California Rail News

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California Needs a "Plan B"

by Michael D. Setty
TRAC Administrative Director

The Draft Statewide Rail Plan, issued in early February for a 30-day public comment period, lacks the basic building blocks of planning. Instead of basing analysis on an adequate description of existing travel demand and traffic trends, the Caltrans plan jumps to predetermined outcomes. The Draft Rail Plan avoids discussion of demand, capacity, or need for the listed projects. Instead, the document spends chapters on details of implementation, dominated by the High Speed Rail Authority (HSRA).

Only on Page 18 in Exhibit 26: Growth In Interregional Travel, 2000 to 2030, does the Draft Plan even address the central issue of demand for passenger service. The document does not discuss the data in any detail, and fails to point out that most intercity passenger demand is on relatively short segments irrelevant to 220 mph high speed rail (HSR) service. The odd content of the Plan makes it clear that the selected projects and creation of new agencies are politically driven and lack technical justification.

The Draft Plan provides no valid reason for the first segment of HSR being in the San Joaquin Valley. How does the Central Valley rank ahead of far busier corridors, such as Bay Area/Stockton/Sacramento and Los Angeles/Orange/San Diego, each of which has far more population and far more travel? The issue is never raised in the text of the Plan. Likewise, the process by which projects were chosen is never discussed.

The recommended program in the Draft Statewide Rail Plan was developed and published prior to any public participation process; so any adjustments based on public input are likely to be insubstantial. The public outreach process used an "open house" format rather than public hearings, precluding any open, democratic debate.

In effect, California's 2013 Statewide Rail Plan simply parrots the contents of the HSRA's previously adopted Business Plan. Like that document, the Rail Plan provides no solid technical justification for the focus on the initial 130-mile segment from "nowhere to nowhere" from a point south of Merced to a point north of Bakersfield.

This silence tends to make reasonable people believe the purpose of the current proposal is (a) to obtain federal HSR money, and (b) as rumored, to provide benefits to Valley politicians in exchange for their support in passing Obamacare during 2010.

As a public transit planner with more than 30 years experience, I can't take seriously plans that lack basic data, viable alternatives, or credible analysis based on comparison of performance by various options.

Unfortunately, Caltrans produced a political non-plan likely to cripple California's rail network for years. Plan A is senseless. For the sake of future mobility, rail passengers and taxpayers must demand a Plan B.

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Why Salinas, not Monterey on Capitols?

Austin DMUs share track with freight.

By Michael D. Setty

In February, the Transportation Agency for Monterey County (TAMC) approved "principles of agreement" with the Capitol Corridor Joint Powers Authority to extend Capitol Corridor trains from San Jose to Morgan Hill, Gilroy, Watsonville, Castroville and Salinas by 2017. Two daily round trips would operate initially, increasing up to six trains each way "as demand dictates."

The project is estimated to require $135.7 million in capital improvements, and would cost about $5 million per year to operate. TAMC projects the initial two round trips to achieve an 80 percent farebox ratio, requiring a subsidy of around $1 million per year. Based on current Capitol Corridor fares and trip lengths, this suggests 250,000 to 300,000 annual riders. This is clearly a rosy scenario, better than current Capitol trains achieve.

The extension would serve 150,000 residents in Salinas plus roughly another 200,000 in neighboring counties. The Monterey Peninsula has about 150,000 residents plus attracts 7 million annual visitors. In contrast, Salinas has many commuters to Santa Clara County but relatively few visitors, mainly to the John Steinbeck Center.

For the past decade, TAMC has attempted to convince the Caltrain Joint Powers Board (JPB) to extend its existing commuter trains ending in Gilroy south to Salinas. However, since the collapse of Silicon Valley hiring, the JPB has cut service on the San Jose-Gilroy segment to three peak hour round trips weekdays only. The entire Gilroy extension produces only 60,000 annual riders per round trip, and most of them are produced by stops in the first 12 miles south of San Jose.

Current traffic makes it hard to accept TAMC's claims of 400,000 annual riders on a Watsonville-Castroville-Salinas Caltrain extension, or over 1500 daily trips.

Why TAMC prefers that a Capitol Corridor extension end in Salinas rather than on the visitor-magnet Monterey Peninsula remains a mystery. Peak period trains to San Jose would clearly serve many commuters from Watsonville and Northern Monterey County to Silicon Valley, but do almost nothing to attract visitors. Dropping potential visitors in Salinas–twenty miles from Monterey attractions–is unlikely to sell.

One possible reason TAMC prefers any Capitol Corridor extension end in Salinas rather than Monterey is another TAMC rail plan: operating light European-style diesel multiple units (DMUs) on the Monterey rail branch it recently purchased from Union Pacific. Current, unfunded plans include service on the 16-mile branch from Monterey to Castroville. Perhaps TAMC is worried about FRA restrictions. However, the situation changed in 2012 when the FRA approved concurrent operation of Swiss DMU equipment and freight trains on the same tracks by the Denton County Transportation Authority (DCTA) in Texas. Austin has since received a waiver. Since FRA has approved mixed operation, this is no longer a plausible excuse for not serving the Monterey Peninsula directly.

Another explanation may be that in the various public meetings held regarding the DMU proposal, allegedly many participants didn't want "heavy, large trains" making a lot of noise and pollution through their communities: e.g., the thought of 4,000 hp locomotives. The last two miles of the railroad right of way into Monterey has been converted into a very popular bicycle and pedestrian path between Del Monte Avenue and the beach.

Presumably many people fear that even a handful of "big trains" would despoil the path; never mind that the railroad right way used by the path closely parallels noisy and busy Del Monte Avenue its entire length. The portions of the right of way not yet converted to a path parallel Del Monte Avenue and then the Highway 1 freeway for another 12 miles to the north.

Mitigating the noise and pollution aspects of "large trains" is simple, because 21st century locomotives are far cleaner and quieter than earlier generations. Crossing redesign would allow horn-free operation. Assuming direct Capitol Corridor service into Monterey attracts significant numbers of visitors from driving, the actual environmental impacts would be on the whole quite positive.

