

CALIFORNIA INITIATIVE REVIEW

Proposition 1A: Safe, Reliable High-Speed Passenger Train Bond Act.

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By

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**Analysis of Proposition 1A
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I. EXECUTIVE SUMMARY: Safe, Reliable High-Speed Passenger Train Bond Act

If passed, the Safe Reliable High-Speed Passenger Train Bond Act would provide \$9 billion to build a new high-speed rail system between San Francisco, Los Angeles and Anaheim. It would also provide \$950 million for ancillary connections to the high-speed rail system and for repairing, modernizing and improving passenger rail service, including tracks, signals, structures, facilities and rolling stock (trains). The total funding provided from the sale of general obligation bonds would be \$9.95 billion.

Proposition 1A replaced Proposition 1 (originally placed on the ballot to fund the high-speed rail project) when the legislature passed Assembly Bill 3034 and added additional independent oversight and taxpayer protections to the project. *AB 3034 Analysis*, <http://leginfo.ca.gov> (accessed Sept. 10, 2008). These protections include independent peer review at all phases of the project, matching fund requirements and additional fiscal oversight. *Id.* In 1996, the State Legislature created the California High Speed Rail Authority (Authority) as an independent body consisting of board members appointed by the Legislature and the Governor. It was authorized to develop an inter-city rail system that can operate at high speeds and can connect the major metropolitan areas of California. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 7, 2008). Since its creation, the Authority has spent approximately \$60 million for pre-construction activities such as environmental studies and planning related to the anticipated development of the high speed rail system. The culmination of these efforts is reflected in the plan set forth in Proposition 1A. *Id.*

California is currently served by various types of passenger rail services that include urban, commuter and inter-city rail. Although some rail already in existence connects key urban areas of California, none of these inter-city rail services provide service between Northern and Southern California. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed on Oct. 7, 2008). The proposed system would use electric trains and connect the major metropolitan areas of San Francisco, Sacramento, the Central Valley, Los Angeles, Orange County, the Inland Empire (San Bernardino and Riverside Counties) and San Diego. These trains would be capable of sustained speeds of over 200 mph, although they may have to operate at lower speeds through densely populated areas. The High Speed Rail Authority estimated in 2006 that the total cost to develop and construct the entire high-speed train system would be about \$45 billion. *Id.*

II. THE LAW

a. Proposition 1 & Proposition 1A –A Comparison

Proposition 1A replaced Proposition 1 and added additional oversight and taxpayer protections to the project. While Proposition 1 called for oversight by the Governor, the Legislature, the Attorney General and an independent outside expert. Proposition 1A calls for additional oversight by the Department of Finance and creates an independent peer review group for purposes of reviewing the planning, engineering, financing and other elements of the High Speed Rail Authority's plans. *Voter Information Guide 2008, Proposition 1A Art. 2,*

<http://www.voterguide.sos.ca.gov/text-proposed-laws/suppl-text-proposed-law.pdf> (accessed Oct. 7, 2008). The specific details of this added oversight and review are discussed in subsection c, *infra*.

b. Existing Law

The state currently contracts with Amtrak to provide inter-city rail service with trains that travel at maximum speeds of 90 mph and serve three transportation corridors: the Capitol Corridor which runs from San Jose to Auburn; the San Joaquin line which runs from Oakland to Bakersfield; and the Pacific Surfliner which runs from San Diego to San Luis Obispo. There are also extensive commuter train operations, including Amtrak operating on some of Union Pacific's 3,313 miles of track throughout the state. Union Pacific Railroad, *California Primary Service Areas and Clientele* <http://www.uprr.com/aboutup/usguide/ca.shtml> (accessed Sept. 15, 2008). California also has regional rail service provided by Metrolink (providing service between Riverside and Los Angeles) and Caltrain (providing service between San Francisco and San Jose), <http://www.metrolinktrains.com>; <http://www.caltrain.com> (both sites accessed Sept. 15, 2008). At the present time, however, California does not have a high-speed inter-city passenger rail system capable of providing rail service at or above 200 mph. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 12, 2008).

