Legislature* to submit a biennial “business plan” *to the Legislature*, with the current version of Public Utilities Code §185033 specifying that the first such business plan was due by May 1, 2014, and with the second installment due to the Legislature this year, on or before May 1, 2016. §185033 specifies both the content and the timing of the required business plan submission, as well as the procedures by which public comments are to be taken on the proposed plan.

The *purpose* of the business plan is clearly to provide the Legislature (and the public, too, of course) with specific facts that will allow the Legislature to ensure that the proposed high-speed rail project is being well managed, and that the objectives of the project, as spelled out in state law, will actually be achieved, and that the public monies allocated for the project will be properly and effectively spent.

Since CC-HSR is very critical of the business plan draft made available for public comment on February 18, 2016, we are copying our comments to the Governor, and to the Assembly Committee on Transportation, the Senate Committee on Transportation and Housing, the Assembly Committee on Budget, and to the Senate Committee on Budget and Fiscal Review.

Naturally, we hope that the Authority will take heed of the comments we make, but since the *purpose* of the business plan is really to provide the *Legislature* with the ability to make good budget and other decisions with respect to the Authority's implementation of the state's high-speed train project, CC-HSR thinks that the Legislature needs to know at the earliest possible time that the Authority's business plan, as currently proposed in the February 18, 2016 draft, is woefully inadequate, and that unless the final business plan submitted by the Authority is fundamentally changed, and is, in fact, completely rewritten, the Legislature should take action to suspend funding to the Authority until the Authority demonstrates, if it can, that the Authority actually has a viable plan to construct and operate a high-speed train system that will meet the objectives outlined in state law.

CC-HSR notes that Public Utilities Code §185033 was amended, effective January 1, 2014, to restate and reduce the Authority's reporting requirements. Previously, Public Utilities Code §185033 required the Authority to report on all of the following issues, in the biennial business plan:

1. The type of service the authority anticipates it will develop, such as local, express, commuter, regional, or interregional;
2. A description of the primary benefits the system will provide;
3. A forecast of the anticipated patronage, operating and maintenance costs, and capital costs for the system;
4. An estimate and description of the total anticipated federal, state, local, and other funds the authority intends to access to fund the construction and operation of the system; and
5. The proposed chronology for the construction of the eligible corridors of the statewide high-speed train system.
6. A discussion of all reasonably foreseeable risks the project may encounter, including, but not limited to, risks associated with the project's finances, patronage, right-of-way acquisition, environmental clearances, construction, equipment, and technology, and other risks associated with the project's development, and the authority's strategies, processes, or other actions it intends to utilize to manage those risks.

Some of the same issues must be addressed by the authority under the current requirements of Public Utilities Code §185033, but the current statute is more general in stating what the Authority must provide as part of the required business plan. As this letter observes, despite these reduced demands, the Authority has signally failed to provide a genuine “business plan,” and the factual materials required by the statute have either not been provided at all, or have been provided in a form that makes it almost impossible for the Legislature (or for members of the public) actually to know what the authority’s plans are.

Unless the final business plan is fundamentally revised before being submitted to the Legislature (which seems highly unlikely, since the Authority has said that it intends to submit the business plan to the Legislature by May 1st, and the changes that need to be made are extensive), the Legislature should reject this 2016 business plan as clearly non-responsive to the requirements of Public Utilities Code §185033, and demand that the Authority provide the Legislature and the public with a business plan that will allow the public, and its elected representatives, to exercise the kind of supervision over the project that is the obvious purpose of §185033.

The Required Business Plan Elements Established in §185033

1. §185033 (b)(1)(A) requires a “description of the type of service the authority is developing and the proposed chronology for the construction of the statewide high-speed rail system, and the estimated capital costs for each segment or combination of segments.

The 2016 Business Plan Draft does NOT provide the required information for “the statewide high-speed rail system, and the estimated capital costs for each segment or combination of segments.” At least, it does not do so in any way that would allow either the Legislature or members of the public to evaluate the projected cost of “the statewide high-speed rail system.” Members of the public, and members of the Legislature, need to know what it will cost to build the *entire system*, including the connections with Sacramento and San Diego. There is no clear presentation of this cost. It appears likely that the capital cost of the entire system is so far beyond what anyone could reasonably expect might ever be available that it would probably make good sense to abandon the project at this stage, so as to avoid spending something like ten billion dollars for a “train to nowhere,” that carries hardly anyone. The Legislature can’t evaluate what policies to pursue if the business plan doesn’t provide the required estimated costs for the *entire system*.

