

Statement of Dan Richard
Chairman of the California High-Speed Authority Board of Directors
Hearing on “Building a 21st Century Infrastructure for America: Challenges and Opportunities
for Intercity Passenger Rail Service”
Before the Subcommittee on Railroads, Pipelines, and Hazardous Materials
Committee on Transportation and Infrastructure
U.S. House of Representatives
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Chairman Denham, Ranking Member Capuano, and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss the California High-Speed Rail program as part of the Subcommittee on Railroads, Pipelines, and Hazardous Materials hearing on “Building a 21st Century Infrastructure for America: Challenges and Opportunities for Intercity Passenger Rail Service”. I am Dan Richard, Chairman of the Board of Directors of the California High-Speed Rail Authority (Authority). In this testimony, I would like to highlight major areas of progress the Authority has made since this Subcommittee’s last oversight hearing in August 2016. I would also like to provide some thoughts about how Congress and the Trump Administration can advance the development of high-speed rail in California and nationally.

Mr. Chairman and Ranking Member, the California high-speed rail program has advanced on many fronts since last August. Major construction activity in California’s Central Valley is progressing, providing good paying jobs and creating opportunities for small and disadvantaged businesses all over the state. Congress provided funding through the American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5) to create jobs, aid the economic recovery of the nation’s poorest areas, and spur technological development to build new transportation infrastructure that provides long-term economic benefits – and I am proud to report to you today that we have truly accomplished those goals with the funding you provided. We have dispatched more than 1200 craft labor workers to our design-build construction package sites, and 100 percent of the steel and concrete used in the construction is domestic. Overall, investment in the program has resulted in 19,900 to 23,600 job-years of employment and generated \$3.5 to \$4.1 billion in total economic activity, while more than 630 different private sector firms have been contracted to work on the program.

Additionally, in March, the Authority published its *2017 Project Update Report to the California State Legislature*, which provides a comprehensive update on the status of the project including issues that I will address in my testimony today.¹ In April, the Authority completed its evaluation of Early Train Operator qualifications and compiled a “short list” of teams invited to participate in the second phase request for proposals that the Board approved this month. This procurement represents a key partnership with a private sector operator to ensure we design the system to enhance its commercial value and profitability, strengthen our public-private partnership strategy and build the case for private investment to expand the system. Also in April, we met a major milestone when California sold over \$1.3 billion of Proposition 1A construction bonds for the high-speed rail project.

¹ *2017 Project Update Report to the California State Legislature:*
http://www.hsr.ca.gov/docs/about/legislative_affairs/SB1029_Project_Update_Report_030117.pdf

Today's hearing will explore "Challenges and Opportunities for Intercity Passenger Rail Service". I want to remind the Members of this Subcommittee that the California High-Speed Rail project has national implications – we are effectively building a 21st Century Northeast Corridor on the West Coast. Any infrastructure program of this scale will face challenges with schedule and budget; managing these challenges is a dynamic and continuous process, not a one-time or occasional exercise. I have appeared before this Subcommittee several times, and as the Chairman of the California High-Speed Rail the Board, I want to emphasize that *the Authority and the Board will actively manage this project* so that cost growth and schedule slips in any area of the program are avoided, mitigated or offset with savings in other areas of the program.

One thing I would like to highlight in my testimony is the tremendous opportunity facing the program today. Federal investment to date in the California High-Speed Rail project has unshakably secured California's ability to deliver the nation's first high-speed rail network. The State of California is stepping up now, we have cash in hand, and we will be making significant state expenditures in the coming months to advance this project and invest in our partnership with the federal government.

Looking forward, President Trump and several Members of Congress have pledged to increase infrastructure investment significantly. In California, we are listening closely to this discussion, we are hearing that there is an interest in developing transformational and nationally significant projects, leveraging non-federal investment, and delegating federal authorities to the states to streamline delivery. In California we are ready, willing and very well-positioned to step up on all these fronts and build upon our partnership with the federal government to deliver America's first high-speed rail network.

