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The Honorable Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E. Street, S.W., Room 100
Washington, DC 20423-0001

Subject: Time Extension to Reply to STB Finance Docket No. 35724 (Sub-No. 1), California High-Speed Rail Authority Construction Exemption Fresno to Bakersfield

Dear Ms. Brown,

As a local resident of the City of Hanford, California, who will be adversely impacted by the ill-conceived major transportation rail project that continues to experience massive errors and omissions that is totally unacceptable on a project this size? A primary question is "With nearly One Billion Dollars spend and no shovel in the ground, why would anyone authorize continuance of this disaster?"

Therefore, as a taxpayer who is in complete agreement with a major portion of Californian's, who now want this project stopped immediately. This project has morphed into something other than what voters / taxpayers voted on in November 2008. One can only image the generational impacts this project will place on the financial stability of The State of California if allowed to continue in its present format. If you factor in the latest major transportation cost overrun of 6.5% the estimated cost to taxpayers could be as high as \$758,000,000,000 or ¾ of a Trillion Dollars. I base this on the 6.5% cost overrun for the new 2.5 mile Bay Bridge (that has serious safety issues) and the best estimate by so many CAHSR today realistic starting cost estimate should be around \$120,000,000,000. Clearly, whether I am correct or not, cost overruns are a solid guarantee. Does the potential final cost based on empirical evidence warrant misuse of not only California taxpayers but the other 49 states as we all know, politics does not trump common!

If the STB approves any request from CAHSRA it only deepens, the damage that will be incurred to California private property owners, business owners and the public. It will never produce any of the outcomes as outlined in Proposition 1A of November 2008. Why? Because their simulations are always wrong. Therefore, challenges occur whether legal (legal one are highlighted in my submission) or the typical cost overruns end up creating changes because of their serious errors and omissions, thus costs rise exponentially!

Clearly, Judge Kinney determined there are serious fiduciary shortfalls that the authority has to resolve. Thus far, they have not! The future does not bode well for the authority as a key component – **private funding** – has yet to be identified even verbally. Currently, there are no more federal or state monies available. The balance of required funding just for the Merced to Fresno and Bay to Basin is short over **\$31 plus billion dollars**. See Revised 2014 CAHSR Business Plan pages 53 & 55, tables 6.5 & 6.6 Uncommitted Funds line entries.

Additionally, in the Merced to Fresno section where construction will begin north of the City of Madera rather than in Merced, one of the two key **linking cities with a station** in this section. (Note: There is no HSR station in Madera!) Therefore, the primary question becomes “Does this section comport with the requirements of a ‘useable segment’ that provides ‘independent utility’” as outlined in Proposition 1A? My question “Does one station make a railroad regardless of the type of service?”

In addition, any operating HSR train will be diesel **NOT ELECTRIFIED** a requirement of Proposition 1A. Furthermore, electricity capacity to operate this supposed NOT electrified High Speed Rail is non-existent in the state. Furthermore, the experts from the energy sector state it will take a minimum of 13 years to have any electrical plants operating from the time the permit process is approved. Once again, another demonstration of improper business and financial planning failures. However, the major question now becomes since there are no line items anywhere in their documentation that cover the cost for all these power plant construction whether fossil fuel or green energy? Now this raises another major question, since there is no funding set aside for building all of these power stations the authority is now placing the California population in a position to experience blackouts, why, because of poor planning.

The STB is just one of the many of the United States Government agency **guardians** of taxpayer’s money. With this in mind, the only reasonable and correct decision is instruct CAHSR to withdraw their request until the California High Speed Rail Authority achieves the tenants clearly stated in Proposition 1A – “They must have **all funding identified and committed to the construction segment** prior to commencing construction and they cannot operate under any subsidies”. Point in fact they **do not!** Therefore. Their short major funding just for the Merced to Fresno section by over \$20 billion dollars, see page 53, table 6.5 of Revised 2014 CAHSR Business Plan.

Furthermore, based on comments made by Governor Brown at a news conference back in 2013 he stated, “All rail projects are subsidized”. Again, this is another violation of Proposition 1A as it clearly states HSR must not receive subsidies.

One of the key factors has been the authorities’ failure to produce a valid fiscally **ACCURATE** business plan was never been challenged. Every single plan has been challenged because the estimated costs morphed from a low of \$33 B to \$44 B to \$64 B to \$97 / \$117.2 B back to \$68 B in mid-2013. Thus, the reason that very large majority of California citizens are now calling for a revote or cancelling the project now. Judge Kinney’s ruling was financial based and this further demonstrates my statement above.