Another mitigating factor is that trains on the last six miles into Monterey would be limited to 35-40 mph by station stops in Marina, Seaside and downtown Monterey. Faster speeds on these segments would offer no appreciable time savings anyway.

Before any additional funds are committed to a Capitol Corridor extension south of San Jose, the tradeoffs between Salinas and Monterey terminals must be explicitly discussed and justified. Traditional Monterey Peninsula NIMBYism must be rejected, particularly by Monterey County's political leadership–given that the rail corridor into Monterey is one of the least environmentally sensitive, most developed parts of the Peninsula. The long-term health of the local economy is also at stake.

With several Capitol Corridor round trips extended from San Jose to Monterey, perhaps TAMC, Caltrain and the Capitol Corridor JPA could "make lemonade" out of a project that otherwise is likely to be a lemon if it ends in Salinas. A Capitol Corridor extension might even replace the current low ridership Gilroy trains, bringing along existing peak period riders but also providing Gilroy, Morgan Hill and South San Jose with midday and weekend train service currently lacking.

Also in light of newfound flexibility in FRA crash safety rules as demonstrated in the Texas case, service south of San Jose could be provided by modern lightweight DMUs designed for 90+ mph commute and intercity rail services (many designs are available from various European countries). It is worth noting that FRA has already approved in concept such equipment for future Caltrain electric multiple units (EMUs); certainly DMUs south of San Jose are no stretch of the imagination.

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Sprinter Malfunction Puts Brake on 5th Anniversary

From March 9, North San Diego County's Sprinter diesel light rail trains will cease operations for up to two to four months due to brake maintenance issues, the North County Transit District (NCTD) announced on March 8.

The closure happened unexpectedly in the run up to an event intended to celebrate the fifth anniversary of the light-rail system. California Public Utilities Commission (CPUC) staff found abnormally rapid brake wear on the center truck of the cars during an inspection in February. Matthew Tucker, CEO of NCTD said the mechanical engineer, was asked to resign.

However, the engineer claimed in a letter disseminated to colleagues that his decision was "prompted entirely by our CEO's unconstrained rage and focus on pinning blame rather than learning about the problem and ways to resolve it." His letter implies that CPUC created the problem itself by insisting on a heavy car and then demanding that manufacturer Siemens add extra brakes to make them compliant with CPUC standards for light rail vehicle brake rates.

"The problem is compounded by the fact that the inboard discs are trapped on the axle by the mounted wheel and can't be replaced as part of routine maintenance. Also the design is unique to the 32 NCTD vehicles and not found on any of the other 600 (or so) Siemens Desiro Classic vehicles running in Europe."

The unique parts dictated by CPUC are extremely hard to obtain. Because of this, NCTD officials warned a shutdown could last as long as several months. The engineer implies this may be undue caution: "I am quite confident that the present condition, although not comfortable, does not pose any unmanageable risk..."

During the closure, the nearly 10,000 daily passengers who use Sprinter on its Oceanside-Escondido run will have to switch to buses, the agency said.

Harder Line by Congress on "Buy America" Hurdle

Rep. John Garamendi (D-CA), joined other transportation leaders in supporting stronger legislation that would exclude foreign content and ensure all federal transportation and infrastructure investments support American jobs and domestic manufacturing.

Under the Invest in American Jobs Act of 2013, all future highway, bridge, public transit, passenger rail, and airport projects financed by U.S. taxpayers would be stamped "Made in America" and crafted with American workmanship. The bill is sponsored by the House Transportation and Infrastructure Committee's top Democrat Rep. Nick Rahall and supported by a number of labor organizations and domestic manufacturing companies.

In the previous session of Congress, Garamendi, whose family has major highway construction holdings, authored similar Buy America legislation.

The Invest in American Jobs Act of 2013, which Rep. Rahall, Rep. Garamendi, and the other five Transportation and Infrastructure Subcommittee Ranking Members are introducing would require all public transit and rail infrastructure investments use American materials and labor.

Specifically, the bill:

- Strengthens existing Buy America requirements for investments in highway, bridge, public transit, rail, and aviation infrastructure and equipment to ensure that all steel, iron and components used in these projects are produced in the U.S.
- Increases domestic content requirements for public transit rolling stock and equipment from 60% to 100% by FY 2017.
- Applies Buy America requirements to other transportation and infrastructure investment where such requirements do not exist in current law, including rail infrastructure grants, loans, and loan guarantees, and other grants.
- Requires federal agencies to justify any proposed waiver of the Buy America requirements and ensures that the American public has notice of and an opportunity to comment on any proposed waiver prior to it taking effect.

Committee Democrats are urging quick action on the measure as over $50 billion in Federal funding authorized in the new surface transportation law is now being obligated for highway and transit infrastructure projects. Congress is also expected to consider legislation to provide significant federal investment in rail and water infrastructure in the coming months.

While popular with labor constituencies, the bill is likely to prove problematic on rail technology, which typically has a relatively high foreign content, due to the collapse of US rail manufacturers in the 1980's, after large rail contracts went to aerospace firms who have since exited the market.

The 100 percent content requirement also would likely discourage Siemens, Alstom, Bombardier, Stadler and other current manufacturers from making new US investments.