c. Proposed Changes to Existing Law

This bond would provide \$9 billion for building a new high-speed rail system between San Francisco and Los Angeles. The remaining \$950 million in bond funds would be available to fund additional projects that would improve other passenger rail systems in order to enhance these systems' capacity and safety, as well as allowing riders to connect to the high-speed train system. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 12, 2008). Of this \$950 million, \$190 million is designated to improve the state's inter-city rail services. *Id.* The remaining \$760 million would be used for other passenger rail services including urban and commuter rail. *Id.*

This measure would add language to the Public Utilities Code and would add Chapter 20 to the Streets and Highways Code that would be titled "Safe, Reliable High-Speed Passenger Train Bond Act for the 21st Century." This initiative would repeal previous legislation that was passed to fund a high-speed rail with bond measures in 2002, 2004 and again in 2006. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 12, 2008). The bond measure was pulled from the ballot in 2002 and again in 2004 due to budget considerations and was pulled off the November 2006 ballot as part of a compromise between lawmakers and the Governor involving other public spending and infrastructure plans. *Id.* Proposition 1, as discussed above, was replaced by Proposition 1A after Assembly Bill 3034 was passed and signed by Governor Schwarzenegger in August. *AB 3034 Bill Analysis*, <http://leginfo.ca.gov> (accessed Sept. 10, 2008).

Phase I of the project is the corridor between San Francisco Transbay Terminal and Los Angeles Union Station and Anaheim. If the Authority finds that there would be no negative

impact on the construction of Phase I of the project, bond funds may be used on any of the following corridors: Sacramento to Stockton to Fresno; San Francisco to San Jose to Fresno; Oakland to San Jose; Fresno to Bakersfield to Palmdale to Los Angeles; Los Angeles to Riverside to San Diego; Los Angeles to Anaheim to Irvine; and Merced to Stockton to Oakland-San Francisco via the Altamont Corridor. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Sept. 12, 2008). Construction of these additional segments is subject to the availability of bond funds and funding from both the public and private sector, in addition to any proceeds from the rail system itself. *Voter Information Guide 2008, Proposition 1A Art. 2*, <http://www.voterguide.sos.ca.gov/text-proposed-laws/suppl-text-proposed-law.pdf> (accessed Oct. 7, 2008). The bond funds may also be used for: environmental studies; planning and engineering of the system; capital costs such as acquisition of rights-of-way, trains, and related equipment; and construction of tracks, structures, power systems and stations. However, bond funds may only be used to provide up to one-half of the total cost of construction of each corridor or segment of a corridor. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Sept. 12, 2008).

As discussed above, Proposition 1A provides for additional accountability and oversight than its predecessor, Proposition 1. One added taxpayer protection is the formation of a peer review group that will review the planning, engineering, financing and implementation of each portion of this project. *Voter Information Guide 2008, Proposition 1A Art. 2*, <http://www.voterguide.sos.ca.gov/text-proposed-laws/suppl-text-proposed-law.pdf> (accessed Oct. 7, 2008). This peer review group will be composed of various experts, specifically: two individuals with experience in the construction or operation of high-speed trains in Europe, Asia or both (appointed by the state Treasurer); two individuals, one with experience in engineering and construction of high-speed trains and one with experience in project finance (appointed by the state Controller); one representative from a financial services or financial consulting firm who has not been a contractor or subcontractor of the High Speed Rail Authority for the previous three years (appointed by the Secretary of Business, Transportation and Housing); and two expert representatives from agencies providing inter-city or commuter passenger train services in California (also appointed by the Secretary of Business, Transportation and Housing). Cal. Pub. Utilities Code § 185035 (2008).

