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February 26, 2021

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Mr. Brian Kelly, Chief Executive Officer
California High-Speed Rail Authority
Attn: Revised Draft 2020 Business Plan
770 L Street, Suite 620 MS-1
Sacramento, CA 95814

RE: Revised Draft 2020 Business Plan Comments

Dear Mr. Kelly:

MTC appreciates the opportunity to comment on the revised California High-Speed Rail Authority Draft 2020 Business Plan. The past year has introduced new difficulties and increased uncertainty for all of us, and the revised plan shows the great effort the Authority has made to continue progress and adapt to the new challenges.

Bringing early high-speed rail service to Gilroy and San Francisco and connecting major terminals at Diridon and the Downtown San Francisco Extension remains a priority for the Bay Area. MTC strengthened this commitment in the Plan Bay Area 2050 Final Blueprint, which prioritizes \$8.76 billion in regional funding for Caltrain grade separations, including south of Tamien Station, to support High Speed Rail connections. We appreciate HSR staff's involvement in planning activities along the corridor, and with the revised Business Plan's increased focus on planning for the full 500-mile segment, we look forward to continued coordination as the environmental documents are completed and design moves forward for the Bay Area segments.

We offer several comments on other specific aspects of the plan below.

Partnerships

We appreciate the Authority's continued collaboration with local and regional partners on planning and decision making, including the Diridon Station planning agreement.

Based on the adopted Preferred Alternative, there appear to be possible right-of-way considerations in Millbrae, Brisbane, Diridon and Pacheco Pass. These are of local and regional importance. We stress the importance of early engagement and discussion among the affected partners/local agencies and HSR staff to address any issues before decisions are made. Additionally, we would urge early and straightforward engagement and coordination to find solutions if there are unanticipated impacts.

MTC welcomes the opportunity to engage the Authority and local project partners in planning for this segment to ensure that the outcome supports regional growth plans and medium and long-range operations. Additionally, we look forward to working with the Authority to plan for the Valley to Valley segment.

Risk Management

We support the increased focus on risk management. The proposed Enterprise Risk Management program and Stage Gate approach will bring needed transparency and structure to handling the significant cost and schedule uncertainties and other risks that remain on the project. The Authority should include relevant stakeholders and partners early on in risk management planning, to provide feedback and ensure project partners are informed about their own risks and management options.

Phasing and Scope

While we continue to support maximizing benefits in the short term by investing in the bookends and an initial operating segment in the Central Valley, we also appreciate the increased focus on advancing the full 500-mile project. We look forward to working with Authority staff to advance design on these projects and appreciate your staff's continued involvement in planning activities on the San Jose Diridon Station and the San Francisco Downtown Extension projects.

HSR, Diridon, and DTX projects have substantial schedule and cost uncertainties. Earlier advancement of design work will reduce these uncertainties and better position the projects to move into future phases. Until these projects are advanced, the current Draft Business Plan should discuss the range of possibilities with initial HSR operations into San Francisco, and the cost and operational implications of each.

Housing and Land Use

We encourage the Authority to continue to support economic development in the Central Valley region, including working with state, regional and local partners to build on the findings and policy recommendations from the Bay Area Council Economic Institute's recent reports on building "valley to valley" connections. Proactive economic development efforts are needed to ensure that high-speed rail results in an expansion of economic opportunity within the Central Valley, and that a high-speed rail connection between Silicon Valley and the Central Valley does not result in the latter becoming a bedroom community for the Bay Area due to its significantly lower housing costs.

The project allows for tens of thousands of commuters to access Bay Area jobs from southern Santa Clara County and the Central Valley, while the Bay Area works to build hundreds of thousands of homes to accommodate expected jobs and population growth. High-speed rail can be one piece of the housing "puzzle," and part of a broad array of solutions needed to ensure the system does not actively encourage mega-commuting and perpetuate income, health, and other inequities between regions of the state.

Funding

- **Supportive Investments.** MTC appreciates the Authority's contribution to key Bay Area public transit investments. Caltrain Electrification will provide immense benefits to the

region, while also serving as a backbone of the future HSR system. The Central Subway will provide HSR riders with additional connections between 4th and King, the central business district and neighborhoods of San Francisco, and BART. BART's Fleet of the Future is a critical element of the region's work to expand transit core capacity in support of the region's emissions, mobility, jobs, and housing goals.

- **Funding.** MTC agrees that a steady funding source is critical. Extending the cap-and-trade program to 2050 and a greater use of financing could help deliver this project. We stand ready to assist the Authority in securing and extending this dedicated funding stream.
- **Capital Cost Basis.** The Capital Cost Basis of Estimate Report associated with the revised Draft Business Plan has less detail than the previous report. In order for MTC and local partners to understand and confirm the basis for the cost estimate, the Authority should provide more detail, including breakdowns by cost category.

As we continue to grapple with the new challenges created by the COVID-19 pandemic and begin to look towards post-pandemic recovery, MTC continues to stand committed to supporting high-speed rail and to ensuring visionary transportation projects move forward as a vital part of recovery.

Thank you for your consideration of these comments. We look forward to working with you further on this transformative project. Feel free to contact Theresa Romell, Section Director of Funding, Policy, & Programs, at 415-778-6772 or tromell@bayareametro.gov with any questions or to discuss further.

Sincerely,



Therese W. McMillan
Executive Director

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