Coast Observations

THE PACIFIC SURFLINER EXPRESS launched in 2011 in response to LOSSAN requests, produced dismal ridership. Results replicated two previous attempts at express service between Los Angeles and San Diego which reduced traffic. Caltrans recommends reinstating the three dropped stops, which would add 21 city pairs and encourage a return of passengers to the otherwise popular rail line... THE CALIFORNIA FIELD POLL reported that voter support for the high-speed rail project has dropped below 50 percent, and that the main voter issue with the project is that costs are higher than was promised to voters. Concurrently, a lawsuit in Sacramento is pressing on the issue of HSRA's actions which violate legal requirements of the 2008 bond act, involving the same broken promises... LA METRO INCREASED GOLD LINE frequencies to every 6 minutes on weekends, instead of every 12 minutes. The agency did a similar frequency increase two years ago, which led to an increase in passengers, according to Metro... BY A STRAIGHT PARTY LINE VOTE, the Joint Legislative Audit Committee quashed an effort to open an audit on High Speed Rail that would look at illegal contracts, including a agreement between Parsons Brinckerhoff Americas Inc. and a unit of its British owner Balfour Beatty. There is a state prohibition against self-dealing (GC Sec 1090-1099). Assembly Member Bonnie Lowenthal explained that it is time to move on from oversight to uncritical support... THE CITY OF BEVERLY HILLS HAS launched a lawsuit against the FTA for making the Wilshire Subway eligible for federal funding. Plaintiffs hope that a lawsuit can force Metro to conduct an entirely new review of the project. The suit was spawned by Metro's insistence upon digging under Beverly Hills High School (aka 90210), a school with notably wealthy and litigious parents where there are known hazards underground. Isn't this Fairfax all over again?... LA METRO STAFF REPORTED to the Board during the January meeting outlining possible funding options in the wake of Measure J's November 2012 failure. Options include pursuing public-private partnerships, advancing the creation of the qualified tax credit bond program at the federal level, borrowing funds from Propositions A and C sales tax money, borrowing from sovereign wealth funds, lowering the state-sanctioned threshold for transportation taxes from 2/3 voter approval to 55%, and simply attempting to pass a Measure J-like ballot measure with the current 2/3 threshold... OCTA STAFFER DARRELL JOHNSON replaced Will Kempton as CEO of the Orange County Transportation Authority. Johnson has been with the agency since 2003 and in the position of deputy CEO since 2010. Metro CEO (OCTA CEO before Kempton) Art Leahy received a two-year contract extension...

TRAC COMMENTS PRESENTED TO CALTRANS ON DRAFT STATE RAIL PLAN

Comments on Draft California State Rail Plan 2013 by Train Riders Association of California (TRAC) February 25, 2013

1. THE PLAN LACKS PASSENGER RAIL DEMAND AND NEEDS ANALYSIS.

In addition to providing justifications for the use of various kinds of government funding, the central purpose of a transportation plan is to provide a context in which transportation demands and needs are identified. Alternatives that address those demands and needs are developed and refined while also discussing and proposing solutions to any challenges and roadblocks. And the climax of any transportation plan is the course of action and a supporting financial plan it recommends that adequately meet future transportation needs as previously identified in the analysis.

Any useful plan includes a sufficient description of existing transportation demand and future projections in order to provide a starting point and basis for the analysis.

For passenger rail the California State Rail Plan 2013 document fails in this essential task. Instead, the document first gives us a short "Policy Context" section summarizing the California High Speed Rail Program Revised 2012 Business Plan previously adopted by the High Speed Rail Authority (HSRA), a short discussion of the new Transportation Agency combining Caltrans and other state transportation agencies effective July 1, 2013, actions establishing new Joint Powers Authorities to manage existing passenger corridors, and a description of the bureaucratic and planning relationships between the State Rail Plan, various other state transportation plans, and the "on paper" relationships with statewide and regional planning including state climate change initiatives.

In a document with 300+ pages, only 9 pages are devoted to "Socioeconomic and Environmental Context" (pages 12-20). After providing summary population growth and demographic information for the entire state, the most important data for the Plan is presented, with virtually no discussion, on page 18 in Exhibit 2.6: Growth in Interregional Personal Travel, 2000 to 2030.

This contrasts dramatically with the full description of existing passengers services (pages 43 to 114), and Chapter 6.0 - Existing Freight Rail System (pages 115 to 188) which provides an extensive review and discussion of freight demand and related issues such as capacity limits.

From Exhibit 2.6, we extracted the interregional trip pairs, to enable a systematic prioritization of effort. It is clear that some of these pairs are an order of magnitude more important to the State than others, and therefore deserve the priority and resources commensurate with their ranking. Without such a ranking, it is impossible to systematically approach the mass of data that is the CSRP.

Several conclusions follow immediately from this table:

- The LOSSAN Corridor deserves a heavy and near-term investment to significantly expand service. A single additional round trip is clearly inadequate.
- The Bay Area deserves an investment in a speedy connection to Sacramento and the Northern San Joaquin Valley. An upgraded ACE, on its own tracks, compatible with HSR, would fit that bill well.
- A better connection between the Central Coast and the Bay Area is needed. This could be an extended Capitol Corridor, or extended Caltrain service, for example, if State funding were provided. Where potential Central Coast rail passengers originate from, and where they are traveling, needed to be studied to determine the best options, how to reliably provide "cross platform" connections at the San Jose Depot and to solve other coordination issues.
- The Los Angeles to Bay Area market is small in comparison to these other travel markets, and should not be allowed to overshadow them. A public-private partnership to connect those two regions would free up scarce funding to provide better and more service to larger markets.

Existing and projected interregional passenger travel in various corridors are the core markets meant to be served by intercity passenger rail. Of the nearly 600 million annual interregional person trips projected for 2030, more than 500 million are projected to be between immediately adjacent regions generally over short distances of about 30–250 miles. California's definition of an "interregional trip" varies somewhat from the definition of an "intercity trip" by the U.S. Department of Transportation (e.g., defined as a one-way trip of 50+ miles).

In California, a large percentage of "interregional trips" are short, such as the 25-30 miles between Santa Cruz and Santa Clara Counties (e.g., trips between regions covered by the Association of Monterey Bay Area Governments (AMBAG) and the Metropolitan Transportation Commission (MTC)); between Ventura and Santa Barbara Counties (SCAG and SBCOG); or between Solano County and the Sacramento Region (MTC and the Sacramento Area Council of Governments (SACOG), respectively.

As shown in Exhibit 2.6, there are relatively few (34.3 million) trips of 250 miles or more that actually would require the 186-220 mph of the proposed California High Speed Rail (HSR) system in order to be competitive with flying. This is no more than 6%-7% of total interregional trips projected for 2030, including trips between the Sacramento Region and Southern California not shown in Exhibit 2.6.

In TRAC's view, since more than 80%–90% of California's interregional trips are less than 250 miles each way, regional rail passenger corridor improvements serving trips of 30-250 miles are more important than the proposed 220 mph HSR system that would only cater to 6%-7% of all interregional trips and up to perhaps 15%-20% of total intrastate interregional passenger miles.