I. Major Areas of Progress

A. Construction

In January 2015, the Authority and its partners celebrated the official groundbreaking for the California High-Speed Rail system in Fresno. Today, the project is well underway with 119 miles of construction ongoing from Madera to north of Bakersfield. Three design-build teams are working on three separate sections of high-speed rail stretching through the Central Valley. Meanwhile, the California Department of Transportation (Caltrans) is completing the State Route (SR) 99 Realignment in Fresno, which will move the highway about 100 feet to the west to make room for the high-speed rail line. Work began first on the most complex structures: bridges, viaducts and overcrossings. Clearing and demolition along the right of way and drilling for geotechnical investigations and utility locating can also be seen throughout the Central Valley.

Mr. Chairman and Ranking Member, during this Subcommittee's August 2016 hearing on "Continued Oversight of California High-Speed Rail", I extended an invitation to Members of this Subcommittee to tour our project construction sites in the Central Valley so that you can see for yourself the transformative progress we are making on the ground. I renew that invitation to this Subcommittee, and particularly to you Chairman Denham – I hope that you are able to find some time to tour our construction sites when you are back in your district. The project now has eleven active construction sites, and we have provided Subcommittee staff with monthly

construction updates, including videos of our progress, which can be found on the Authority's website at www.buildHSR.com. Key highlights include:

- The Tuolumne Street Bridge structure in downtown Fresno is nearly complete. Final paving has been finished for both ends, tying the structure into Broadway Street on the east side and F Street on the west. The original one-way bridge was demolished in January 2016 and this new, higher bridge was constructed to allow high-speed trains to pass underneath. This bridge will also allow for two-way traffic and coincide with the re-opening of Fresno's Fulton Mall to traffic.
- The final concrete pour for barrier walls has been completed at the Fresno River Viaduct, and crews have just a few more tasks to finish. Some final activities, such as construction of drainage structures and other concrete finish work, will be completed over the next few weeks.
- Two bridges will be connected by an earthen embankment for a crossing that will allow Avenue 12 traffic to cross over the future high-speed rail line and the freight line further to the east. Trucks continue importing fill dirt for a new alignment north of the existing Avenue 12 in Madera County, a little to the east of Madera Community College. The substructure has begun on both bridges and columns have been constructed.
- The Avenue 8 overpass, east of SR 99, will be a single span bridge that will allow traffic to cross over the high-speed train. Drilling continues for the bridge support piers at Avenue 8. Once the piers have been constructed, girders will be set to span the distance between the two walls.
- At the San Joaquin River Viaduct, crews continue to work on the support piers and other substructure elements for the pergola – the section of the viaduct that crosses over the existing Union Pacific rail tracks. Substructure activities, such as drilling shafts and setting rebar columns, continue along the rest of the project area.
- As part of the SR 99 Realignment in Central Fresno, SR 99 is being shifted about 100 feet to the west between Clinton and Ashlan Avenues to make room for the high-speed rail corridor. The Clinton Avenue Bridge over SR 99 has been demolished and the new structure is beginning to take shape. The Clinton bridge has to be raised to accommodate the high-speed rail trains.
- Temporary girders have been set at SR 180 for the next phase of construction that will shift traffic to the outside lanes, allowing work to occur in the median. Crews also began excavation for a tunnel beneath SR 180. Further north, drilling rigs have begun forming shafts for the next section of the trench. The Fresno Trench will be two miles long and take trains about 40 feet below ground to cross under a rail spur, a canal and SR 180.
- Flared pier caps are being constructed on the support columns of the northern section of the Cedar Viaduct, while other crews tie rebar for walls on the viaduct deck closer to

SR 99. Deck forms have been removed from this section of the structure and will be reused on the section being built across North Avenue.

- Much of the abutment for the Muscat Avenue viaduct has been constructed and workers are putting up falsework for the superstructure. Once the Muscat structure and the Cedar Viaduct are complete, the two will be connected so that trains can cross over SR 99.
- Workers constructed the abutment wall forms for the north abutment for the Road 27 Overpass. The structure will take traffic over the existing railroad line and the future high-speed trains, eliminating the need for the existing at-grade crossing.

**B. American Recovery and Reinvestment Act of 2009 (ARRA; P.L. 111-5)
Investment, Jobs, Small Businesses and Economic Activity**

To date, this construction has largely been supported by the Authority's partnership with the Federal Railroad Administration (FRA) and its participation in the High-Speed Intercity Passenger Rail (HSIPR) program. As of today, the Authority has expended or accrued the complete \$2.55 billion in ARRA funding, and we are working through the final invoicing process for this work with the FRA. Additionally, we have dispatched more than 1200 craft labor workers to our design-build construction package sites.