This proposition provides that “at least 90% of bond funds shall be spent for specific construction projects, with private and public matching funds required, including, but not limited to: federal funds, funds from revenue bonds and local funds.” *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/title-sum/prop1a-title-sum.htm> (accessed Oct. 12, 2008). The bond funds must initially be appropriated by the Legislature, and the State Auditor must periodically audit the use of the bond funds. In addition, the High Speed Rail Authority must submit to the Department of Finance and the Legislature a detailed funding plan for each corridor or segment of a corridor before bond funds will be released for that corridor or segment. *Voter Information Guide 2008, Proposition 1A* <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 12, 2008).

Assembly Bill 3034, which placed Proposition 1A on the ballot, initially required the High Speed Rail Authority to publish a revised business plan no later than September 1, 2008. *AB 3034 Bill Analysis*, <http://leginfo.ca.gov> (accessed Sept. 10, 2008). Due to the record setting

budget delay in California, the updated plan could not be completed by that date and will likely not be completed in its entirety prior to the election. However, portions of the updated plan including ridership projections, cost estimates and other information is contained in the ridership and revenue forecasting study completed in 2007. In addition, the business plan completed in 2000 and other documents, including environmental study data, is available on the High Speed Rail Authority's website at <http://www.cahighspeedrail.ca.gov/library>. The fact that the updated business plan is not complete, and is unlikely to be available before the election, has drawn criticism from the opponents of the project.

d. Fiscal Effects & Overview of State Bond Debt

Proposition 1A calls for the issuance of general obligation bonds. The general obligation bonds to be issued pursuant to Proposition 1A draw funds directly from the State's General Fund, which is largely supported by tax revenues. Repayment is guaranteed by the State's general taxing power. *Voter Information Guide 2008, Overview of State Bond Debt*, <http://www.voterguide.sos.ca.gov/voter-info/bond-debt-1a.htm> (accessed Oct. 11, 2008). While the High Speed Rail Authority plans to fund the construction of the proposed system with a combination of federal, private, local and state monies, no funding has yet been provided. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 7, 2008). When constructed, the train system's maintenance and operation costs will probably be in excess of \$1 billion per year. Depending on the level of ridership, these costs could be offset by revenue from fares paid by passengers. The High Speed Rail Authority projects that ridership will be at 32 million per year and that revenue will be \$888 million in 2020. *Ridership and Revenue Forecasting Study*, <http://www.cahighspeedrail.ca.gov/library> (accessed Sept. 15, 2008).

The cost of the bonds depends on the interest rates in effect at the time the bonds are sold and the time period over which they are repaid. While proposition 1A includes language that would allow for the bond to be repaid over 40 years, the state's current practice is to issue bonds with a repayment period of 30 years. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 7, 2008). "If the bonds are sold at an average interest rate of 5 percent, and assuming a repayment period of 30 years, the General Fund cost would be about \$19.4 billion to pay off both the principal (\$9.95 billion) and interest (\$9.5 billion). The amount due in interest reflects inflation for the projected period over which the bonds will be paid. The average repayment for principal and interest would be about \$647 million per year." *Id.*

As of June 1, 2008, California had about \$45 billion of infrastructure related General Fund bond debt from general obligation bonds outstanding, on which it is making both principal and interest payments. *Voter Information Guide 2008, Overview of State Bond Debt*, <http://www.voterguide.sos.ca.gov/voter-info/bond-debt-1a.htm> (accessed Oct. 11, 2008). In addition, the state has about \$68 billion in unsold general fund obligation bonds and lease-revenue infrastructure bonds. *Id.* Most of this revenue has been committed to projects that have not yet started or are in progress but have not yet reached the major construction phase. There are four bond measures on the ballot this election, which would total \$16.8 billion in new bond authorizations if approved. *Id.*