2. THE REAL CALIFORNIA STATEWIDE RAIL PLAN, IN TERMS OF THE ALLOCATION OF RESOURCES, IS HSRA'S REVISED BUSINESS PLAN. BOTH DOCUMENTS LACK A "PLAN B" IN CASE THE CURRENT HSR STRATEGY FAILS.

TRAC strongly believes that delays from protracted eminent domain litigation and other problems are likely to cause the current HSR plan to fail and lose current Federal funding. We recommend the development of a financially viable "Plan B." We suggest that California solicit proposals from experienced High Speed Rail operators to plan and build a San Francisco/Sacramento to Los Angeles system. This may be quite feasible with private sector investment and the flexibility to consider lower-cost alternatives, such as:

(a) Seriously study a Tejon Pass alignment building on the 1923 Atchison, Topeka and Santa Fe plan for an alternative to the slow, winding Tehachapi Pass rail route, and several other alternatives developed over the years.

(b) Reconsider the I-5 high-speed rail routing for construction by private sector (much lower construction costs may make private funding feasible for an I-5 alignment).

The HSRA HSR Business Plan depends on the Federal Government providing another $25 billion in taxpayer funding to ONE STATE (California) for high-speed rail. This would be wildly unrealistic, even if the Obama Administration had a political majority in the House of Representatives that was completely in favor of the Administration's previously proposed 8-year, $53 billion plan for intercity/HSR.

(c) Construction of a new Altamont Pass corridor rail alignment for dramatically improved ACE regional rail service and HSR entry to the Bay Area, also capable of serving the North Bay and East Bay, not just Santa Clara County and the San Francisco Peninsula.

2030 Interregional Trip Pairs, Sorted by Volume

Corridor	2030 Trip Ends	2030 Trip Ends	Annual million person trips	Percent Change 2000-2030
Surfliner	San Diego	SCAG	145.9	High
Capitol	Bay Area	Sacramento	78.7	High
	Bay Area	Central Coast	53.9	Low
ACE, San Joaquin	Bay Area	Northern SJV	50.9	Med
Surfliner	Central Coast	SCAG	43.9	Low
San Joaquin	Southern SJV	Northern SJV	43.0	High
San Joaquin (Bus)	SCAG	Southern SJV	41.8	High
	Northern CA	Sacramento	35.2	Med.
HSR???	Bay Area	SCAG	25.0	Med
HSR???	Bay Area	San Diego	9.3	High
HSR???	Sacramento	SCAG/ Diego	8.0-10.0	High?*
	Bay Area	Northern CA	21.7	Med
	Northern SJV	Northern CA	20.7	Med
San Joaquin	Sacramento	Northern SJV	17.5	Med
San Joaquin	Bay Area	Southern SJV	15.6	Med
San Joaquin (Bus)	SCAG	Northern SJV	10.9	Med

* Not included in Figure 2.6

If current HSR plans "crash and burn" as TRAC fears, Federal ARRA funding earmarked for the currently proposed Merced-Bakersfield HSR alignment should be reallocated to the Capitol, San Joaquins and Pacific Surfliner corridors.

We also reiterate that the very costly provision of 186-220 mph HSR speeds are not required to serve the 80%-90% of California's interregional trips that are 30-250 miles in length each way. Relative to the existing HSR plan, the only need for HSR operating at 186-220 mph is for the 350-400 mile long Bay Area/Sacramento to Southern California markets, NOT San Joaquin Valley to Bay Area/ Sacramento or to Southern California.

Adequately serving the San Joaquin Valley does not in itself require 186-220 mph High Speed Rail, but does require a direct connection between Bakersfield and Southern California via Tejon Pass. The existing proposal via Tehachapi Pass, Lancaster and Palmdale takes too long and is too costly with two expensive mountain crossings rather than one via Tejon. Regarding the Tejon Pass route, purchasing all Tejon Ranch properties would still save 80%-90% of the additional cost of the longer, more costly Tehachapi Pass/Antelope Valley routing compared to the more direct Tejon Pass route.

An I-5 alignment for 186-220 mph HSR has the major advantages of:

(a) Being very fast, e.g., from Wheeler Ridge at foot of the Grapevine to Tracy of one hour, 15 minutes +/- at 220 mph;

(b) Being very inexpensive compared to multiple urban areas that have to be traversed or bypassed in the existing plan, e.g., involved extensive construction of structures including excessive mileage of elevated viaducts and tunnels, most of which is superfluous in the pancake-flat San Joaquin Valley.

(c) Since the state already owns the I-5 right of way, there would very little impact on existing commercial and residential land uses except perhaps for a few cases of highway commercial uses at I-5 interchanges.

Experience in the U.S. and around the world shows that one-way travel times of three hours each way maximum allows people to conveniently to make intercity round trips within one day. Longer travel times generally require overnight stays "away from home."

Assuming the Bakersfield-Southern California link is constructed via Tejon Pass–which would be at least 30 minutes faster than Tehachapi via Lancaster/Palmdale because it's shorter–upgrading the existing San Joaquins to 110 mph would allow travel times from Fresno to/from Sacramento, the Bay Area and Southern California in 2.5 hours or less in each direction.

Convenient travel times would be around 2.5 hours from Fresno to/from any of these destinations at 110 mph top speeds (70-80 mph average speeds). Thus, the economic benefits of faster rail service would still accrue to Fresno and other Valley communities along the Highway 99 corridor even if Northern California-Southern California trips are served mainly by an I-5 alignment for 186-220 mph HSR trains.

3. IN CHAPTER 8, PLANS TO UPGRADE NON-HSR CORRIDORS AND ADD NEW SERVICES ARE INADEQUATE AND UNDER-AMBITIOUS.

For example, only a handful of new trains are proposed to serve the Coachella Valley market, despite the very high demand in this corridor and the very high capital costs to prevent interference with Union Pacific freight trains. Similarly, only one additional round trip daily is proposed on the Coast Line despite capital costs in the hundreds of millions of dollars.

While earlier portions of the Plan discuss extensions to Redding and the Coachella Valley, Section 8.1 fails to list such services at all. In other cases, grossly inadequate levels of service are proposed for extensions of existing corridors, whose very high capital costs make such low levels of service very cost-ineffective.