As reported in the Authority's 2017 Project Update Report to the California State Legislature, from July 2006 through June 2016, the Authority invested more than \$2.3 billion in planning and constructing California's high-speed rail system. This investment has created jobs and generated economic activity in numerous ways. High-speed rail contractors have hired workers throughout the state, and these contractors have in turn paid suppliers for goods and services, further stimulating industries all over the state. Together, these direct and indirect impacts have induced wider economic activity by pumping money back into California's local economies. Overall, the Authority estimates this investment has resulted in 19,900 to 23,600 job-years of employment and generated \$3.5 to \$4.1 billion in total economic activity, while more than 630 different private sector firms have been contracted to work on the program.

The Authority is meeting its aggressive 30 percent goal for small business participation, and specific goals for Disadvantage Business Enterprise (DBE) and Disabled Veteran Business Enterprise (DVBE) of 10 percent and 3 percent respectively. To date, the Authority has contracted with and committed 373 small businesses, including 110 DBEs and 45 DVBEs. For more information about the small businesses participating in our program, I encourage you to visit the Authority's website and read our Small Business Newsletter at http://www.hsr.ca.gov/Programs/Small_Business/newsletter.html

It is also important to note that 100 percent of the steel and concrete used in the construction is domestic, further stimulating the economy of California and the nation. Furthermore, the Authority has committed to working with the manufacturing community, suppliers and Congress to ensure that trainsets are made in America.

A number of recent reports highlight the national and regional significance of California's high-speed rail program, and how investments in the program have resulted in economic benefits and job creation. These reports include:

- A study conducted by the University of the Pacific that shows Fresno-area unemployment is now below 10 percent for only the fourth time in the last 25 years, with high-speed rail construction being a key factor in this improvement:
<http://www.pacific.edu/Documents/school-business/BFC/Forecasts/CA-Metro-Forecast-May2016.pdf>
- The Authority's recent analysis of "The Economic Impact of California High-Speed Rail" indicates that high-speed rail investment between July 2015 and June 2016 represents about 11 percent of the 32,000 jobs that the Central Valley economy grew by over the same period. In Fresno County, where most construction activities currently take place, high-speed rail investment represents roughly 29 percent of the total jobs added during this time period, with direct jobs representing about 17 percent:
http://hsr.ca.gov/docs/newsroom/fact%20sheets/Economic_Impact.pdf

C. State Investment (Proposition 1A and Cap and Trade) and the Ongoing Federal-State Partnership

Mr. Chairman and Ranking Member, the California High-Speed Rail program has always been envisioned, as is being implemented, as a partnership among the federal government, the State of California, and the private sector. In addition to \$3.5 billion in federal funding, in 2008 California voters approved the "Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century" (Proposition 1A). Proposition 1A authorizes the state to issue \$9.95 billion of general obligation bonds, \$9 billion of which will be used to develop high-speed rail. Proposition 1A also stipulated certain operational requirements and that the system would operate free of federal, state or local subsidy.

Approximately \$2.6 billion of this authorized funding has been appropriated by the California State Legislature to match federal grant funds in the Central Valley, and \$1.1 billion has been appropriated for "Bookend Investments" including Caltrain electrification on the San Francisco Peninsula and other early improvements in Southern California that will lay the foundation for future high-speed rail service. Another \$950 million has been appropriated for "regional connectivity" projects that will provide direct connectivity to high-speed rail lines and facilities. *In April, we met a major milestone when California sold more than \$1.3 billion of Proposition 1A construction bonds for the high-speed rail project.*

In 2014, the California Legislature built on this support by approving a continuous (i.e., permanent) appropriation of 25 percent of the annual proceeds of the state's cap and trade program for high-speed rail development and construction. To date, in excess of \$1.33 billion in cap and trade proceeds have been provided for the high-speed rail program. Additionally, the system will ultimately be operated by the private sector through a long-term concession whereby the operator will pay an up-front fee that will be used to expand the system, and recoup its investment over time through revenues generated from operating the system.

