



**Town of Atherton
ATHERTON RAIL COMMITTEE
MINUTES
TUESDAY, APRIL 3, 2018
6:00 p.m.
TOWN COUNCIL CHAMBERS
REGULAR MEETING**

Teleconference Location:

Westin Hyderabad Mindspace
Raheja IT Park, Hitec City
Hyderabad Telangana India 500081

1. ROLL CALL

Committee Members: Malcolm Dudley, Jack Ringham, Greg Conlon, Paul Jones, Jim Janz, Alex Keh (Teleconference), Anthony Wynne, John Maulbetsch
Councilmember Liaisons: Mayor Cary Wiest
Staff: Robert Ovadia

2. PUBLIC COMMENTS – For items not on the agenda.

None.

3. APPROVAL OF MINUTES – February 6, 2018

Approved.

Motion: Anthony Wynne

Second: Malcolm Dudley

4. PRESENTATIONS – None

5. REGULAR AGENDA

5a. PCEP Update - Mayor Cary Wiest

5b. Litigation Update - Paul Jones

- Hearing held on February 16, 2018, 90 days to issue ruling

5c. Palo Alto Alternatives - Robert Ovadia

5d. High Speed Rail 2018 Draft Business Plan - Paul Jones

- Comments Due to HSR by May 7, 2018
- Comments distributed by Chair Paul Jones (attached)
- Comments distributed by Jack Ringham (attached)
- Committee members to provide additional comments to Chair by April 6, 2018, to be incorporated into draft letter
- Council approval of comment letter scheduled for April 18, 2018 Council Meeting

5e. Recent PG&E Activity – Alex Keh

- Staff to request information from PG&E

6. COMMITTEE AND STAFF MEMBER COMMENTS

7. PUBLIC COMMENT

None

8. NEXT MEETING – June 5,

2018 Meeting Adjourned: 7:20 pm

Next meeting scheduled for: June 5, 2018

Respectfully submitted,

Robert Ovadia

Topics for Comments to High Speed Rail 2018 Business Plan

April 3, 2018

1, The Plan claims to comply with Proposition 1A, but it fails to do so in many respects, as

Travel times are much too long

Full funding is not available for the first operable segment

2. Right of Way acquisition has not been completed for the first 119 miles for which they have let construction contracts. The plan claims that negotiations are underway to use the Union Pacific Right of Way from San Jose to Gilroy. The Railroad says no.

3. Future funding is heavily dependent on Cap and Trade funds, which are volatile from quarter to quarter. No other funding is available for any work beyond 2022.

4. The plan claims that extensive residential development will be stimulated by High Speed Rail in Fresno and Gilroy. HSR travel times from Gilroy to San Francisco will be within very few minutes of Caltrain's at a much higher cost.

5. Operating two short segments, San Francisco to Gilroy and Madera to Shafter will not likely attract much traffic.

6. The cost estimate for the Pacheco Pass tunnel is grossly underestimated.

7. The EIR completion dates for the Pacheco Pass and Tehachapi tunnels are unreasonable because the tunnel sites have yet to be determined.

8. The claims for greenhouse gas reduction are not believable.

9. Despite the use of an elaborate econometric model, the travel volumes are not believable.

With bus connections at one or both ends, train travel times are much longer than driving times.

Bus travel times on peak and off peak periods are not likely to be the same. Buses will travel on public streets and highways.

Ridership numbers are not consistent with the suggested train frequency without loading all trains to capacity.

10. The schedule is unrealistic. The line from Bakersfield to Las Angeles Union Station cannot be completed in four years when the route has not yet been determined.

CALIFORNIA HSR 2018 BUSINESS PLAN
 COMMENTS ON “NO SUBSIDY” CLAIM

The 2018 Business Plan includes many questionable claims. This paper covers the claim that, farebox and other revenues will exceed Operating and Maintenance costs to produce positive cash flow which avoids an operating subsidy. Table 1 is an abbreviated version of Exhibit 7-10 on page 92 of the 2018 Business Plan.

