

September 16, 2019

Hon. Susan Collins, Chair
Hon. Jack Reed, Ranking Member
Subcommittee on Transportation-HUD
U.S. Senate
Washington, DC 20510

Hon. David Price, Chair
Hon. Mario Diaz-Balart, Ranking Member
Subcommittee on Transportation-HUD
U.S. House of Representatives
Washington, DC 20515

Dear Chair Collins, Ranking Member Reed, Chair Price and Ranking Member Diaz-Balart:

We are writing in support of language included in Section 192 of the House-passed version of the Transportation-HUD Appropriations bill for Fiscal Year 2020. This section prevents the Department of Transportation from terminating the Cooperative Agreement issued in Fiscal Year 2009 to support the California high-speed rail program and from re-allocating funds from the Fiscal Year 2010 Cooperative Agreement for the project before the resolution of the litigation over the Department's May 16th decision to terminate the Cooperative Agreement. It is our hope you and your colleagues will retain this provision as the appropriations process concludes this Fall.

The California high-speed rail project in the Central Valley of California has been under construction since 2015. More than 3,000 well-paying construction jobs have been created while construction on 119 miles of railroad is underway. The project is boosting the economy of the poorest section of the State of California by providing quality jobs and contracting opportunities for companies large and small, including numerous minority and veteran-owned companies.

The Central Valley segment represents the first phase of the planned multi-phase program to connect Los Angeles and San Francisco with the nation's first dedicated high-speed passenger railroad. In order to advance the other phases of the program, the State of California in July entered into an agreement with the Federal Railroad Administration under which the state will assume responsibility for completion of environmental clearance documents on the remaining phases of the project. Streamlining environmental clearance will help save taxpayers money and bring the full benefits of the system to the public sooner. This partnership between the federal and state governments is a model for developing other passenger rail projects nationwide.

Despite the progress on construction in the Central Valley and on project streamlining for other segments, actions taken earlier this year by the Federal Railroad Administration call into question the federal-state partnership which is essential to the success of the California program.

The Federal Railroad Administration in May terminated a fiscal year 2010 cooperative agreement with California under which \$929 million was allocated to the project. These funds have yet to be spent in California because the state is still completing its non-federal match on the first grant to the project of \$2.55 billion of fiscal 2009 funds under the recovery act. All told, before the FRA's action to terminate the FY 2010 grant, \$3.48 billion of federal funds were committed. The State of California has committed \$11 billion to the project. FRA has indicated it is also considering action to "clawback" the \$2.55 billion of federal funds already spent on the project.

The action the Department has taken on this project and the actions it is considering taking would set a precedent that will add an entirely new level of risk to any federally funded or financed transportation project. If the federal government can back out of a project in which it has already invested so much money to good effect, we are concerned about what this means for other projects in other states in the future. Actions like this call into question the reliability of the federal government as a partner in any large infrastructure project.

We believe the most important principle in managing federal-state projects such as this should be cooperation between the parties. The California High Speed Rail Authority has suggested that the FRA work with them to address the issues the FRA has identified. That would be a preferable approach to dealing with these issues.

The perception of risk by project sponsors is not our only concern. Like you, we believe Public-Private Partnerships can play a role in developing major infrastructure projects in the United States. We believe potential private sector partners will react negatively to the addition of more risk to any federally funded or financed project.

With all these points in mind, it is our hope you will support the provision to prevent the Department of Transportation from taking further steps to pull federal support from California's high-speed rail program.

Thank you for your consideration of our views.

Sincerely,

American Council of Engineering Companies (ACEC)
American Public Transportation Association (APTA)
American Road and Transportation Builders Association (ARTBA)
Associated General Contractors (AGC)
American Train Dispatchers Association (ATDA)
Brotherhood of Railroad Signalmen (BRS)
International Association of Machinists & Aerospace Workers (IAMAW)
International Brotherhood of Electrical Workers (IBEW)
International Brotherhood of Teamsters (IBT)
International Union of Operating Engineers (IUOE)
Laborers' International Union of North America (LIUNA)
National Conference of Firemen & Oilers, SEIU (NCFO-SEIU)
Sheet, Metal, Air, Rail, and Transportation Workers Transportation Division (SMART- TD)
Transport Workers Union of America (TWU)
Transportation Communications Union (TCU)
Transportation Trades Department – AFL-CIO (TTD)
US High Speed Rail Association (USHSRA)