As I testified before this Subcommittee last August, the Authority's 2016 Business Plan² lays out how the project will be sequenced starting with the Silicon Valley to Central Valley initial operating line (costing \$20.7 billion) stretching from San Jose to just north of Bakersfield starting service in 2025, followed by delivery of the full \$64.2 billion Phase 1 high-speed rail system extending to San Francisco, Merced, and Anaheim (through LA). The Authority's 2016 Business Plan identifies federal and state public funding already committed to the program sufficient to build the Silicon Valley to Central Valley line. However, an additional \$2.9 billion of federal funding can extend the Silicon Valley to Central Valley line into Bakersfield and improve service to San Francisco; this extended line would significantly enhance ridership and provide an additional \$4.7 billion in revenues, and thereby attracting higher value private sector concession bids.

Mr. Chairman and Ranking Member, while the federal government is a critical and necessary partner in the California High-Speed Rail program both today and in the future, the majority of funding currently committed to the program is California state funding. With a continuous appropriation of cap and trade revenues and over \$4 billion of remaining Proposition 1A bonding capacity, the Authority is well-positioned to expand our partnership with the federal government beyond construction in the Central Valley. Additional federal investment in our project could be matched and put to work almost immediately, creating jobs and accelerating the delivery of this long-term transformational infrastructure program.

D. Early Train Operator Procurement and Public-Private Partnership

Mr. Chairman and Ranking Member, a fundamental goal of the California High-Speed Rail program is to create a commercially-successful *privately operated* high-speed rail transportation system. As segments of the program are delivered, they are projected to generate significant revenues and positive cash flow that will support private investment. Over time, the value of the system as a commercial enterprise will be significant for the State of California, creating the opportunity for private investment to support expansion of the system. In furtherance of these objectives, the Authority is strategically partnering with a private sector operator that will help ensure that our system is designed to enhance its ultimate commercial value and profitability.

The Authority is in the midst of bringing an Early Train Operator on board that will advise the Authority on the planning, design and construction of the high-speed rail system, and then undertake actual early operation of passenger service while working to build the market once the system is built. The Early Train Operator will provide input on procurements for trains, track and systems, maintenance facilities and station design; and be in charge of operations, revenue collection, marketing and branding and financial planning and modeling, including ridership estimation.

In April, the Authority completed its evaluation of Early Train Operator qualifications and compiled a "short list" of teams invited to participate in the second phase request for proposals

² 2016 Business Plan: http://www.hsr.ca.gov/docs/about/business_plans/2016_BusinessPlan.pdf

that the Board approved this month. Proposals are due in September 2017 and we anticipate contract award by the end of the year.

E. Statewide Rail Modernization: Concurrent System-wide Strategic Investment

Mr. Chairman and Ranking Member, last August I noted for this Subcommittee that while the Authority is currently delivering a major construction project in the Central Valley, the completed high-speed rail system will serve as the backbone of a larger modernization of statewide, regional and local rail systems. The Authority is now working with state and regional partners to advance and accelerate regionally significant concurrent investments. These investments are strengthening and improving existing rail systems that will connect to high-speed rail or facilitate future high-speed rail operations.

The California State Legislature appropriated \$1.1 billion of Proposition 1A funds for “Bookend Investments”, improvements that allow high-speed operations to blend with existing Northern and Southern California rail systems. This funding is the subject of two Memoranda of Understanding (MOU) with agency partners in Northern and Southern California. An additional \$950 million in Proposition 1A dollars has been appropriated for 17 “regional connectivity” projects that will provide direct connectivity to high-speed rail lines and facilities; over 50 percent of the Proposition 1A dollars for these projects have been expended. This combined \$2 billion in Proposition 1A investment will leverage \$5 billion in additional funding for these bookend and connectivity projects. For more information, the *2017 Project Update Report to the California State Legislature* provides a detailed discussion of Proposition 1A bookend and regional connectivity projects.

Through its 2012 Southern California MOU, the Authority committed \$500 million to projects in the region. A number of priority Southern California regional projects have been identified and are in various stages of planning and development. Focused, strategic early investment projects - like grade separations - will increase capacity and improve the speed, safety and efficiency of existing passenger and freight services while paving the way for future high-speed rail services in the region.