Table 1: Summary of Net Cash Flow from First Five Years of HSR Operations: Silicon Valley to Central Valley Line Through Phase 1, Medium Scenario (in Millions of YOE Dollars)

| | 2029 | 2030 | 2031 | 2032 | 2033 |
|--------------------------------------------------|---------|---------|---------|---------|-----------|
| Total Revenue Including Farebox, Ancillary & Bus | \$498 | \$715 | \$951 | \$1,207 | \$2,343 |
| Less O & M | (\$362) | (\$413) | (\$462) | (\$516) | \$(1,278) |
| Net Cash Flow from Operations | \$135 | \$302 | \$489 | \$691 | \$1,065 |

According to text on page 45, this cash flow could be available to help fund completion of Phase 1 from San Francisco to Los Angeles/Anaheim. After completion of Phase 1 (Year?) the state would have a fully developed operable asset that it can continue to “monetize” over 20 -30 years to generate funds (for phase 2 extensions or other purposes)

Of more than 69 HSR lines in the world with dedicated R O W and speeds over 155 mph, all but two have an operating subsidy: Japan, Tokyo – Osaka (53 years operation) and France, Paris – Lyon (37 years operation). It is unlikely that California HSR could be in the same class as these two lines.

In an earlier study of six world HSR lines, the author found that three major factors influenced ridership:

1. The total population of those urban areas served by the HSR line each of which had a population greater than 1 million. This is an indicator of the market of potential HSR riders.
2. The total annual ridership of Metro lines (subway and elevated) serving the HSR line. This indicates the capacity of public transit to get passengers to and from stations quickly without delays of vehicle and pedestrian street traffic.

3. The annual ridership of train passengers (if any) on a corridor in the year before HSR service begins on the corridor. This indicates the extent of an existing rail culture and the major source of initial HSR ridership.

Most major HSR lines started before the automobile era. The major modes of people transportation were walking, horse drawn vehicles, streetcars and railroads. California's people transportation culture is now dominated by the automobile. California HSR does not rank high on ridership influencing factors number 2 and 3. This presents a significant handicap. The Business Plan claim that California will have a net cash flow (Surplus) beginning with the first year of service and continuing every year thereafter is completely unrealistic. This is particularly true for the Silicon Valley to Central Valley line. The San Francisco Bay Area is the only urban area on the route with an urban area population greater than one million. BART is the only metro system on the route with very low ridership compared to other world systems. The Silicon Valley to Central valley line has relatively low current passenger rail ridership to supply many passengers switching to HSR. Therefore, this line ranks low on all three factors influencing HSR Ridership.

HSR Fares vs Airline Fares

It is interesting to note that Ridership and Revenue Forecasting Source Documents indicate that California HSR Ridership forecasts are based on HSR fares 83 percent of Air Fares. This may be based on the belief that it is necessary to compete with airlines for passengers. If California HSR fares were 83 per cent of air fares there is a small gap to break-even and a great challenge to generate an operating surplus. Also, if California HSR starts taking market share from airlines, it could generate a fare war which could erode cash flow .

Table 2, on the following page, is extracted from a 2013 *Reason* study and compares HSR fares and Airline fares on some major HSR routes.

Table 2: Round Trip Fare comparisons, HSR vs Plane, Tickets 2 months in advance

| HSR City Pairs | Distance Miles | HSR Round Trip | Plane Round Trip | HSR/Plane% |
|--------------------|----------------|----------------|------------------|------------|
| Tokyo-Osaka | 300 | \$336 | \$105 | 320 |
| Paris-Lyon | 264 | \$181 | \$142 | 127 |
| Madrid-Barcelona | 386 | \$339 | \$94 | 361 |
| Paris-London | 214 | \$199 | \$155 | 128 |
| Berlin-Cologne | 299 | \$362 | \$170 | 213 |
| Madrid-Seville | 241 | \$240 | \$201 | 119 |
| Amsterdm Frankfurt | 226 | \$155 | \$131 | 118 |
| Paris -Milan | 299 | \$238 | \$129 | 184 |
| Brussels-London | 198 | \$120 | \$184 | 65 |
| Wuhan-Guangzhou | 520 | \$151 | \$356 | 42 |
| Beijing-Shanghai | 665 | \$175 | \$420 | 42 |
| Total | | 2498 | 2087 | |
| Average | | \$227 | \$190 | 120 |

This indicates that, on most routes, HSR fares are higher than Plane fares by an average of 20 percent. This suggests that consideration should be given to higher HSR fares to help ensure that there will be less need for operating subsidies.