

May 31, 2019

Hon. Nita Lowey, Chair
Hon. Kay Granger, Ranking Member
Committee on Appropriations
H-307 The Capitol
Washington, DC 20515

Hon. David Price, Chair
Hon. Mario Diaz-Balart
Subcommittee on Transportation-HUD
2358 Rayburn House Office Building
Washington, DC 20515

Dear Chair Lowey, Ranking Member Granger, Chair Price and Ranking Member Diaz-Balart:

We are writing in support of language included in Section 192 of the Transportation-HUD Appropriations bill for Fiscal Year 2020 approved on May 23 by the Subcommittee on Transportation-HUD. 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 16 decision to terminate the Cooperative Agreement.

Our support for this provision in the subcommittee bill is not based solely on our support for the California project. It is also based on our concern about the message sent to project sponsors in all transportation modes by the Department's termination of a cooperative agreement and its consideration of terminating a second agreement and clawing-back federal funds expended under it. The Department's action and its potential action on this project call into question the reliability of the federal government as a partner in any large infrastructure project – not just in California's high-speed rail program.

Correspondence between the Federal Railroad Administration and the California High Speed Rail Authority in February, March and May of this year has laid out the arguments on both sides over the management of the California high-speed rail grants and the project itself. Without commenting on the merits of the arguments on both sides, 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 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 transportation project. The California high-speed rail program has been under construction since 2015. To date, more than 2,500 quality construction jobs have been created and work is continuing on 119 miles of new railroad in the Central Valley of California. The federal government has committed \$3.5 billion to this project and the state of California has committed \$11 billion to date. 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 the future.

If any grantee or borrower with a proposed or ongoing DOT-funded project knows that instead of working through problems in a cooperative fashion, the Department may decide to simply terminate a grant or cooperative agreement and potentially clawback funds already received, they will consider carefully the risks of entering into a partnership with the federal government at all.

The perception of risk by grantees and borrowers 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 of 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)
American Train Dispatchers Association (ATDA)
Associated General Contractors of America (AGC)
Brotherhood of Locomotive Engineers and Trainmen
Brotherhood of Maintenance of Way Employes (BMWE)
Brotherhood of Railway Signalmen (BRS)
International Association of Machinists and Aerospace Workers (IAMAW)
International Brotherhood of Electrical Workers (IBEW)
International Brotherhood of Teamsters
International Union of Operating Engineers (IUOE)
Laborers' International Union of North America (LIUNA)
National Conference of Firemen & Oilers (NCF&O, SEIU)
Sheet Metal-Air-Rail-Transportation Union Transportation Department (SMART-TD)
SMART Mechanical and Engineering Union
Teamsters Rail Conference
Transport Workers Union (TWU)
Transportation Communications Union (TCU)
Transportation Trades Department – AFL-CIO (TTD)
U.S. High Speed Rail Associations (USHSRA)