2. §185033 (b)(1)(B) requires “a forecast of the expected patronage, service levels and operating and maintenance costs for the Phase 1 corridor... [which corridor is established between Los Angeles Union Station and Anaheim and the Transbay Terminal in San Francisco] and by each segment or combination of segments for which a project level environmental analysis is being prepared for Phase 1. The forecast shall assume a high, medium, and low level of patronage and a realistic operating planning scenario for each level of service.

This section of the law calls for the business plan to present an easily understandable report, on a segment by segment basis, of the expected patronage, service levels, and operating and maintenance costs currently expected. Again, the purpose of the requirement is to allow the Legislature, and members of the public, to evaluate the key factors that will either indicate the likely success or failure of Phase 1 of the overall project. The draft business plan utterly fails to comply. Some of the information may be gleaned, perhaps, from the appendices, but the Legislature specified a “business plan,” not a set of self-satisfied promotional statements, attached to difficult to read reports that may or may not have the information the Legislature wanted to know about. It is also important to state that the current draft of the business plan most emphatically does not provide the required information for a system that connects to the Transbay Terminal, an independent reason to find that the draft business plan is noncompliant with the requirements of §185033.

3. §185033 (b)(1)(C) requires “alternative financial scenarios for different levels of service, based on the patronage forecast in subparagraph (B), and the operating break-even points for each alternative, assuming, as specified in subparagraph (J) of paragraph (2) of Streets and Highways Code §2704.08, that the passenger service will “not require a local, state, or federal operating subsidy.”

Again, it is clear what the Legislature has demanded. This kind of succinct, clear statement about alternative financial scenarios has simply not been presented by the Authority in the current draft of the business plan.

4. §185033 (b)(1)(D) requires “the expected schedule for completing environmental review and initiating and completing construction for each segment or combination of segments of Phase 1.”

A listing of a schedule for environmental review is found on Page 26. The schedule is not well anchored to the facts, however, and is extremely optimistic about how quickly environmental review can be completed, particularly insofar as the Draft 2016 Business Plan proposes new approaches to the project implementation and purpose that will likely mean that the 2005 Program Level EIR for the entire system must be redone. Furthermore, the listing provided seems to assume that the Authority is not going to have to comply with the California Environmental Quality Act (CEQA). Even if the estimates in the listing were correct, there is no clear, segment by segment analysis, as is called for in the statute.

5. §185033 (b)(1)(E) requires the business plan to provide “an estimate and description of the total anticipated federal, state, local, and other funds the authority intends to access to fund the construction and operation of the system, and the level of confidence for obtaining each type of funding.

While information is, admittedly, provided about the funding sources that the Authority anticipates accessing, the information produced by the Authority is not contained in an easily understood format, to allow the Legislature and the public really to understand the financial situation. As comments submitted by others properly note, there is no demonstration, whatsoever, that the Authority actually has access to the funding necessary to build even the Phase 1 project, much less the “entire system,” and unless the facts are made clear in the business plan, as the Legislature obviously intended by enacting §185033, then it becomes impossible for the Legislature (and for the public) to evaluate whether or not the state should continue to pursue a project with very little, if any, chance of financial success.

6. §185033 (b)(1)(F) requires the Authority to provide information on “any written agreements with public or private entities to fund components of the high-speed rail system, including stations and terminal, and any impediments to the completion of the system.”

The Authority has not provided the information required; nor has it said that there are no such written agreements (other than with the federal government, the exact provisions of which are not clear in the business plan). Presumably, the Authority does not want to

deliver any bad news, but what the Legislature has demanded is that the Authority be forthright about the funding for the necessary components of the high-speed rail system. The Authority has failed to comply.

7. §185033 (b)(1)(G) requires the Authority to report on “alternative public-private development strategies for the implementation of Phase 1.”

While the draft business plan does mention, in various places, possible public-private development strategies, the Authority clearly has no such strategies in place, and rather than admit this, as the statute requires, the Authority speculates that future partnerships with the private sector are possible. If the Authority were forthright, it would admit that it has solicited such private participation, and that no private entity contacted by the Authority has provided any indication that it is interested in providing a private contribution to develop the state’s project.