For example, after spending an estimated $200 million+ to extend additional Capitol Corridor trains to Roseville from downtown Sacramento, only four additional round trips are proposed by 2020 and nine additional trips by 2040, with two round trips to/from Auburn. Sufficient demand for extending all existing Capitol Corridor trains to Roseville (with a new station at Watt Avenue/North Highlands) exists now, e.g., to serve the 1 million+ residents of Placer and Northeast Sacramento County who now only have very inconvenient access to the downtown Sacramento Amtrak station. Similarly, no additional trains are proposed beyond San Jose, despite the very high level of travel between the Bay Area and the Monterey Bay Area/Central Coast (53.9 million annual trips) predicted for 2030.

Substantial portions of existing San Joaquin corridor passenger services would be gutted in favor of High Speed Rail by 2030, with a number of existing stations bypassed. Incredibly, the plan is to actually reduce service!

Large markets such as Central Coast-SCAG Region (43.9 million annual trips in 2030) would also be underserved with rail passenger service not much better than today's. And as previously mentioned, NO service to/from the Coachella Valley is included in the California Statewide Rail Plan 2013 despite the rather large size of that market.

4. IN OUR VIEW, AN ACCEPTABLE RAIL PLAN MUST INCLUDE THE FOLLOWING, IN ADDITION TO AN OPERATIONAL AND FINANCIALLY FEASIBLE HIGH SPEED RAIL PLAN:

First, at the statewide level,

a. The California Statewide Rail Plan must include a comprehensive rail service expansion program for all suitable California travel corridors in addition to specialized HSR serving Bay Area/Sacramento to/from Southern California markets. Priority should be given to the largest travel markets.

b. Above all, the Plan must protect existing funding for rail passenger services, including sufficient funds to maintain the existing level of service when Amtrak increases its charges required by federal law.

c. To ensure that all passenger rail needs are adequately addressed, a new California Rail Commission should be established, replacing the current HSR Authority. It would have the additional responsibility of overseeing all rail issues of statewide significance. The new commission would include representatives of regional rail providers (including corridor JPBs) serving at least two counties over passenger routes connected to the national rail system. Governor and Legislative appointees could be included, but should be a voting minority.

d. We also believe that the Plan should advocate/suggest new funding sources for regional and intercity rail, such as a two or three cent statewide fuel tax increase, "Son of Proposition 116" rail/transit bond issue, etc.

Second, in each corridor of statewide significance, develop and fund adequate plans to upgrade existing services and expand to new areas as required.

TRAC also advocates improvements to commuter, regional rail and urban rail services in each metropolitan area of the state, but have excluded comments on those services here for the sake of clarity and brevity.

TRAC advocates the following for each multi-county corridor of statewide significance:

Capitol Corridor

1. Extending most trains to Roseville as soon as possible. (3rd & 4th main track & new American River crossing, expand Roseville station, new North Highlands station, layover facility in Roseville, etc.)

2. Extend most round trip trains to San Jose. Additional rolling stock and capacity as needed.

3. Restore Bus and LRT/Amtrak "cross platform" connection at new Sacramento station platforms; (Construct previously planned "multimodal facility" and improve intermodal fare coordination, Sacramento RT, BART, VTA, etc.)

4. In the longer term, extend several train pairs in each market with supporting capacity improvements to

(a) Marysville/Yuba City, Chico, Redding;

(b) Truckee/Lake Tahoe, Reno;

(c) Gilroy, Watsonville, and Monterey

San Joaquin Corridor

1. Incremental Sacramento-Stockton-Bakersfield capacity supporting increased frequencies on the existing route.

2. Upgrading current San Joaquins route to 110 mph standards with 2.5 hour travel time or less, for Fresno-Los Angeles via the Tejon route, Fresno-Bay Area and Fresno-Sacramento.

3. Construction of a 30-mile initial extension to a Wheeler Ridge Rail/Bus Transfer Station (e.g., base of Grapevine) that could reduce bus transfer trip time by 40+ minutes Los Angeles-Bakersfield, as first phase of the Tejon Pass HSR connection between Bakersfield and Southern California.

Surfliner Corridor

1. Continue strong advocacy for construction of LA Union Station run-through tracks.

2. Extend all San Diego trains to Chatsworth (selected capacity expansion north of Union Station).

3. Continued Los Angeles-San Diego double tracking, signal upgrades, increasing speed and capacity.

4. Expand Chatsworth-Santa Barbara capacity for Surfliners and commuter rail; within the next 3-5 years consider at least three a.m. and three p.m. arrivals/departures in Santa Barbara to serve Ventura County commuters, with more service as demand warrants over the next few decades.

Los Angeles-Coachella Valley-Arizona Corridor

1. Implement new east-west service between Los Angeles and the Coachella Valley. Because this service will require new tracks separated from freights, chances of financial success will be best if they run at 110 mph and are frequent.

2. Extend several trains per day to Yuma (200,000 population) and Phoenix (4,000,000+), plus timed connections at Niland perhaps using diesel multiple units (DMU) to/from 1.5 million+ Imperial Valley/Mexicali residents.

Southern California-Bay Area (Coast Daylight) Corridor

1. Take advantage of proposed extensions of Capitol Corridor to the Monterey Bay Area, and Pacific Surfliner Corridor capital improvements, implementing at least one additional daily round trip between Los Angeles and San Francisco in the short term.

2. Incrementally upgrade the Coast Corridor to speed up service and expand capacity to 90 mph standards where economic and technically feasible.

3. In the longer term, continued double tracking, signal upgrades further increasing speed and capacity, and gradually increase frequencies as ridership grows.

5. CHAPTER SECTION 10.2 INCLUDES A LONG LIST OF EXISTING AND POTENTIAL RAIL FUNDING SOURCES, BUT AN ACTUAL RAIL FINANCIAL PLAN IS MISSING. THIS FATAL OMISSION NEEDS TO BE RECTIFIED AS SOON AS POSSIBLE.