III. DRAFTING ISSUES & PRE-ELECTION CHALLENGES

A pre-election challenge was filed by the Howard Jarvis Taxpayers Association against the State over the language in the ballot label, title and summary. The court ordered that language relating to funding sources and matching funds be added to the ballot label and the ballot title and summary. *Howard Jarvis Taxpayers Assn. v. Bowen*, No. 34-2008-80000048-CU-WM-GDS (Super. Ct. for the Co. of Sacramento, Sept. 3, 2008). The ballot label and the ballot title and summary prior to the suit stated that “at least 90% of bond funds (will be) spent for specific projects, with federal and private matching funds required.” *Id.* Their proposed language, as ordered by the court reads “at least 90% of bond funds (will be) spent for specific projects, with private and public matching funds required including, but not limited to, federal funds, funds from revenue bonds and local fund.” *Id.* This changed language appears in the ballot label and the official title and summary as published in the voter information guide and on the ballot itself. Voter Information Guide 2008, <http://www.voterguide.sos.ca.gov/title-sum/propl1a-title-sum.htm> (accessed Oct. 12, 2008)

The Howard Jarvis Taxpayers Association also filed a lawsuit over the business plan called for in AB 3034, the bill that placed Proposition 1A on the ballot. Assembly Bill 3034 initially required the High Speed Rail Authority to prepare, publish and submit to the Legislature, no later than September 1, 2008, a revised business plan that identifies: a description of the benefits; a forecast of the anticipated patronage; operating costs and capital costs for the system; and a full discussion of all reasonably foreseeable risks that the project could encounter. *AB 3034 Bill Analysis*, <http://leginfo.ca.gov> (accessed Sept. 10, 2008). Because of the record-breaking budget delay in California, which was finally signed by the Governor on September 23, the Authority was unable to complete the business plan and it is unlikely that the business plan will be completed prior to the election. “A more clear violation of law is hard to imagine,” said Jon Coupal, President of the Howard Jarvis Taxpayers Association. Michael Cabanatuan, *High Speed Rail Authority Hit with Suit*, San Francisco Chronicle B-2 (Oct. 9, 2008). The suit was filed on October 8th to compel the Authority to release the business plan prior to the election. Because the suit could not be expedited, and thus could not be heard before the election, it was dismissed. Email from David Wolfe, Legislative Director of the Howard Jarvis Taxpayers Association, to Christine Elliott, *High Speed Rail Lawsuit* (Oct. 11, 2008 6:11 PM PST).

Commenting on the suit Mehdi Morshed, Executive Director of the High Speed Rail Authority said that “the purveyors of this last-minute lawsuit against the Authority know full well that the nearly three-month delay of the state budget caused a similar delay in progress on this year’s business plan.” *Id.* According to Authority spokeswoman Kris Deutschmann, most of the contents of the plan have already been made public, but need to be compiled and updated. *Id.* As discussed above, portions of the updated plan, including ridership projections, cost estimates and other information, are available on the California High Speed Rail Authority’s website at <http://www.cahighspeedrail.ca.gov/library>.

In *Raven v. Deukmejian*, 52 Cal.3d 336, 339 (1990), which dealt with a complex criminal justice initiative, the court (referring to the voter information guide) stated that “we must assume [that] the voters duly considered and comprehended these materials.” The court in

Raven relied on the voter information guide, which set forth a summary of the measure, detailed analysis, arguments and rebuttals and the complete text of the proposed measure to provide voters with the information necessary to make an informed decision. *Id.* The information about Proposition 1A in the voter information guide is just as inclusive as the printed materials in *Raven* in that it provides an analysis of the measure, provides the ballot arguments and rebuttals and contains the entire text of the proposed law. The difference that the opponents raise in this case is that the business plan is not complete and available for review by the voters in a cohesive, updated format. Michael Cabanatuan, *High Speed Rail Authority Hit with Suit*, San Francisco Chronicle B-2 (Oct. 9, 2008). AB 3034, however, requires the Authority to update the business plan and submit it to the Legislature, but does not require the business plan to be printed in the voter guide or otherwise distributed to voters. *AB 3034 Bill Analysis*, <http://leginfo.ca.gov> (accessed Sept. 10, 2008).