I would like to offer another example besides fiduciary – job creation: based on CAHSR’s calculations they would create 1,000,000 jobs. Immediately this was challenged because they were factoring a job based on job years (?) and this is clearly not a valid or accepted workforce planning formula for any competent organization, whether private or public. One person working 10 years is not 10 jobs – it is simply one job period. No employer would present this as a valid labor force calculation.

There are massive amounts of empirical evidence demonstrating the failures of the CAHSR’s simulations by noted and respected industry experts in almost every area where their data to support their project is extremely flawed.

On January 15, 2014, Chairman Dan Richard when asked by House Congressional Transportation hearing Chairman Jeff Denham, if he knew where the additional funding was coming from, his response after a short pause – “No!”

The authority released their new revised “Business Plan” on February 7, 2014 and **again** it further demonstrates that Chair Richard’s comment of January 15th still apply in the new business plan (see references above and below).

I direct your attention to pages 53 & 55 table’s numbered 6.5 & 6.6 to the Uncommitted Funds line. Table 6.5 shortfall is \$20,934,000,000 for the initial IOS and table 6.6 shortfall is \$10,537,000,000 for the Bay to Basin IOS. These shortfalls total \$31,271,000,000, which now becomes a massive albatross clearly demonstration this project must be stopped now! Additionally, the authority continues to state that private funding is coming. Since 2009 - none has.

Therefore, more than ever in your leadership capacity would be to ensure **solid fiduciary responsibility** compliant with the laws of California (Proposition 1A is California law) and the United States. I would hope your recommendation would be such that until CAHSRA has complied with Judge Kinney’s court mandated requirement; your decision as noted above should be made directing the authority to be in full compliance with California state law and the courts requirements. Until that time, CAHSR’s submission should be withdrawn immediately.

Another consequence of CAHSR failures is achieving to the matching ARRA funds requirement with state funds still not met, again, another major failure by the authority. Failure only places the ARRA award funds in noncompliance with the award serious jeopardizing the ARRA funds.

With the potential of further legal action, **(March 4, 2014 Judge Kinney awarded that Part of the Prop 1A legal action by Kings County, Tos & Fukuda to precede with Part 2 of the Proposition 1A legal action. I am sure you are aware that the plaintiffs prevailed on Part 1 of this legal action)**; it would be improper to approve any request without the Authority first meeting the requirements of Proposition 1A. The STB also has a **fiduciary and fiscal responsibility to the other 49 states** whose citizens are on the hook for the awarded ARRA funds to California for this well know ill-conceived project that has gone through so many machinations that no one knows who is where?

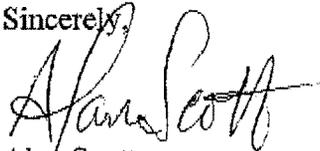
My active involvement in this project started nearly three (3) years ago and having seen so many **egregious** mistakes and redo’s; therefore, I am hopeful that the STB ruling will deny CAHSR’s submission until they are compliant as already noted. (Another example failure, the engineers did not know there were three tributaries to the Kings River northeast corner of Kings County, they thought there were only two. Two on site landowners pointed out to three engineers there were three and an engineer stated the landowners map was not the same as the one in his office in Sacramento. I also presented this finding at the September 2013 HSR Board meeting and it was not received well by the board or the staff.)

Sacramento Bee editorial of March 4, 2014 by Dan Walters clearly supports my submission:
<http://www.sacbee.com/2014/03/04/6205970/dan-walters-brown-must-show-the.html>.

I would like to enter into the record the following from the Department of Transportation, Office of the Inspector General their memorandum of March 5, 2014 authorizing a complete audit of the entire HSR system. In California, numerous requests for a financial audit by Citizens for California High Speed Rail Accountability and numerous other groups / individuals who pointedly asked for audits only to be turned down emphatically by the Assembly and the authority stating there is no requirement for any audits. Really, billions and billions of taxpayer dollars are being accessed with zero oversight, I think not! I refer you to this link for complete details by the DOT OIG office, how timely they want to conduct a fiscal audit.
<http://www.oig.dot.gov/sites/dot/files/FRA%20HSIPR%20Grant%20Agreements%20Annoucement%20Letter%5E3-5-14.pdf>

Therefore, in closing, my submission not only supported by the above editorial and Judge Kinney's new rule of March 14th coupled with the dramatic rise in California voters / taxpayers attitude changing from a questioning view to one of a solid unanimity that this project must be stopped now! Even our Lieutenant Governor went on record asking that ARRA funds now be moved to other qualifying transportation projects simply because it is a managerial disaster. His reasoning, I believe, is based on CAHSR/B is not operating from a quantifiable recognized business model, but rather from a multitude of very empty platitudes with no substance or basis of fact.

Sincerely,



Alan Scott
1318 Whitmore Street
Hanford, CA 93230-2848

Email: a_scott1318@comcast.net
Home phone: 559 583-7299

cc:

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