REFORM ON CHINA RAIL

In a sweeping announcement March 14, China's State Council eliminated the troubled Ministry of Railways (MoR) and made its 18 bureaus and three private companies into a single, state owned enterprise called the China Railway Corporation (CRC). Its initial capital is $167 billion and its debts are a crushing $424 billion, larger than that of Greece.

The restructuring created a stir on the country's capital markets. The MoR was one of China's biggest domestic bond issuers, with rates about 4.6% on five-year paper. The governing council confirmed that CRC would receive government support, which helped console the banks. In October 2011, the MoR's debt burden and the fatal crash high-speed rail crash in Wenzhou led the government to commit full support to MoR bonds and reduce taxes on them to boost demand.

The new structure is also meant to restore confidence. The Ministry of Finance holds all CRC shares, and the Ministry of Transport and National Railway Bureau will jointly oversee operations, according to the March 14 statement. In the near term, however, uncertainties are greater. It is not known whether a recent MoR offering of up to $10 billion will go forward, and many traders are skeptical about suggestions that the Chinese government could sell stock or use other capital instruments to reduce the CRC towering debt load.

There are concerns that a huge stock flotation by CRC could further depress China's struggling equity market, but that path is seen as unlikely because the new unit is so huge and unwieldy. "A more realistic way is … step by step. Let the good assets under CRC get listed first, before its overall listing," one banker suggested in the Chinese press.

Ever since the major corruption scandal that hit MoR in February 2011, when Minister Liu Zhijun and two top deputies were detained and investigated for "severe violations of discipline" there has been a need to clear the air. Liu is not the only target. Zhang Shuguang, his deputy who controlled R&D and equipment contracts with western companies, is thought to have amassed a billion dollar fortune by taking kickbacks. The second deputy, Luo Jinbao, was put on trial in December 2012 on accusations he took (only) $7.5 million in bribes, cars, and property, a much smaller haul. China watchers believe he will almost certainly be found guilty, and may face execution.

The trial dates for Liu and Zhang are still unknown, but will be major events. The Ministry's massive debts largely come from the 6,000 miles of high-speed tracks and the operation initiated under their oversight. The massive corruption and shoddy workmanship seen on the lines damaged China's image of technical expertise and progress.

Speeds and ridership on the lines never achieved design targets, and east-west segments are very uneconomic. Some observers believe the governing council's action is not just a purge of corrupt managers but also signals a policy reform. China has strong public interest in better train service but few citizens benefitted from unaffordable 186 mph trains.

FRANCE GOES CONVENTIONAL

by Richard F. Tolmach

Guillaime Pépy, chairman and CEO of the French National Railway (SNCF), newly confirmed for another 5-year term, has signalled a change of direction for the company. SNCF plans to spend $17 billion to upgrade its relatively neglected conventional network, particularly on links around Paris and other major cities, where millions of commuters depend upon congested tracks and aging trains.

Pépy observed that among SNCF's 10 million daily riders, the vast majority use commuter trains and only 3 percent ride high-speed TGVs. While TGVs produced nearly $10 billion of revenue in 2012, the regional transportation sector produced $17 billion of income, including public support. The eventual level of investment over 10 years on conventional rail will probably be in the range of $35 billion.

After completion of extensions toward Brittany, in 2016 there will be a halt to new high-speed rail construction, lasting at least five years. The long-promised Montpellier-Perpignan line is apparently on hold, due to doubts about international traffic. France is reaching saturation on high-speed rail lines, and SNCF's financial staff is well aware of the dangers of overinvestment that have beset Japan's Shinkansen network, killing profitability.

Another factor in the change that has to have figured into the equation for Pépy is the new Socialist regime of François Hollande, which has made urban transportation improvements a key policy goal.

Pépy sees major potential growth in the sector, from increasing urban congestion and opportunities from SNCF creating new services, including not just commuter trains, but metros, buses, trams, and tram-trains.

Tram-trains have changed the urban landscape in Mulhouse, Lyon, Nantes by combining railroad tracks and new tram tracks to link across cities without forced transfers. A new Strasbourg line may be followed by several more launched by SNCF jointly with regional agencies.

Buses are another growth sector for SNCF, and the railroad has created a new intercity brand, iDbus, similar to its iDTGV in that it specializes in targeting long-distance markets for discount service. iDBUS at the moment has only international segments, but is priced at a fraction of competing carriers, which must give no comfort to EasyJet, RyanAir or Veolia's EuroLines. For example, a Paris-London fare is available on iDBUS for 19 euros ($25) most days in late March, undercutting EuroLines fares by half.

Keolis, which operates iDBus, is the main bus carrier in SNCF's brand, and has garnered about one-third of the $17 billion categorized as French regional transportation. It runs metro, trams and bus services in the region around Paris and many towns and cities, including Bordeaux, Brest and Lyon.

Keolis has also become an international carrier and has major contracts throughout Europe, which represent the major hope by Pépy for increased profit. In Britain and throughout Scandinavia, it is a major carrier. Heavy competition from Deutsche Bahn in Germany has kept it in a minor role. Not so, overseas.

Keolis has a foothold in both the United States and Canada, in spite of libelous attacks and political attempts by its North American competitors to block French investment. It is the new operator of the highly-regarded Deuce doubledeck buses in Las Vegas, Virginia Railway Express, and numerous urban transit services.

Asia is the major growth market seen by Pépy, with Hyderabad, India the latest successful metro system bid. Keolis operates the vast tram network in Melbourne and recently won a bid to run a new line on the Gold Coast. Hong Kong also provides attractive projects. Even with TGV projects on hold, France is advancing.

Nice, France 2012. Pépy says the trains could be even nicer. Photo: R. Tolmach

Lawsuit Seeks to Force Authority to Obey 2008 Proposition 1A Language

In March, plaintiffs John Tos and Aaron Fukuda, two Kings County residents whose land is in the path of the High Speed Rail Authority (HSRA) project, filed trial briefs and declarations in Sacramento Superior Court against HSRA and other defendants. Kings County is also a plaintiff, and the case was prepared by Bay Area attorneys Mike Brady and Stu Flashman. It goes to trial May 31 in Sacramento.