For example, the Rosecrans and Marquardt Avenue intersection in Santa Fe Springs has been rated by the California Public Utilities Commission (CPUC) as the most hazardous grade crossing in California, which is traversed by over 110 freight and passenger trains and more than 52,000 vehicles every day. In 2016, the U.S. Department of Transportation (U.S. DOT) awarded a \$15 million Transportation Investment Generating Economic Recovery, or “TIGER”, discretionary grant for Rosecrans/Marquardt Avenue Grade Separation Project (the Los Angeles County Metropolitan Transportation Authority (LA Metro) is the lead agency for the project). The Rosecrans/Marquardt Avenue Grade Separation Project has been identified as the first project to be funded using Proposition 1A bookend investment funds under the Authority’s Southern California MOU with its regional partners. The Authority will contribute up to \$76.7 million of the costs for this \$137 million project, and the Authority has submitted the funding plan for the project. In addition to the safety benefits this projects will bring, it will also increase passenger rail capacity to the Inland Empire by 60 percent.

The state is also partnering with LA Metro to improve connectivity in Southern California by funding the Regional Connector Transit Project in downtown Los Angeles. The state is providing almost \$115 million in Proposition 1A regional connectivity funds to the \$1.75 billion project that will connect Metro Rail's Gold Line to the 7th Street/Metro Center with a nearly 2-mile underground light rail system (this video link shows how crews are constructing this underground tunnel and why the project will make it easier for Southern Californians to get around town: <https://www.youtube.com/watch?v=4G2Lso5EGes>).

In Northern California, the Authority is providing Proposition 1A bookend funding for the Peninsula Corridor Electrification Project, which will increase capacity and improve safety in the Caltrain commuter rail corridor between San Francisco and the Silicon Valley. In 2016, the Authority agreed to a supplemental MOU with partnering Northern California agencies to increase funding for the Peninsula Corridor Electrification Project to a total of \$713 million for the \$1.98 billion project. The Authority's contribution is intended to advance key project elements which will initially improve service between Tamien Station in San Jose and the Caltrain terminal at 4th and King in San Francisco, and in the future, allow high-speed rail to use the corridor as part of blended operations with Caltrain.

The Authority is pleased that the Federal Transit Administration has executed a Full Funding Grant Agreement with Caltrain for the Peninsula Corridor Electrification Project. This critical regional project is ready to move forward, and will provide significant near-term operational, environmental and economic benefits. The Caltrain Peninsula Electrification Project alone will result in the creation of over 9,600 jobs, including over 1,300 located outside of California. When finished, new trains will reduce travel times between San Jose and San Francisco by 15 percent, cut emissions by 97 percent, and save more than 600,000 vehicle-miles each day on heavily congested freeways. The Authority will continue to work in partnership with Caltrain to advance this critical project.

F. Risk Management and Actively Managing Scope, Schedule and Budget

Mr. Chairman and Ranking Member, managing risk is one of the Authority's key responsibilities as we work to deliver the program. Like other large, complex infrastructure projects, the California High-Speed Rail program faces a range of budget, schedule and other risk pressures every single day; managing these challenges is a dynamic and continuous process, not a one-time or occasional exercise. The Authority and its Board actively manage risks through a robust and transparent risk management program, a thorough change control process, and by establishing and managing appropriate contingencies – with \$11 billion in contingency, out of a total cost of \$64 billion for the Phase 1 program, set aside to mitigate risk factors.

The Authority's Risk Management and Project Controls Office has a direct reporting relationship with the Board; together with the Authority's Program Controls division, these independent programs are constantly taking the pulse of the project and report monthly to the Board on program elements, including environmental progress, right of way acquisition, third party negotiations, construction progress and budget versus actual expenditures. Operations, financial and performance reporting are provided to the Board's Finance and Audit Committee each month, and shared with the California State Legislature and posted on the Authority's website.

Finance and Audit Committee meetings are also open to the public. Risk management is also a central focus of the Authority's continuing partnership with the FRA.

The *2017 Project Update Report to the California State Legislature* provides a detailed discussion of the Authority's risk management program, citing examples where it has yielded results in the Central Valley – namely in the areas of right of way acquisition, utility relocations, railroad and other third-party issues with our Construction Package 1 design-build contract. The Authority's budget for contingency is driven by risk analysis, and thanks to that analysis we anticipated cost and schedule pressures associated with these issues. To address these risks, we have executed change orders to the contract within our contingency, to address right of way delay impacts and to transfer utility relocation work to the design-builder, which will help relocations keep pace with construction.