The fact that the business plan has not been updated does not deprive the voters of information that otherwise would have been provided as part of the printed ballot materials. The lack of a revised business plan raises a bigger issue of what or how much information should be available to voters. In a civic utopia perhaps voters would have the time and resources to learn each issue and enter into public discourse about all matters brought before the electorate. However, the reality is that many voters simply do not have the time to do extra research or read lengthy explanations about each proposition. Thus, although the legislature envisioned a completed business plan prior to the election, the fact that it will not be available is not in conflict with the decision in *Raven* because in *Raven* the court looked only to the voter information guide to determine sufficiency of information, not external sources. *Raven v. Deukmejian*, 52 Cal.3d 2336, 339 (1990). The lack of a revised business plan is not in violation of the California Constitution because all required information (analysis, arguments and rebuttals, and text) is provided in the voter guide. Cal. Const. art. XVI, § 1.

IV. CONSTITUTIONAL ISSUES

a. United States Constitution

Proposition 1A does not appear to conflict in any way with the United States Constitution.

b. California Constitution

Article XVI § 1 of the California Constitution requires that a proposed bond be approved by two-thirds vote of all members elected to each house of the Legislature and must be approved by a majority of voters in order to take effect. Cal. Const. art. XVI, § 1. This section also requires “full publicity” as to matters to be voted upon by the people, including a published and mailed ballot pamphlet containing the language of the proposed laws, together with the arguments for and against them. *Id.* This measure received more than a two-thirds vote of both houses of the legislature (73% in the Senate and 79% in the Assembly) and the voter guide contains the language of the proposed law, the analysis and the arguments for and against the measure. Official Voter Guide, Proposition 1A, <http://www.voterguide.sos.ca.gov/analysis/prop1A-analysis.htm> (accessed Oct. 20, 2008). Thus,

Proposition 1A is consistent with the requirements of Article XVI § 1 of the California Constitution.

V. PUBLIC POLICY CONSIDERATIONS

a. Relevant Federal Funding Mechanisms

The ability to complete the entire high-speed rail project as envisioned depends upon the availability of other funding sources such as the private sector, local and regional governments and the federal government. Many opponents of Proposition 1A argue that the federal government has generally not committed to fund rail projects, despite the fact that the contribution of federal money is critical to building this project. However, it is important to highlight a new U.S. Department of Transportation (DOT) program that was recently introduced to fund rail projects like the one proposed in Proposition 1A. In announcing this new funding source, Transportation Secretary Mary Peters said: “At a time when transit and rail are seeing record growth, the very way we finance these systems is at risk. That is because our transit investments come from the same source as our highway funds – federal gas taxes. Federal transportation policies that rely almost exclusively on gas taxes are failing our state and local governments.” *U.S. Transportation Secretary Announces Latest Driving Data, New Funding to Improve Intercity Passenger Rail*, U.S. Department of Transportation Press Release (Oct. 30, 2008) <http://www.dot.gov/affairs/dot14208.htm>. Until this program was introduced, there had been no way for states to qualify for federal funds to match local investments in rail capacity because all federal funds had gone directly to Amtrak. *Id.*

While announcing fifteen intercity passenger rail grants nationwide, Secretary Peters made a remark that underscores the rationale behind Proposition 1A when she said: “If we don’t evolve our policies, we will leave a sad legacy of old roads, crowded highways and unfulfilled transit ambitions.” *Id.* One of the 15 grants awarded by the DOT was for a California project involving 4.5 miles of double-tracking on the San Joaquin service route (discussed in Section II (b), *supra*, as one of California’s three existing intercity rail corridors) operated by Amtrak. *Id.* The goal of this \$5 million project is improved safety through signal and crossing improvements, congestion reduction and capacity enhancement. *Id.* The improvements that this federal program is funding are exactly like the improvements called for and funded by Proposition 1A. *Voter Information Guide 2008*, <http://www.voterguide.sos.ca.gov/analysis/prop1a-analysis.htm> (accessed Oct. 12, 2008). Further, the release of this new funding source and the recognition that California rail projects are worthy of federal attention and funding is indicative of the state’s future ability to raise funds for the projects developed through Proposition 1A.

