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, 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 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.

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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.
Why Salinas, not Monterey on Capitol Corridors?

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 length, this suggests 250,000 to 300,000 annual riders. This is clearly a risky scenario, better than current Capitol trains achieve.

The extension would serve 150,000 residents plus nearly 200,000 commuters in neighboring counties. The Monterey Peninsula has about 150,000 residents plus roughly another 200,000 in neighboring counties. The Monterey Peninsula has about 150,000 residents plus roughly another 200,000 in neighboring counties. The Monterey Peninsula has about 150,000 residents plus roughly another 200,000 in neighboring counties.

One possible reason TAMC prefers any Capitol Corridor extension end in Salinas rather than Monterey is that FRA has already approved in concept 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 of 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 30-40 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 disentangled and justified. The 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 at stake.

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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 surprised.

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-Encinitas 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, 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 $55 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.
The Los Angeles to Bay Area market is small in comparison to other travel markets, requiring many stops to draw sufficient funding to provide better and more service to larger markets.

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 Bay Area Rapid Transit District (BART) and the Sacramento Region (MTC)), between Ventura and Santa Barbara Counties (SCAG and SICCOC), or between San Joaquin County and the Sacramento Region (MTC) and the Sacramento Area Council of Governments (SCAG) respectively.

Experience in the U.S. and around the world shows that one-way travel times of three hours each way represent a practical limit to daily commutes for rail passengers. Thus, any plans to provide non-high-speed rail service in the San Joaquin corridor and the very high capital costs to prevent future loss of rail service will require new tracks separated from freights, chances of financial success will be best if they run at 110 mph and are frequent.

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FRANCE GOES CONVENTIONAL

by Richard F. Tolmach

Guillaume Pépy, chairman and CEO of the French National Railway (SNCF), newly confirmed for another 5-year term, has signaled 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, trains, 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 inter-national segments, but is priced at a fraction of competing carriers, which must give no comfort to EasyJet, RyanAir or Véolia’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 cataloged 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 for 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 lavish attacks and political attempts by its North American competitors to block French investment. It is the new operator of the highly-regarded Deuce double-deck 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.

Photo: R. Tolmach

California Rail News January-April 2013
Lawsuit Seeks to Force Authority to Obey 2008 Proposition 1A Language

In March, plaintiffs John Tes 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 measure 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 laws that authorized the expenditures and funded 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 diametrically 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,” and quoted him saying, “The legal advice conforming 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 assurance to the public that true HSR projects will require prohibited orphan project. The law requires adequate funding be committed and in place to ensure any usable segment is completed or operable.

2. INADEQUATE FUNDING FOR STARTER

Plaintiffs argue the intent of the drafters of Proposition 1A was to prevent the taxpayer 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 (TOS). 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 reimbursed operating subsidies, say plaintiffs. In their calculations, the defendants 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-california/ 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, CalRail 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 highway megaprojects 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, Sétet’s Ferroviaire, to help us define and present a faster and better way for trains to link S.F., San Jose, Los Angeles.

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We also retained the leading European HSR route design firm, Sétet’s Ferroviaire, to help us define and present a faster and better way for trains to link S.F., San Jose, Los Angeles.

Initial court findings have been favorable, and we are hoping for a clear victory. You can see Setec’s work at the CRF site: www.crailing.org

Sétet’s route saves so much time that it would allow Caltrain segments to run at current speeds. Sétet also examined Highway 101 between Redwood City and SFO, a route Sétet 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 DeFalco 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 have been underfunded by $66 million, according to an internal review and OCTA Director Michael Hennessy.

What exactly happened to those funds is unclear, Hennessy 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 Hennessy.

DeFalco, 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.

DeFalco 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 restructuring 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 Metrolink 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 Transportation 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?