

After two-year delay, construction on California's bullet train is set to start

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Jan 3,
2015

California's bullet-train agency will officially start construction in Fresno this week on the first 29-mile segment of the system, a symbol of the significant progress the \$68-billion project has made against persistent political and legal opposition.

Over the last two years, the California High-Speed Rail Authority has prevailed in a series of court challenges to the project, won a federal exemption from state environmental rules, secured several key legislative victories that improved its future funding and made a politically savvy bet to move up by several years the inauguration of service in Southern California.

But the milestone marked by Tuesday's groundbreaking ceremony also will serve as a reminder of the enormous financial, technical and political risks still faced by the Los Angeles-to-San Francisco project.

House Majority Leader Kevin McCarthy (R-Bakersfield) says Republican electoral success in November means that it's "less likely they are going to get federal money" for the bullet train.
(Chip Somodevilla / Getty Images)

Rail officials haven't yet lined up funds needed to complete the initial system over the next 14 years. Construction is starting two years later than the state had promised. Acquisition of private property is going slower than expected. And they have yet to finalize legal agreements with two of the nation's most powerful private freight railroads that are concerned about how a bullet train network will affect their operations.

Political supporters, mostly Democrats, see the start of construction as a validation of their vision to make California a high-speed rail leader and say the project is being well managed. Their mostly Republican opponents warn that the state is plunging deeper into a costly, flawed endeavor unlikely to be completed.

Rail board Chairman Dan Richard said the start of construction demonstrates a new era for the project in which the public "will see things rising out of the ground." And despite the challenges ahead, he said, "We feel very confident that this program is going to go forward."

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The groundbreaking will be led by Gov. Jerry Brown at the future site of the downtown station in Fresno. Brown has made the project one of his highest priorities, investing considerable political capital in what he sees as an important part of his leadership legacy.

The concept for a California bullet train originated in Brown's first terms as governor. Ever since, proponents have dreamed of a modern rail system that could better unite the state's disparate regions. But moving that vision to reality has proved to be one of the most difficult and contentious political issues in recent state history.

"They have overcome quite a lot," said Martin Wachs, a UCLA professor emeritus of urban planning. "They certainly have enormous hurdles ahead of them. The largest is locating adequate funding to start a statewide system."

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Voters approved a \$9-billion bond measure for the rail project in 2008, and the Obama administration subsequently added grants of \$3.2 billion. Last year, the Legislature agreed to provide 25% of future greenhouse gas — or cap-and-trade — fees, which could produce \$250 million to \$1 billion annually for the bullet train. The official completion of the San Francisco-to-L.A. system is scheduled for 2028, meaning that at the high end of revenue estimates it would have cumulative funding of about \$26 billion — less than half of the estimated cost.

And if the project follows the typical pattern of cost growth for large government projects, experts say it is likely to significantly exceed the \$68-billion price tag.

"Those projections are surrounded by uncertainty," Wachs said. "The public should understand that the uncertainties are much greater than the certainties. But our political process doesn't allow us to say 'We don't know what it will cost or how long it will take, but let's get started anyway.'"

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Congressional Republicans, who have controlled the House of Representatives, have vowed not to provide additional money for the project. The party's successful takeover of the U.S. Senate in November was another blow.

"Now it is less likely they are going to get federal money," said Rep. Kevin McCarthy (R-Bakersfield), the House majority leader. "They haven't solved their problems yet. Their business plan doesn't show it is viable. It could become like the skeleton of an unfinished building and they will have to stop."

In McCarthy's district, Bakersfield and Kern County have sued the project, though a recent federal regulatory ruling may make the suits moot. McCarthy said he expected that decision to be overturned.

Richard, the rail board's chairman, acknowledged that billions of additional dollars will be needed to complete the system. But he said advertising and real estate development rights along the route could provide large amounts of cash. And he doesn't rule out additional federal support someday.

The state is counting on private investors to fund about a third of the system, but they are unlikely to commit until at least part of the system is up and running successfully.

"I don't think there has been any argument that ... another source of money" is needed, said Louis Thompson, chairman of a state oversight panel on the project.

Will Kempton, a longtime transportation executive and now executive director of the trade group Transportation California, said the project "has two very positive things going for it: the unwavering support of the governor and a dedicated stream of revenue through the cap-and-trade program. The latter is a game-changer with respect to the future prospects."

The start of construction is a crucial political step that will make the bullet train harder to stop. And the decision to break ground at the Fresno depot site — even though the train station is not being built under the current rail contract — is a recognition of the support the city has given the project amid opposition elsewhere in the Central Valley.

"High-speed rail brings attention and focus back to city centers," said Fresno Mayor Ashley Swearingin, who is among a handful of Republican officials supporting the project. "It is going to be easier for people to live in the middle of the state and do business elsewhere."

The initial segment will run from Madera to downtown Fresno under a contract issued to Tutor Perini. The Sylmar firm's chief executive, Ron Tutor, said the project was moving along "just fine" in advance of the groundbreaking.

Richard said a bridge over the Fresno River would be the first piece of major construction. That work might not start

until April.

The two-year delay in the start of construction has been caused in large part by the slow pace of land acquisitions. Even as construction gets underway, the state has only acquired 101 of the needed 526 parcels for the first 29 miles. Critics say few of those parcels are contiguous, though the rail authority has so far not disclosed those details.

Experts in the construction industry say the project's delayed start means it will need to proceed at an exceptional pace to comply with a federal funding requirement that \$2 billion in grants from Washington and \$2 billion in state matching funds be spent by Oct. 1, 2017.

Some of that money has already been used, but the requirement means that over the next 1,000 days the state will have to spend at a rate of \$3 million to \$4 million every calendar day — as high or higher than any transportation project in history.

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Any unspent federal funds would have to be returned, although Richard said he "doesn't expect to leave any money on the table."

"It is a very ambitious construction schedule," Wachs said. "It could invite unwise spending."

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