b. Proponents of Proposition 1A

Proponents of this measure include cities and counties statewide, business groups, labor unions, transit organizations such as RailPac and TRAC, transit districts and various joint powers authorities, League of Women Voters of California, League of Conservation Voters, Senator

Dianne Feinstein, Governor Arnold Schwarzenegger, the California Association of Councils of Governments, Los Angeles Area Chamber of Commerce, the American Lung Association, the Sierra Club, CALPIRG and others. Proponents argue that this project is the most effective and responsible way to connect the Central Valley with other regions in California, and it will take a significant number of cars off the road, which will ease congestion on our highways. The need for this project, proponents say, is illustrated by the fact that 1/3 of Californians do not drive and thus need this safe and affordable alternative to serve their travel needs. Bart Reed, Founder of the Transit Coalition on *LA Roundtable*, “Episode # 48: Propositions 1, 7 & 10” (Los Angeles Channel 35) (2008).

Proponents argue that this project will be a safe, convenient, affordable and reliable alternative to soaring gas prices, freeway congestion, rising air fares and plummeting airline service. *Argument in Favor of Proposition 1A*, <http://www.voterguide.sos.ca.gov/argu-rebut/argu-rebutt1a.htm> (accessed Oct. 7, 2008). They say that by 2020 the availability of the high-speed train will divert over half of the trips within California that would have otherwise been made by air. *Ridership and Revenue Forecasting Study*, <http://www.cahighspeedrail.ca.gov/library> (accessed Sept. 15, 2008). Proponents tout the measure as a way to help reduce dependence on foreign oil. Further, they claim that these electric trains will prevent over twelve billion pounds of carbon dioxide and greenhouse gases from being released into the atmosphere. This is equal to the pollution of nearly 1 million cars. It is also noted that these trains require 1/3 the energy used in air travel and 1/5 of the energy used in auto travel. *Financing California’s High Speed Train System*, <http://www.cahighspeedrail.ca.gov/library> (accessed Sept. 11, 2008).

Proponents argue that the project will also save both time and money by providing a two and a half hour ride from Los Angeles to San Francisco for about \$50 per person, while the cost of such a trip via automobile would be about \$87 with today’s gas prices and would take about six hours. *Id.* In addition to the convenience and the environmental benefits, proponents argue that the proposition will inject new vitality into the California economy by creating nearly 160,000 construction-related jobs and 450,000 permanent jobs in related industries such as tourism. *Id.* Proponents tout the additional oversight and independent peer review at all phases of the project and the increased level of taxpayer protection that will be provided. Ninety percent of the bond money will be spent on system construction, and the measure will require that matching private and federal funding be indentified before state bond funds are spent. *Argument in Favor of Proposition 1A*, <http://www.voterguide.sos.ca.gov/argu-rebut/argu-rebutt1a.htm> (accessed Oct. 7, 2008).

c. Opponents of Proposition 1A

Opposition to “this political boondoggle” is led by the Howard Jarvis Taxpayer Association. Official Voter Guide, Proposition 1A, *Rebuttal to Argument in Favor of Proposition 1A*, <http://voterguide.sos.ca.gov/argu-rebut/argu-rebutt1a.htm> (accessed Oct. 20, 2008). Other opponents include the California Chamber of Commerce, the San Diego Union Tribune, the California Rail Foundation and the Reason Foundation. No on Prop. 1A, <http://www.no1a.org> (accessed Oct. 11, 2008). The Reason Foundation produced a document called the Due Diligence Report that includes data that vastly differs from the study commissioned by the High Speed Rail Authority. This report accuses the state of overestimating ridership and revenue

projections, questions the ability of the project to turn a profit and claims that the project is likely to cost as much as \$80 billion. The report predicts that high-speed rail in California, as proposed, will fail to achieve virtually all of the projections that are crucial to its success. Wendell Cox & Joseph Vranich, *California High Speed Rail Proposal: A Due Diligence Report*, §4(A), <http://www.reason.org/ps370.pdf> (Sept. 2008).