The case is the primary lawsuit facing HSRA this year. "It alleges 10 violations of the requirements of Proposition 1A [the HSR bond ballot measure voters approved in 2008]," the lawyers for the plaintiffs say in a press release, "and asks the court to prevent/enjoin the release of Proposition 1A bond funds to the Authority. If the court agrees, the project cannot start. Some of the violations are so serious that the project will never be able to commence."

Plaintiffs argue that the Authority is attempting to spend about $6 billion of Federal and State funds without following the very laws that authorized the expenditures and safeguarded them.

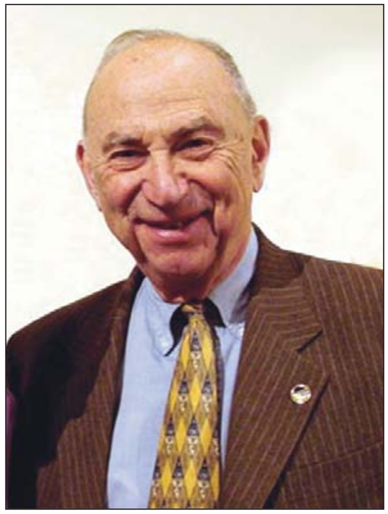
One of the surprises in the filing are the declarations by two former California State Senators renowned for rail activism.

"The plan has been distorted, in a way directly contrary to the high-speed rail plan the Authority attempted to implement while I was Chairman," said Sen. Quentin Kopp. [It] "is no longer a genuine HSR system, as covenanted to California voters and the Legislature"

Kopp cited the December 2, 2010 HSR Board meeting at which Deputy AG George Spanos advised that a "proposed construction of a section of track between north of Fresno to north of Bakersfield was not a usable segment but a subset of a usable segment." Kopp said, "That legal advice conformed to my understanding of 'usable segment,' both then and at all times since."

Kopp dismisses the legality of "blended" systems, saying that they "contravene the Authority's representations to the public that a true HSR system would be built with all $9 billion in bond money from Proposition 1A spent for exactly that."

"To me, the Authority Chairman during all the planning and pre-November 4, 2008 efforts regarding the bond measure," said Senator Kopp, "this constitutes the greatest betrayal of all in the context of the original intent and promises to voters. The project, as now planned rather than what was promised, constitutes a distortion and mangling of California's HSR project and promises to the voters."



Quentin Kopp, former HSRA chair, calls current Valley rail plans a distortion of legislative intent

Former President Pro-Tempore of the California State Senate James R. Mills used even stronger language. "Since early 2012," said Senator Mills, "the Authority has practiced deception by implying that the so-called 'Phase 1 Blended System' is what voters approved, The Authority also now fails to mention the original concept to have riders on a high-speed train the entire length of proposed trackage, and not dependent on conventional rail transit systems to complete their journey in the state's two metropolitan areas."

Plaintiffs cite the legal language in AB 3034 and Proposition 1A, and ask the court to prevent the release of bond funds to the project because of 10 violations of state law:

1. NO ELECTRIFICATION They say the Authority's funding plan for the 130 mile Central Valley project is illegal because the facility will be a non-electrified conventional line and therefore fails to provide high-speed rail service.

2. INADEQUATE FUNDING FOR STARTER Plaintiffs argue the intent of the drafters of Proposition 1A was to protect the taxpayers from financial risk by prohibiting a partially funded line, which could result in an orphan project. The law requires adequate funding be committed and in place to ensure any usable segment is completed and operable.

3. ENVIRONMENTAL WORK INCOMPLETE They say the Authority's failure to obtain environmental clearances violates Prop 1A. The measure says that no construction can commence until the Authority has obtained project level environmental clearances for the entire 300-mile segment (IOS). HSRA only has a fraction of those clearances.

4. SPEEDS NOT MET Plaintiffs say the 2 hour 40 minute travel time requirement from Union Station in Los Angeles to downtown San Francisco has not been met.

5. COMPLETION DATE IGNORED Prop 1A states that construction of the Bay Area-Los Angeles line would be completed by 2020, but the Authority's own documents show it has no plans to do so.

6. FORCED TRANSFERS Prop 1A states that passengers will not need to change trains between any destinations. Plans by the Authority for phased construction show there will be two forced transfers, making service unattractive.

7. FARES PROMISE BROKEN Plaintiffs say HSRA promised voters the fare from LA to SF would be $50. Now, HSRA admits the fare will be at least $83, two-thirds higher and barely lower than air fares.

8. ILLEGAL OPERATING SUBSIDY The Central Valley line will require prohibited operating subsidies, say plaintiffs. In their calculations, the defendents have used operating costs 1/4 of international norms.

9. MISREPRESENTATION OF COSTS Voter guides said the cost of the entire statewide system would be $45 billion. A year later, HSRA changed the scope to SF-Anaheim but kept the price. HSRA's latest Business Plan now says Phase I will cost $80 billion.

10. ONGOING ILLEGAL EXPENDITURES Plaintiffs say defendants illegally expended Prop. 1A funds on Funding Plans and RFPs which cannot be approved before EIRs.

Both trial briefs and fifteen declarations by expert witnesses can be studied further by going to **www.sites.google.com/site/hsr-califfr/** and visiting Sections 5.1 and 5.2.

SUPPORTING RAIL REFORM IS TAX-DEDUCTIBLE

The California Rail Foundation was founded in 1987 to promote modern rail and bus technology, including high-speed rail. Since that time we have produced *California Rail News* and cosponsored an annual conference that educates on rail, Cal Rail 2020.

We never believed it would be easy to build California high-speed rail, but we underestimated just how much fraud megaprojects apparently attract. The project now has a broken budget because of tens of billions of pork including 200 miles of wasted route and dozens of miles of unneeded viaducts planned in the Central Valley.

It appears to be the same model used on Peninsula and Los Angeles County segments. Taxpayers are being offered only overly expensive choices by HSRA that wreck cities the same way that elevated highways would.

It does no good to just complain about fraud; we have to organize and fight it in court.

In July 2008, CRF filed suit in Sacramento Superior Court, along with the Planning and Conservation League, TRANSDEF, the Town of Atherton and the City of Menlo Park to overturn adoption of the Pacheco Alternative which would have destroyed many Peninsula cities.

