

Thomas J. Umberg: High-speed rail is ready for prime time

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The High-Speed Rail Authority recently released a realistic, honest and transparent business plan that addresses the criticisms that have been leveled at the largest infrastructure project in the United States. Sen. LaMalfa's assertion that the authority misled the public could not be further from the truth.

As with any major project - infrastructure or otherwise - the statewide high-speed rail program will change over time as it moves from planning to design to construction to operation and maintenance.

Advances in engineering and design have provided far better information about the detailed scope and costs of high-speed rail. The environmental documentation, review and clearance process has progressed.

Ridership assumptions and modeling were thoroughly re-evaluated and tested with an independent panel of experts. The Authority used a 3 percent inflation rate (far above the current inflation rate) and provided a \$16 billion contingency to conservatively estimate future costs. This plan adapts to the economic realities our state faces to deliver a plan that will work.

The future growing population demands that we find a way to move people around our state – in a sustainable, innovative way. Building more roads or freeways or airports commits us to a future dictated by expensive foreign oil with all its pollutants and geo-political problems. High-speed rail is the only reasonable way to build for the future of our great state.

The draft plan presents conservative economic assumptions that would increase cost projections. The new plan is a solid document based upon solid financial principles. I am not on the board because I'm a promoter of high-speed rail but because it is the right investment at the right time for California.

Two principle areas of public concern center on ridership estimates and funding. The ridership estimates contained in the plan were developed by one of the leading forecasting firms in the world and critiqued by a world-class panel of distinguished academicians and practitioners recognized for their expertise. Factors that would produce higher estimates were intentionally constrained to avoid pumping the results. Additionally, we projected ridership to be 15 percent below the lowest acceptable ridership scenario, an added measure of conservatism to make the plan more realistic.

Fights over funding will always be controversial, particularly in these tight economic times. The new plan tackles the issue head on. By proposing a phased implementation of the system, whereas each segment is constructed only when funding is identified, the plan recognizes economic reality.

Will federal funding be a critical component for building high-speed rail in California? Yes, it will. But this is true for all major transportation investments. Historically, the Federal government has funded approximately 80 percent of major transportation projects, and 90 percent of the Interstate Highway System.

The 2012 Business Plan is predicated on the assumption that the federal government contribution will be 61 percent, far below historical precedent.

In addition the plan factors in state, local and private contributions. In fact, when operational, hopefully within a decade, \$11 billion in private capital is anticipated to help defray the costs of the system. And rather than rely on any one federal funding mechanism, the plan is careful to lay out a menu of financing options, including the potential of Qualified Tax Credit Bonds.

But even under the harshest scrutiny, the long-term benefits of high-speed rail far outweigh the costs, particularly when compared with the \$171 billion costs of building more highways and greater airport capacity to accommodate the growing infrastructure demands of California's increasing population. The most appropriate comparison is between high-speed rail and aviation. The Los Angeles to San Francisco airways are some of the most congested in the U.S. But we can't build more runways.

And remember that this plan is a draft, subject to a two-month comment period and open for questions and comment. Critics are entitled to their opinions but not their own facts. We welcome critical evaluation. At the end of the day, this is a good investment for California and Californians, and we should move forward.

Thomas J. Umberg is the chairman of the California High-Speed Rail Authority.

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