Opponents argue that the cost of the bonds will inevitably result in higher taxes because the bond is paid through the general fund, which is largely composed of taxpayer dollars. *Rebuttal to Argument in Favor of Proposition 1A*, <http://www.voterguide.sos.ca.gov/argu-rebut/argu-rebutt1a.htm> (accessed Oct. 7, 2008). Opponents claim that the project thus far has wasted \$58 million on consultants, European travel and fancy brochures with nothing to show for it. *Id.* Opponents believe that politicians and special interests will control this money, not voters and say that “these are the same people who couldn’t solve our budget crisis or reign in wasteful spending, but still want to raise your taxes.” No on Prop. 1A, <http://www.no1a.org> (accessed Oct. 11, 2008).

Anti-tax fixture Joel Fox, political consultant and former President of the Howard Jarvis Taxpayers Association, said that “although [he] likes big ideas, the timing of this measure is wrong and carries with it too many risks because it is unclear whether the federal and private sector matching funds are truly available.” Joel Fox on *LA Roundtable*, # 48: Propositions 1, 7 & 10, (Los Angeles Channel) (2008). He is also concerned about the impact of such a high price bond given the current state of the economy and in light of California’s recent budget stalemate. He notes that some projections already show that the state’s share would need to be \$13 billion, not the \$9 billion estimated by the High Speed Rail Authority. He uses this example to illustrate his assertion that cost inflation will cause this project to fail. *Id.*

The California Chamber of Commerce President and CEO, Allan Zaremborg said that “California will need to invest at least \$50 billion to complete a statewide high speed rail system. There are other projects that mitigate congestion that should be a higher priority.” <http://www.Calchamber.com> (accessed on Sept. 11, 2008). Other criticisms of the project are leveled at what opponents view as weak accountability (an improvement over their assessment of Proposition 1 as having no accountability). These opponents argue that the problem in California is not getting from San Francisco to Los Angeles but it is getting to work each day. They favor investing the same amount of money in regional transit and highway congestion relief as a way to reduce pollution and our reliance on foreign oil. *Rebuttal to Argument in Favor of Proposition 1A*, <http://www.voterguide.sos.ca.gov/argu-rebut/argu-rebutt1a.htm> (accessed Oct. 7, 2008).

VI. FINANCIAL SUPPORT

The primary financial backers of Proposition 1A are labor unions, various engineering firms and infrastructure-related business groups, Californians for a Safe & Reliable High Speed Rail and the Association for High Speed Trains. Additionally, there are a number of individuals and small firms providing low-dollar financial support to the measure.

The largest donations are from labor organizations: \$250,000 from the International Union of Operating Engineers; \$200,000 from the Operating Engineers Local No. 3; \$200,000 from the California Alliance for Jobs, a partnership of three contractor associations and two labor unions; \$50,000 from the Operating Engineers Local No. 3 Statewide Small Contributor PAC; and \$50,000 from the Members Voice of the State Building Trades. *California Secretary of State Cal-Access*, <http://www.cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1305068&session=2007&view=received> (accessed on Oct. 13, 2008).