We are also mitigating risk by identifying cost savings associated with other elements of the program. For example, the Authority identified through the environmental review process a preferred alternative alignment for the Central Valley Wye, the junction for trains that head either northwest to the San Francisco Bay Area or north to Merced and ultimately Sacramento, which is \$221 million less than the alternative assumed in the Authority's 2016 Business Plan.

Finally, the Authority is also anticipating and managing risks to delivering the remainder of the Silicon Valley to Central Valley line beyond the current construction. The Authority is procuring additional right of way services to prepare for the approximately 1,800 parcels that will need to be surveyed, mapped and acquired to extend construction from the Central Valley to San Jose. We are drafting procurement documents for the remaining major procurements, including the high-speed trains, track and systems, and design-build civil construction with the intent of being able to quickly move into construction once environmental clearance is complete.

II. Looking Ahead

Mr. Chairman and Ranking Member, President Trump and several Members of Congress have pledged to significantly increase infrastructure investment, and perhaps also rethink and restructure the way the federal government funds infrastructure projects and supports project delivery. As the nation's largest transportation infrastructure project, California High-Speed Rail welcomes this discussion, and we hope that we can be a resource for Congress and the Trump Administration going forward.

A. Federal Infrastructure Investment: Targeting Transformational Projects and Leveraging Non-Federal Investment

Last month, the Trump Administration rolled out its federal fiscal year (FY) 2018 Budget Proposal, which was accompanied by a six page "Infrastructure Initiative Fact Sheet".³ The

³ 2018 Budget: Infrastructure Initiative (Fact Sheet):
https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/budget/fy2018/fact_sheets/2018%20Budget%20Fact%20Sheet_Infrastructure%20Initiative.pdf

Trump Administration Infrastructure Initiative outlines a new initiative that will provide \$200 billion in federal funding to leverage a total of \$1 trillion for infrastructure investment.

Key principles of the Trump Administration plan call for focusing federal dollars on the most transformative projects, stating: “When Federal funds are provided, they should be awarded to projects that address problems that are a high priority from the perspective of a region or the Nation, or projects that lead to long-term changes in how infrastructure is designed, built, and maintained.” The Trump Administration plan also states, “while this Administration proposes additional funding for infrastructure, we will structure that funding to incentivize additional non-Federal funding. . .”

Mr. Chairman and Ranking Member, the California High-Speed Rail program fits squarely within these principles, and if given the opportunity, we would be very well-positioned to expand our partnership with the federal government and successfully implement them.

First, as I stated before this Subcommittee in August, *the California High-Speed Rail Program is in every way a transformational program.* California High-Speed Rail represents the first ever effort to build an intercity high-speed passenger rail system in this country. California is at the forefront of developing an entirely new American industry where investments *in* and the development of new technologies, manufacturing capabilities, and innovative business practices will create high-skilled, good paying jobs and benefit the entire nation for decades to come.

The California High-Speed Rail Program, and the larger Statewide Rail Modernization effort it is supporting, represent a revolutionary commitment to passenger rail investment that will vault our state into a more sustainable future, one that is also cheaper to build and maintain – much cheaper in fact than the cost of equivalent mobility of new highways and airports required to sustain the 50 million people we must serve by the middle of this century. These investments will benefit industry, open freight capacity to enhance the flow of goods from our fields and ports and sustain an innovative state economy that will help drive America’s economic competitiveness.

With regard to structuring federal investment to leverage non-federal investment, the State of California is stepping up and leading the way on infrastructure investment. To date, California has made an unprecedented commitment to the California High-Speed Rail project: High-Speed Rail’s portion of the state’s cap and trade program has yielded \$1.33 billion to date with more to come each quarter and the California State Legislature has already appropriated \$2.6 billion in Proposition 1A bonds for the project of which over \$1.3 billion have been sold. Moreover, the California High-Speed Rail program has demonstrated its ability to leverage additional investment all of over the state through its Proposition 1A bookend and regional connectivity investments.