8. §185033 (b)(1)(H) requires the Authority to provide a “discussion of all reasonably foreseeable risks...”

A *listing* of various risks is included in Section 9 of the draft business plan, but what is provided is not, in fact, a “discussion.” A fair presentation and compliance with the requirements of §185033 would reveal not only that there are MANY risks involved with the project (more than the Authority lists), but that many of these “risks” are almost certainties, undermining confidence that the project could ever be constructed and operated as state law contemplates. Just to list a couple of “risks” that the Authority has not noted, the impact of self-driving cars, and the possible feasibility of a “hyperloop” system, could have a real impact on the proposed project; but these are not either “listed” or “discussed.”

This Is No “Business Plan”

If the Authority were a business organization that had obtained initial funding for its proposed high-speed train project, and if the Authority were then coming to the original investors to seek additional funding (a very common business situation) it is almost certain that the Authority would never receive even a dime of additional funding if this February 2016 draft were the Authority’s proposed “business plan.”

The Legislature has demanded a *real* “business plan,” and has further required that *that plan* be updated every two years. The Legislature has not asked for a *new plan* every two years. The purpose of the business plan requirement is to keep the Authority “on track,” working to implement the largest public works project in the history of the United States.

The Legislature has specified in detail exactly what information it wants, and how that information should be presented. Instead of providing what the funder (in this case the Legislature) told the Authority that it wants, as the Legislature has spelled out its requirements in Public Utilities Code §185033, the Authority has provided a rah-rah promotional document, that ends up with a rosy statement about what the Authority “envisions” (see Page 86).

The Legislature hasn’t asked for “visions.” It has asked for a real “plan,” based on facts, and based on hard information, not speculation, and organized in a way that will allow members of the Legislature, and members of the public, to evaluate the likely success (or not) of the proposed project. That has not been forthcoming. What is really worse, from the point of view of the credibility of the Authority, is the big “switcheroo” that the Authority is now presenting as its way of moving ahead.

For the last four years, the Authority has told everyone that its “plan” was to construct the first, initial operating segment of its total project from the Central Valley to the Los Angeles Basin. Now? Wow! We have decided to switch around and go in exactly the opposite direction! If this were a startup business, no credible investor would provide the Authority with any additional funding whatsoever, because the Authority clearly does not have an actual “business plan,” which they are seeking to implement and execute. The Authority is simply an amateur hour operation with no actual “plan” in place at all. The Authority is purely reactive, and is manifestly unprepared for the inevitable difficulties that implementing an actual “plan” will almost always entail.

The Legislature should demand that the Authority provide a real plan, for evaluation by the Legislature and the public, or the Legislature should pull the plug on the Authority’s “project without a plan.”

Specific Comments On The Draft 2016 Business Plan

Here are specific, page by page, comments on the document that the Authority has called its 2016 “business plan.”

1. This comment letter has pointed out that the Authority has not provided the report called for by Public Utilities Code §185033. That the Authority essentially admits this can be found in the section titled, “Statutory Requirements for a Business Plan,” found at pages 6-7 in the Authority’s document. While the Authority lists the requirements of the statute, the Authority does not systematically respond, but summarizes its “plan” in the first paragraph found on page 6, stating that the document “summarizes the progress we have made, ...updates information and forecasts, ... and identifies key milestones and decisions we anticipate making over the next few years.” In short,

the draft document is not the “business plan” that the Authority is statutorily required to produce. Instead, it represents a kind of “status report.”

