




# Dianne Feinstein's' corrupt profiteering scam: 'The California bullet train' is so screwed up, you could have given out private jet tickets for less money instead

To get from SF to LA, it is now cheaper and faster to give Californians discount tickets on private jet planes than to use the insanely over-budget 'bullet train' which is mired in corrupt deals

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 By RALPH VARTABEDIAN

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 Cost for California bullet train system rises to \$77.3 billion

Carpenters in January work on a viaduct being built over Highway 99 in Fresno County as part of the California high-speed rail project. (Marcus Yam / Los Angeles Times)

The price of the California bullet train project jumped sharply Friday when the state rail authority announced that the cost of connecting Los Angeles to San Francisco would be \$77.3 billion and could rise as high as \$98.1 billion — an uptick of at least \$13 billion from estimates two years ago.

The rail authority also said the earliest trains could operate on a partial system between San Francisco and Bakersfield would be 2029 — four years later than the previous projection. The full system would not begin operating until 2033.

The disclosures are contained in a 114-page business plan that was issued in draft form Friday by the rail authority before public hearings and formal submission to the Legislature in about 60 days.

The new estimates will force California's leadership to double down on its political and financial commitments if it wants to see the system completed, against a backdrop of rising costs, years of delays, strident litigation and backlashes in communities where homes, businesses, farms and environmental preserves will have to give up land to the rail's right-of-way.

The rail authority's previous business plan made the case that it had just enough money in hand to build an initial operating system that could carry passengers and generate revenues, which would potentially attract private investors to help finance completion of the system. The new business plan implicitly makes clear that higher costs and uncertain funding leave it short of that critical goal.

The rail authority has wrestled with a more than \$40-billion funding gap for the full system, which would increase further under the new cost estimates. It is still counting on the Legislature to amend the state's greenhouse gas auction system so that the system could borrow against future fees through 2050, but even with that benefit the project faces a financial shortfall that only partnerships with the federal government and private investors could plug, said rail authority chief executive Brian Kelly.

The new business plan is based on a wide range of uncertainties, Kelly said. Among the most challenging is the cost of about 36 miles of tunnels through mountainous Southern California, which could range anywhere from \$26 billion to \$45 billion, according to the report.

"These are the best estimates we have to date," Kelly said.

The rail authority could reduce costs and risks, Kelly said, if there were greater certainty about future funding. In a best-case scenario, the business plan projects costs as low as \$63.2 billion. Kelly said building a mega-project like the bullet train is not possible with a "pay as you go" approach.

The initial reaction to the business plan was less than enthusiastic, even from Democrats who have long backed it as a way to revolutionize transportation in the state while reducing emissions.

"At first glance, the High Speed Rail project is still over budget and the funding to complete the program hasn't been identified," said Jim Frazier (D-Discovery Bay), chairman of the Assembly Transportation Committee, which will hold an oversight hearing on the plan on April 2. "We still have no realistic way to pay for the project."

Republicans were predictably harsher.

"Initially a rathole, now a sinkhole, soon it will be an abyss in which more and more tax dollars are forever lost. I speak of the never-ending scam called High Speed Rail," said Sen. Andy Vidak (R-Hanford).

A spokesman for Gov. Jerry Brown, who since the 1980s has championed high-speed rail, said the disclosures do not change the strong support he expressed in his recent State of the State address, when he said: "I make no bones about it. I like trains and I like high-speed trains even better."

The projection for completing the full Los Angeles-San Francisco system by 2033 assumes that somehow the project gets fully funded. Even then it is extremely ambitious given the engineering challenge of building across the San Gabriel and Tehachapi mountains and the developed stretch from Santa Clarita to downtown Los Angeles, as well as more than one mile under urban San Francisco — all in just four years after the initial system starts operating.

The biggest immediate driver of the cost increase has been in the Central Valley, where the rail authority is building 119 miles of track between Wasco and Madera. The authority disclosed in January that the cost of that work would jump to \$10.6 billion from an original estimate of about \$6 billion. Roy Hill, one of the senior consultants advising the state, told the rail authority board, "The worst-case scenario has happened."

The business plan incorporates those cost increases, but it also has more money in contingency accounts for future setbacks and it includes more for future inflation, Kelly said. One of the top priorities now, Kelly said, is to fulfill the state's obligations under \$3.5 billion in grants that the Obama administration provided, which require that 119 miles of track be completed and all of the project's environmental clearances be obtained by 2022. The federal government could theoretically ask for its money back if those requirements are not met, officials close to the project say.

The plan also appears to assume that the Central Valley increases are not predictive of what will happen along other segments. The plan projects it will cost \$29.5 billion to build an initial operating segment from a station in San Francisco to Bakersfield, a longer starter system than the previous plan had at \$21 billion. Apart from that \$8.5 billion increase, the new plan has just \$4.6 billion of other increases that would apply to the rest of the route, even though the four-year delay in completion will add inflationary costs.

In its 2014 business plan, the rail authority optimistically projected it could begin carrying passengers in just seven years. But the warning signs of uncontrolled cost growth had already started mounting.

The project issued its first construction contract in 2013, when it had almost no property and was experiencing trouble acquiring more.

Lawsuits, filed by counties, water agencies, farm bureaus and cities, did not stop the project, but caused delays and sharply drove up costs.

The cost of environmental reviews jumped from a projected \$388 million in 2010 to more than \$1 billion.

The rail authority found that nobody could be sure what was under the ground in Fresno, driving up the cost of relocating sewers, water lines,

communications cables and electrical conduits by hundreds of millions of dollars.

The disclosure about the higher costs comes nearly a decade after voters approved a \$9-billion bond to build a bullet train system. The original idea was that the federal government would pay about a third of what was then an estimated \$33-billion project, with private investors covering another third.

But those assumptions proved faulty on numerous counts. In later business plans the projected cost went to \$43 billion, somewhere between \$98 billion and \$117 billion, down to \$66 billion, and then to \$64 billion in 2016. And the funding sources dried up. The federal government put in only \$3.5 billion and Republicans have vowed not to add another penny. Private investors have said they would not commit any investment to the project without a guarantee that they can't lose money.

The business plan devotes an entire chapter to reviewing its past mistakes and proposing solutions so that they are not repeated. For example, the rail authority says it will not issue future construction contracts until it has acquired all the land beforehand.

Despite the challenges, supporters point to the 1,700 construction jobs it has created in the economically depressed Central Valley and the future environmental benefits of an electric transportation system that is supposed to haul millions of people.

"We now have a new plan with the right man in the right place at the right time for the right job," Robbie Hunter, president of the State Building & Construction Trades Council of California, said about Kelly. "This project is critical to handle a California population that is growing toward 50 million."

Rail officials said they remain hopeful that the project will attract private money. In building the initial operating segment, the authority plans to make a 13-mile tunnel under the Pacheco Pass in the Diablo Range the last and most expensive piece, hoping that by then a public-private partnership can help finance it, officials said.

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