California is certainly making significant investments in transportation and infrastructure, and is eager to partner with the federal government to advance the California High-Speed Rail program. With a continuous appropriation of cap and trade revenues and more than \$4 billion of remaining Proposition 1A bonding capacity, the Authority is well-positioned to expand our partnership with the federal government beyond construction in the Central Valley. Additional federal investment

in our project could be matched and put to work almost immediately creating jobs and accelerating the delivery of this long-term transformational infrastructure program. More simply stated - if a federal funding program is structured to incentivize or leverage non-federal investment, the California High-Speed Rail Program has a great deal to bring to the table quickly, and can put our state-federal combined resources to work quickly and produce real results.

B. Expediting the Environmental Review and Permitting Process

Mr. Chairman and Ranking Member, the 2016 Business Plan established a very important goal – to make the full Phase 1 system shovel ready as quickly as possible by completing environmental reviews. The Authority remains committed to completing environmental reviews expeditiously in order to provide clarity to local communities, stakeholders and regional partners as to the route and station locations, and to be shovel ready in order to build out the system and facilitate intermediate improvements as funding is available.

However, the ability to expedite environmental reviews depends on many external factors that are not necessarily under the Authority's control. For example, advancing environmental clearance involves working with multiple partners (e.g., FRA, U.S. Army Corps of Engineers, etc.) each of which are required to comply with, or address their own statutory mandates, and/or may face resource constraints.

Given these constraints, the State of California fully supports efforts to expedite the environmental review and permitting process without diminishing environmental standards and safeguards. In February, Governor Brown wrote President Trump to seek expedited environmental review for several California projects, including California High-Speed Rail, under Executive Order 13766, *Expediting Environmental Review and Approvals for High Priority Infrastructure Projects*. More recently, Governor Brown wrote the President requesting U.S. DOT to delegate its federal authority under the National Environmental Policy Act (NEPA) so that California can expedite the High-Speed Rail project.

The State of California has had an extremely successful history with NEPA assignment. California has been able to cut the regulatory burden on thousands of road projects because of the U.S. DOT's willingness to assign to the state the required reviews under NEPA, and has achieved time savings of months and years in reviewing and approving NEPA documents. The Governor's request is squarely in keeping with Congress' intention to extend NEPA assignment to rail projects under the Moving Ahead for Progress in the 21st Century Act (MAP-21; P.L. 112-141), as well as the Trump Administration Infrastructure Initiative principles that call for expediting environmental review by “. . . putting infrastructure permitting into the hands of responsible State and local officials where appropriate.”

Mr. Chairman and Ranking Member, *California is ready to take on this responsibility, to commit its own resources (and also free up federal staffing and resources) to expedite the environmental review and permitting of the California High-Speed Rail project.* We look forward to working closely with the Trump Administration to advance the Governor's request.

C. A National Policy to Advance High-Speed Rail

Finally Mr. Chairman and Ranking Member, as efforts to construct high-speed rail networks advance across the nation, we feel a need to acknowledge the fact that building high-speed rail in America is not quite the same as adding capacity to an existing highway or building a new runway at an airport. We are building an entirely new mode of transportation using new technologies that have never been built or used before in this country. In some instances, U.S. high-speed rail systems will need to deal with issues of first impression for several federal regulators, including agencies other than U.S. DOT.

The Trump Administration Infrastructure Initiative principles discuss the concept of “One Federal Decision” - of designating a single entity with responsibility for shepherding projects through the regulatory process. I would suggest building on this idea and taking it a step further, that we should have a *National Policy to Advance High-Speed Rail*, a total government approach with leadership directly from the White House and also senior U.S. DOT leadership. Earlier this year President Trump himself publicly expressed his disappointment that, unlike other countries, we do not have high-speed rail systems in America. Governor Brown responded via Twitter that “California’s ready”. There is a tremendous opportunity for the President Trump to shape federal policy and leave a lasting legacy for high-speed rail in America. . . *and California is ready to strongly support the President in this effort.*

III. Conclusion

In closing, I would like to thank you again for allowing me to provide you with an update on the exciting progress the Authority has made towards implementing the nation’s first high-speed rail system. I look forward to continuing to work with the Subcommittee to ensure that the nation’s first high-speed rail system is built correctly, cost-effectively, and in the best interest of the nation’s and California’s taxpayers.