2. The “Executive Summary” on page 9 claims that “there are now more than 100 miles of construction underway in the Central Valley.” This is simply untrue. Construction activities, such as they are, are occurring only in or adjacent to the City of Fresno, and the work being undertaken is not related to the construction of a rail line, which might be measured in “miles.” The statement is intentionally deceptive, intended to keep members of the Legislature, and others, in the dark about the Authority’s notable lack of progress.
3. Also on page 9, the Authority describes the Phase 1 system as connecting “the San Francisco Bay Area to the Los Angeles Basin.” In fact, the statutory requirement is for the project to extend from the San Francisco Transbay Terminal to the Los Angeles Union Station and Anaheim. As in the example just mentioned, the Authority is obviously trying to disguise the fact that it has no “plan” that can actually complete the project as specified by the Legislature.
4. On page 10, the Authority says that it is now “our plan” to “connect the Silicon Valley to the Central Valley,” saying that the Authority is now aiming to “offer rail passenger service between these two important economic regions.” As noted earlier, this “plan” is a completely new “plan,” never disclosed or discussed before in any significant way. Most notably, the objective of this newly-stated “plan” seems to be to offer commuter rail to serve Silicon Valley industry, but the “purpose” of the state’s high-speed rail project is not to provide new commuter train services. It is to provide a high-speed rail connection between San Francisco and Los Angeles, in Phase 1, with ultimate high-speed train service to be extended to both San Diego and Sacramento. In short, this edition of the Authority’s “business plan” shows that the Authority is not keeping its eye on the ball, describing a “plan” and then carrying it through, with biennial reports to the Legislature as the Legislature has required. Instead, the Authority has converted its mission to devising its “own plan,” the “our plan” of this section of the document, and is simply trying to find some way to keep justifying its expenditure of funds, even though the end result of the expenditures it is making will be some new thing, never determined to be a state priority.
5. The statement made by the Authority on page 10, relating to the Authority’s claim that construction bids have come in under estimate, does not disclose that there are very significant cost overruns that the Authority has not chosen to reveal, as it reviews the overall financial demands that the Authority will have to meet to construct the project.

6. The Authority claims on page 10 that “significant progress has been made in advancing environmental clearance of the Phase 1 system. The only “clearances” obtained have been those obtained under the National Environmental Policy Act (NEPA). Compliance with the requirements of the California Environmental Quality Act (CEQA) have most emphatically not “advanced.” The adequacy of the Fresno to Bakersfield Environmental Impact Report (EIR) is being challenged in a CEQA lawsuit which has not proceeded because both state and federal courts (including the California Supreme Court) are now addressing claims by the Authority that the Authority does not have to comply with California’s premier environmental law. Were the Authority forthright, it would reveal to the Legislature that environmental clearance activities are now suspended because of the Authority’s outrageous claim that the Authority doesn’t have to comply with CEQA. So far, an appellate court has rejected this claim; if the California Supreme Court agrees, then the Authority is very far, indeed, from having made the “progress” it states it has made in this section of the document.
7. On page 11, the Authority provides its justification for having “switched” its previous “plan,” coming up with a completely new “plan” to connect the Silicon Valley to a temporary station located outside of Bakersfield, California. Since there is no current demand for transportation services between San Jose and the outskirts of Bakersfield, it is obvious that the reason that the Authority has now determined that this Bakersfield San Jose connection is its new “plan” is only because the Authority has totally failed to be able to carry out the plan that was supposed to have been guiding the Authority’s efforts since 2012.
8. On page 12, the Authority further discusses its self-derived new “plan.” The concept is that once an actual rail line is in place, private investors will see that there is revenue potential, and then provide the funding that is so clearly lacking at the current time. This is wishful thinking. Before any investor will invest, the investor will conduct an investment grade ridership report, independently to verify the numbers. Therefore, the Authority will not be successful in stretching the truth with their vision of ridership that will turn a profit.
9. Since the only actual demand from San Jose to the Central Valley would be to Fresno, and any further construction to the south of Fresno would almost certainly produce very little if any ridership and revenue, any legitimate consideration of a new “plan,” to be based on the reasoning just outlined, should actually have the Authority considering reorienting its project to extend from Fresno to the San Francisco Transbay Terminal. It is just possible that such a project would, in fact, produce ridership and revenue capable of demonstrating to an outside investor

the benefits of investing in the overall state project. The fact that the Authority did not analyze this option indicates that the Authority is not actually “planning” anything, but is simply spending money, and that its “plans” are intended only to permit the Authority to keep doing that, until the money is ultimately gone.