We won the case in October 2009. Last December, HSRA was forced to rescind its selection of Pacheco and redo its environmental work. A brief opportunity in 2010 allowed us to submit new comments into the record. We retained a leading model expert, Norm Marshall of Smart Mobility, who found major flaws in HSRA's ridership figures, confirmed by other experts.

We also retained the leading European HSR route design firm, Setec Ferroviaire, to help us define and present a faster and better way for trains to link S.F., Sacramento and Los Angeles, through the East Bay. Initial court findings have been favorable, and we are hoping for a clear victory. You can see Setec's work at the CRF site:

calrailfoundation.org

Setec's route saves so much time that it would allow Caltrain segments to run at current speeds. Setec also examined Highway 101 between Redwood City and SFO, a route Setec believes is a feasible alternative.

CRF is actively providing leadership on reforming the project, and promoting cost savings available by involving private capital. Your generous contribution today to CRF will help us stop the bad plan and launch an environmentally superior alternative.

We are a tax-deductible 501(c)[3] nonprofit, and operate without paid officers or permanent employees, so all financial resources are directed to our mission of cost-effective modern rail service. Take a tax deduction by using the form on Page 2 to send a check to CRF or by using the PayPal link on our web page.

Metrolink Meltdown Raises Doubts on LOSSAN Takeover

by Richard F. Tolmach

SB 1225, signed into law in September, allows California to give its revenue-rich Pacific Surfliner trains to a joint-powers agency of Southern California counties, a prize aggressively pursued by Metrolink. But was Metrolink just looking for a quick fix for its financial problems?

In March, it became widely known that Metrolink, Southern California's regional commuter carrier, is in deep financial trouble. It lacks adequate cash reserves to meet current obligations and its internal accounts are in such disarray that its staff wouldn't even be able to detect fraud, according to an internal audit issued in early February.

The story was broken by the investigative site, **voiceofoc.com**, which reported on concerns by Metrolink board members on an ad hoc committee investigating the problem. The issue then exploded at the next board meeting in early March, with Orange County Transportation Authority (OCTA) board members asking Metrolink CEO Michael DePallo to conduct a forensic audit to track missing funds.

Voice of OC reported that Metrolink's restricted accounts, including those supposed to contain federal funds, appear to be underfunded by $66 million, according to the internal review and OCTA Director Michael Hennessey.

What exactly happened to those funds is unclear, Hennessey said in Voice of OC. "We had a fare increase. We had funds moved over from restricted funds, federal restricted funds … and we don't know where they are," said Hennessey.

DePallo, on the job for only months as Metrolink CEO, announced an action plan to put Metrolink on a more solid financial basis within 90 days. His prescription includes hiring a financial consultant, and forming a finance committee of experts from each member agency. At the same time, he proposes reorganizing Metrolink's finance department to add a new audits section and a unit to oversee tracking of accounts.

Metrolink board member Richard Katz said in early March that officials were in the process of fixing "what had been a seriously screwed-up financial system." The audit counted $38 million owed to Metrolink in June 2012, most of which was still uncollected in January.

"We need to get this resolved," Katz was quoted in the Los Angeles Times, "The important thing is we've taken ownership of this issue, and we should be able to get where we need to be."

Acting Financial Officer Pat Kataura said that since the audit Metrolink has sent out around $33 million in back bills. But OCTA directors said restructuring the finance department or sending out new bills doesn't deal with other underlying problems that led to the financial meltdown.

Citing obvious red flags like one-page staff reports on multimillion-dollar contracts, Carolyn Cavecche, another OCTA director involved in the investigation, said Metrolink's board failed in its duty to taxpayers to question the agency's activities.

"The board wasn't asking the right questions. The board was literally making votes specifically without getting the correct information," Cavecche said.

DePallo tried to portray the personnel problem as already solved with departure of the former CFO. OCTA Director Jeffrey Lalloway, a city councilman from Irvine, demanded instead a full housecleaning of the unit to figure out what happened and eject Metrolink staff responsible for mishandling the agency's financial accounting. Some Metrolink insiders say remaining staff are the ones who hid the problems from management.

"For me this is a people problem. There's folks there that are either incompetent or unwilling to perform the tasks," Lalloway said. "I hear you reassigning people into these departments, I don't hear that you're reassigning people out." OCTA board members floated the idea of a restructuring of Metrolink, or that OCTA could investigate alternate options for obtaining service, if the problem is not resolved quickly.

The Metrolink system costs nearly $200 million to operate annually on a network serving Los Angeles, Orange, Riverside, San Bernardino and Ventura Counties. Orange County contributes about $20 million of subsidy annually.

One of the biggest problems is that counties have to split the tab and each is hard-pressed in the current economic climate to pay the subsidies required.

Even in good financial times, there has been jealousy about levels of service and pricing policies, particularly with Riverside, San Bernardino, and Ventura Counties. Even before Orange County raised the financial questions, other Counties worried about LA County's seeming control of Metrolink.

The new audit report raises grave doubts about the accuracy of the billings by Metrolink, and reopens a lot of the old grudges between counties.

Metrolink has had a long practice of expending funds for construction projects, then later billing counties for reimbursement. But internal auditors concluded from the accounts, "it is not clear that Metrolink staff even has a clear idea about what funds member agencies owe." The report expressed concern that this is a microcosm of Metrolink staff's record keeping across the board.

OCTA directors say the problem goes back many years. During much of that time, Orange County consistently had problems getting answers about finances from Metrolink staff, directors said.

Transit analysts in the state Mass Transit program have also complained for years that the invoices presented by Metrolink typically lacked adequate documentation, and the agency has typically used political clout instead of providing details to settle up on questionable items.

The same data vacuum surrounded Rail2Rail revenues from travel on state-supported Surfliner trains. The State Department of Finance concluded that letting Metrolink take most Rail2Rail income was a gift of state funds, but LA County clout prevented a correction.

The Brown administration does want to rid itself of cost centers, but does it make any sense for state leaders to hand fiscal control of California's most lucrative passenger train service to a joint powers agency made up of the same counties that oversaw the snafus and resulting financial meltdown on Metrolink?

Which train is the financial disaster and which train is threatened with takeover?