Another group of large donors are various engineering organizations and firms: \$41,500 from HNTB Corporation, which provides professional transportation and architecture services; \$31,500 from Parsons Brinckerhoff Americas Inc., which provides environmental, planning, management and design and engineering consulting; \$30,000 from STV Inc., which offers engineering, architecture and planning services; \$26,500 from Systra USA Inc., which provides comprehensive transportation planning, design engineering, construction management and inspection of rail and transit projects; \$25,000 from the California American Council of Engineering Companies, a non-profit association of private consulting engineering and land surveying firms; \$21,500 from Alstom, which provides services in the railway sector covering everything from rolling stock and maintenance to signals and infrastructure; \$15,000 from HDR Engineering Inc., an employee-owned architectural, engineering and consulting firm; \$14,000 from Talgo Inc., which provides operating procedures for and maintenance of railway vehicles in the USA; and \$11,500 from Hatch Mott McDonald, which provides planning, project development, design, engineering, inspection and construction management services. *California Secretary of State Cal-Access*, <http://www.calaccess.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1305068&session=2007&view=received> (accessed Oct. 13, 2008).

The last large contributions include: \$53,488 from Californians for a Safe & Reliable High Speed Rail, which appears to be the initial committee set up to fund Proposition 1 and is now terminated; and \$28,325 from the Association for California High Speed Trains, which seeks to educate and inform the public, business community, and government officials about the benefits of high-speed rail. The Association's board of directors is comprised of representatives from many of the engineering firms who have independently donated to the proposition. <http://www.cal-access.ss.ca.gov/Campaign/Committees/Detail.aspx?id=1253450&session=2007&view=general> (accessed Oct. 13, 2008).

Yes on Proposition 1A: *Expenditures* made 1/1/08 – 9/30/08: \$379,851.

The opposition to Proposition 1A is funded solely by the Howard Jarvis Taxpayers Association's No New Taxes Project. According to the most recent filing, their total expenditures to oppose Proposition 1A amounts to \$7,559.00. The contributions to the No New Taxes Project are made up primarily by individual contributions. *California Secretary of State Cal-Access*, <http://calaccess.sos.ca.gov/Campaign/Committees/Detail.aspx?id=1057045&session=2007&view=expenditures> (accessed Oct. 12, 2008). The website No1a.org, which can also be accessed through the original opposition site, <http://www.derrailhsr.com>, is funded by this expenditure. No 1A website, <http://www.No1a.org> (accessed Oct. 12, 2008). Joel Fox, a political consultant and former President of the Howard Jarvis Taxpayers Association has spoken out against Proposition 1A and has written about and published articles in opposition to Proposition 1A on his website <http://www.foxandhoundsdaily.com> (accessed October 13, 2008).

These expenditures may not be officially recorded, but could perhaps be seen as in-kind donations opposing Proposition 1A.

No New Taxes (HJTA): *Expenditures* made 1/1/08 – 9/30/08: \$7,559 to oppose 1A.

VII. CONCLUSION

The need for an integrated, multi-modal solution to our growing transit needs is clear. The means to get there and who should be bearing these costs, however, is open to much debate. Proposition 1A is a massive infrastructure project for which the California taxpayers provide the seed money in order to bring in other public money and attract support from the private sector. In light of the current budget situation at the state and federal level, many voters are understandably unsure about committing to \$9.95 billion in bond debt. There is never a perfect time to fund an infrastructure project as large and as ambitious as the one proposed in Proposition 1A. However, rising gas prices, instability in petroleum producing regions and our own growing concern for the environment and interest in green energy solutions indicates that a bold solution to our transit needs may be welcomed by California voters.

We are at a time when the country, with California leading the way, must give more than lip service to “going green.” Even if we invest in high-speed rail today, we will not see the benefits for up to twenty years or more. It appears from the ballot arguments that both sides agree that we should invest more money in transit now; the only question is whether to build highways and runways or to invest in high-speed rail.

Most infrastructure projects are lengthy, expensive and disrupt the way we are used to living our everyday lives, and the project proposed in Proposition 1A is no different. A project that involves this much money, this much commitment from taxpayers, the federal government and the private sector hinges on the willingness of Californians to change the way we get from point A to point B and the success of this project depends on how much we are each willing to give up. Both the proponents and opponents of Proposition 1A make well-reasoned arguments that present each of us with important considerations. Only time will tell if Proposition 1A will truly be California’s (high-speed) silver bullet.