10. The new “plan” has another problem, not mentioned on page 12, and not disclosed elsewhere in the Authority’s draft “business plan.” Changing the project to provide commuter service between San Jose and the Central Valley repudiates a fundamental premise of the earlier plan, namely that this project was not going to have growth-inducing impacts in the Central Valley. Now, the Authority is saying that it will be an actual purpose of the project to stimulate and then serve such new residential growth. Because this is a completely new “plan,” the Authority must undertake a complete revision and recirculation of the program level 2005 EIR for the entire statewide project. That earlier EIR denied that the project would have any growth-inducing impacts. As described in the Authority’s latest document, however, the Authority is now seeking to use the project to build ridership by inducing residential growth in the Central Valley, as a way to provide a housing supply for Silicon Valley industry, and ridership for its commuter trains. Not only is that a horrible idea, substantively, it will require a long round of new procedural reviews that will be costly, and the outcome of which is uncertain.
11. As a last comment on page 12, the Authority claims that “changing circumstances” have led the Authority completely to replace its former “plan” with the current “plan.” In fact, no “circumstances” changed at all. Purely and simply, the Authority never figured out correctly how to get a train from the Central Valley into the Los Angeles Basin, because the Authority simply didn’t pay sufficient attention to the difficulty of crossing the Tehachapis. The Tehachapis have not moved or changed their character or in any way. The Authority wants to characterize its planning failure as “changed circumstances” so as not to reveal the Authority’s utter failure to be able to execute the “plan” they have had in place since 2012.
12. On page 15, the Authority claims that their project will be “powered by 100% renewable energy.” There is absolutely no foundation for this claim. If the Authority wants to say this, it needs to document the actual energy-producing projects that it will either construct itself, or contract for. Unless there are real projects identified, there is nothing to justify the Authority’s “feel good” assertion. Statements like these, and the Authority’s lack of forthrightness about the difficulties it has encountered in trying to carry out the former “plan,” substantially detract from the Authority’s credibility on any question.

13. On page 16, the Authority claims that the current document “builds on the 2012 and 2014 Business Plans.” In fact, as already indicated, the latest “plan” is a massive “switcheroo,” and repudiates the 2012 and 2014 business plans. Saying that the new document “builds on” the earlier plans is a way to avoid disclosing that the Authority has not, in fact, been able to advance those earlier plans. Hence, the Authority is now proposing a completely new “plan,” and neither the Legislature nor the public should have any illusion that the Authority will be any better in executing on this “plan” than it was on executing the 2012 and 2014 “plans.” To raise a question that is not totally rhetorical, “what happens if getting over Pacheco Pass, or tunneling under it, turns out to be as costly and as geographically challenging as the Authority has found it to be getting over the Tehachapis?” I guess we will have to wait to see the 2016 plan, unless the Legislature in fact exercises its responsibility for oversight of this runaway “project without a plan.”
14. On page 17, the Authority says that it now has an “ongoing funding stream through the state’s Cap and Trade program.” Anyone reading these words should be advised that there is no long term, nor even any short term stability to this so-called “funding stream.” Significant legal challenges are pending in court, and any student of AB 32 and the state’s “Cap and Trade” program is well aware that the justification for using Cap and Trade funding for the high-speed rail project is on very shaky legal ground. Even if the allocation of Cap and Trade funding to the Authority survives these significant and pending legal challenges, the long term political support for this “funding stream” is anything but secure.
15. On page 19, the Authority’s document again alludes to the construction contracts that came in “under bid.” No conclusion can be drawn from this, despite the Authority’s invitation to construe this as “happy news,” since the design build contracts being let by the Authority generally produce cost overruns which eliminate any initial savings. This is, in fact, clearly already the case with respect to the Authority’s existing contracts.
16. On page 20, the Authority provides the actual description of the construction now underway, the construction that the Authority earlier claimed in the Executive Summary was “more than 100 miles” in extent. The construction, in Fresno, is 1.5 miles long, and relates to highway and grade separations, not the construction of an actual rail line.
17. On page 22, the Authority again fails to disclose the actual situation it faces with respect to environmental review. Nowhere does the Authority indicate that it has launched an unprecedented attack on the California

Environmental Quality Act, claiming that the Authority is exempt from compliance. So far, the courts have not upheld that extraordinary claim, and because the Authority is trying to avoid CEQA altogether, the Authority never addresses CEQA compliance in this business plan. This is a fundamental disservice to the Legislature, and to anyone who would like to know what is really going on with the project. On this page, the Authority also misstates the environmental review situation on the Peninsula. The Caltrain electrification project is part and parcel of the Authority's plan for a "blended system" on the Peninsula, and the failure of Caltrain and the Authority to address environmental impacts jointly, and to analyze the project from this perspective, has resulted in litigation that challenges the assertions made by the Authority in this document.

18. On pages 22 and 23, the Authority lists the various aspects of the project that require environmental review, but the document does not disclose the difficulties in providing an adequate environmental review of the project.
19. On page 26, in listing the "projected environmental schedule," the Authority has provided a chart with the dates of "anticipated record of decision." This language relates to environmental review carried out under NEPA. Again, the Authority is seeking to "hide the ball," and has not disclosed that it has decided to pick a fight with the California Environmental Quality Act, and to claim that CEQA does not apply to the high-speed train project. The "schedule," provided on this page is, thus, totally bogus, with virtually no relationship to the reality that the Authority is actually facing, with respect to required environmental review procedures.
20. Page 27 discloses that the Authority is planning to build a station in Gilroy. What aspect of the "plan" does this station advance? In fact, there seems no reason for any such station, except the fact that the Authority is apparently attempting to design a project that will have the greatest possible growth-inducing impact, putting the greatest possible amount of prime farmland at risk.
21. On pages 29 and following, the Authority proclaims its "Guiding Principles and Core Values." Why are these topics that appear in a "business plan?" The fact is, whatever the Authority's "core values" might be, the charge to the Authority is not to pursue "values" or "visions;" it is to manage and implement a project that has been authorized by the Legislature. This "business plan" document is supposed to report on the Authority's progress (or not) on the project that the Legislature has established. Instead, the Authority seems to think that the "statewide program" for high-speed rail is meant to be

pursued under a “flexible framework.” This is a basic misconception by the Authority of its actual duty and obligation, and should give the Legislature pause.

22. One item in particular should be highlighted with respect to the materials in Section 2, found on pages 29 and following. The Authority says that it has a guiding principle of considering “appropriate business models.” If it were sincere, the Authority would see if it were possible to attract an organization that actually operates high-speed trains, to take over and implement the project. The “core value” of the Authority seems to be to do whatever is necessary to perpetuate its own existence, instead of finding the best way to serve the people of California.
23. On page 30, the Authority says that providing for the safety and security of the system is a “core value.” However, there is absolutely no evidence that the Authority has any kind of a “plan” to provide for such safety and security, at a time when terrorist incidents involving trains are common. If this “core value” is more than rhetorical, but is actually to be part of a “plan” for the system, then the Authority should surely cost it out, and show how it will be achieved, in a document that it calls itself a “business plan.”
24. Another “core value” listed by the Authority on page 30 is providing for “positive train control” for the high-speed train system. In fact, the Caltrain electrification project is moving ahead with a positive train system completely inconsistent with the system that has been proposed for the rest of the state’s high-speed train system. There ought to be a “plan” for dealing with that, and it ought to be revealed in any document that wants to be given the status of a “business plan.”
25. On page 31, the Authority acknowledges the need to protect both trains and automobile and pedestrian traffic where roads cross the tracks in the “blended system.” What the Authority has not disclosed, and acts like it doesn’t know, is that “quad gates” are not a sufficient answer for the forty-plus grade crossings up and down the San Francisco Peninsula. Separated grade crossings are absolutely required on that route, and how to finance and construct those necessary facilities needs to be part of any document that calls itself a “plan.”
26. Also on page 31, the Authority makes the statement that the Authority will not “construct or operate the system ourselves.” This statement well illustrates what is apparently the Authority’s most important “core value;” namely, that the Authority is going to be “in charge” of spending all the available money (until it’s all gone, of course). Any “plan” worth its name would recognize that getting the system operator deeply embedded in the design decisions would be absolutely vital, if there

is really a desire to have a workable project. As noted in our general comments, made earlier, this document isn't really a "business plan." Hopefully, the Legislature will take notice of this, and demand that a real plan be developed, and then implemented. Unless the Legislature does require that, the Authority will continue to expend public funds without producing anything positive for the public.

27. The "Business Model" section of the document, beginning on page 35, makes clear that the Authority thinks that it is a good "plan" to have the government own and construct the capital facilities, with some private sector operator then maintaining and operating them. In fact, as the history of the Authority's "planning" to date makes clear, this is a recipe for fiscal and operational disaster. The Legislature should demand that the operator of the system have a major role in deciding how the system will be designed and built. Although this section of the Authority's document claims that the Authority will "engage an operator early," if there is a real "plan" to do that, this should be disclosed. So far, no private sector organization has indicated any willingness, whatsoever, to commit its own resources to the project, and the bad business model being pursued by the Authority is undoubtedly one of the major reasons why.
28. The Authority says it will "strive to enhance ridership and revenue during the initial ramp-up period." This comment is found on page 39. An adequate "business plan" doesn't pledge to "strive." It outlines a real program, with specifics, and numbers, that demonstrates exactly what steps the "plan" proposes as a way to achieve that objective. It is unfortunate, but true, that virtually every page of the Authority's document demands the same response: "This is not a business plan!"
29. On page 41, the Authority says, with reference to positive train control, that "there should be one signaling and communications system across the entire high-speed rail network to ensure performance and reduce interface risk across the geographical segments." In fact, as already noted, the Authority has done nothing to ensure that this is in fact the case, and Caltrain is proposing to build an electrification project, to be used by the Authority, that relies on the CBOSS system, a system completely different from the system that the Authority is planning to utilize elsewhere on the high-speed train system that it will build.
30. The statement made on page 45, that private sector interest is "very high," is simply not true. To date, no private sector operator has been willing to commit its own resources, and the strategy to attract such a commitment in the future is totally dependent on revenue projections that are completely unproven, and that seem, on their fact, to be

ridiculous. Please see the comments of William Grindley, separately submitted.

31. On pages 46 and 47, the Authority touts the high-speed train project as a commuter train to serve the Silicon Valley. The original purpose of the project was to provide high-speed service between Los Angeles-Anaheim and the Transbay Terminal in San Francisco. Talk about “mission drift!” There are many substantive reasons to reject the idea of inducing urban sprawl into the agricultural areas of the Central Valley through the high-speed train project, but as noted before, even if this were a “good idea,” the fact that it is a completely different idea, a brand new “plan,” means that the Authority must go back to stage one in terms of the environmental review previously conducted in 2005. This will take several years, and significantly delay the project. One has to assume that the Authority must realize this, and if so, the only conclusion possible is that the Authority is not really serious about this new “plan,” but is simply trying to find some way to stay “in business” when it is obvious that it has failed in its basic mission.
32. On page 47, the Authority reports on its Memorandum of Understanding with the Peninsula Corridor Joint Powers Board, to operate a “blended” project on that corridor. The Authority has not participated in the environmental review of the electrification project that is absolutely required if that blended project is to advance, and has not advanced any way that such blended project could go forward in a manner that would not massively disrupt street and traffic connections in the local communities along the right of way.
33. On page 67, the Authority’s document outlines “Forecasts and Estimates,” but the suggestion that the Authority will only take five years (from 2024 to 2029) to connect from Bakersfield to Los Angeles-Anaheim, taking account of the massive geological problem of crossing the Tehachapis, is obviously a fiction. Again, what the Authority should be producing is a “plan.” What the Authority has produced is a “vision.”

Conclusion

As indicated in the very first sentence in this set of comments, CC-HSR has been working on high-speed rail issues since 2008. Early on, concerned about various impacts of the plan on the San Francisco Peninsula, CC-HSR operated with its goal being to help the Authority “do it right.” As time has passed, it has become quite apparent to CC-HSR that the Authority, in fact, has no interest in “doing it right.” This so-called “business plan” provides clear evidence of that. The Authority’s so-called “plan” does not comply with the statutory requirements that have mandated it, and the current “plan” is completely different from the “plan” that the Authority has supposedly been following since 2012.

It would be nice to think that the Authority might read our comments, and then decide to reformulate its submission, to make this document into a real “business plan.” Hope springs eternal, and thus we do hope that the Authority will do that. But just in case the Authority doesn’t, we truly address these comments to the Legislature and to the Governor, who have been charged by the voters who elected them to take care of us! The current “plan” is not really a “plan” at all, and unless the Legislature demands a real plan, and cuts off funding until there is one, the net result of these years of work, and of more than a billion dollars of public expenditures so far, will add up to nothing.

Thank you for taking our comments into account.

Very truly yours,

A handwritten signature in blue ink, appearing to read "G. Patton". The signature is fluid and cursive, with a large initial "G" and a long, sweeping tail.

Gary A. Patton

cc: Governor Jerry Brown
Assembly Committee on Budget
Assembly Committee on Transportation
Senate Committee on Transportation and Housing
Senate Committee on Budget and Fiscal Review
CC-HSR Board of Directors
Local Elected Officials
Other Interested Persons