

William & Susan Grindley
151 Laurel Street Atherton CA 94027

Ms. Denis Kupperman
74 Atherton Avenue
Atherton CA 94027

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Denise:

This letter addresses issues concerning the location of the proposed library for the Town of Atherton.

After attending several presentations concerning both the use and location of the new library, my 'tilt' is toward locating the facility in Holbrook Palmer Park at the site of the present, general-purpose facility that occupies the location of the original structure's foundations.

Additionally, let me use my understanding of two issues along the Caltrain corridor that might affect others' thinking about the siting of the library

The future of high-speed rail (HSR) in California and the Peninsula –

While the Federal government has granted California \$3Billion, to be matched with another \$2.5Billion to start the project in the Central Valley, even the California High-Speed Rail Authority (CHSRA) concedes that any potential for their system along the Peninsula corridor is 20-30 years away – if it ever happens at all.

Some of the major impediments to the CHSRA's plans are:

- 1) The LA-SF price tag has gone from \$33Billion in 2008, to \$43Billion in 2009 to at least \$66Billion by early 2011. Instead of representing more than 70% of a \$43Billion construction cost, the present Federal, State and local (which has always been zero) funds now represent about 19% of the \$66Billion construction costs.
- 2) President Obama zeroed out any funds for HSR in the present (FY2011) Federal fiscal year. His May 2011 proposal for \$37.6Billion for six years of funding the national high-speed rail system was in a category called Pay-Go that requires the President to substantiate where the revenues were to come from. No documentation accompanied that proposal, and even proponents have pronounced the request for HSR capital funding Dead on Arrival. At the earliest, since no Republican President will

touch HSR, the capital funding would come in October 2017, six months after even a re-elected Obama Administration leaves office.

- 3) Last week, Congress took \$1Billion from HSR funds in the 2009 ARAA (American Recovery and Reinvestment Act) 'stimulus' package for flood relief in the Mid-west over the protestations of Democrats. The President did not weigh in on that issue, indicating his Administration is not likely to object strenuously to rescinding unobligated HSR funds (about \$4Billion of the original \$8Billion in the ARRA funds).
- 4) Union Pacific (UP) stated its case several years ago to the effect they would never give the CHSRA the rights to operate HSR along the Peninsula Corridor. They have remained silent since despite the CHSRA continually stating the UP position was nothing more than a bargaining chip. Even if pressured in the future, UP can point to a physical challenge conundrum that freight cannot be discharged from above-grade tracks. [This is a point that Caltrain's above grade plan will have to deal with also.]
- 5) The CHSRA, its Board and the project in general are in deep trouble in the state. After twenty-six trips to Sacramento (and three to Washington) my colleagues and I, whose work on the finances for the project can be found at <http://www.cc-hsr.org/> have a pretty good sense of the rapidly declining support for HSR in California. A year ago, no Democrat in the State Legislature would speak with us. Now we are invited for private consultations, and most ask how they can escape from their prior, partisan obligation to support the project.

The future of Caltrain electrification – Caltrain's proposed electrification is embodied in a 2004 document which puts the price of that capital expense and new rolling stock at \$1.3Billion – roughly half each. Professionals who have studied their dated Caltrain studies, such as Jack Ringham and Paul Jones, say the costs are much more for both categories of capital expenditures. And they say that grade separation (by berms or freeway overpass-like structures) would at least double the estimated costs.

Caltrain has a serious and annual operating deficit. They claim that new rolling stock and electrification will allow more trains at closer headways (time between each train's departure). But there is no evidence that more trains will bring more revenue to their fare box. Over the last decade, Caltrain has increased the number of trains by about 65% while their ridership has increased about 15%.

Caltrain does not have a capital deficit. In fact, the only way Caltrain is operating in the present fiscal year is by cannibalizing their capital budget to maintain their operations – not a sustainable strategy.

The recent proposal by Senator Simitian, Representative Eshoo and Assembly Member Gordon (the SEG proposal) is for capital funds to be diverted into Caltrain's operations. This is unlikely to happen, and not only because the CEO of the CHSRA said so last Thursday in Bakersfield. That effort to divert funds from HSR to Caltrain would require the Department of Transportation to switch monies from the Federal Railroad Administration (FRA) to the Federal Transit Authority (FTA) that governs regional rail transit such as Caltrain. Washington's bureaucracies are not known for their generosity to one another, particularly in a time such as the present-day drastic cuts to the Federal budget.

Second, even if the FTA were to obtain FRA money, it could only go into Caltrain's capital budget. To repeat, while the FTA might allow a bit of legerdemain on using capital monies for operating expenses, the FRA's Inspector General will come into the equation fairly soon – and certainly before much, if any, of the SEG proposal monies get allocated or spent.

Caltrain's operating problem is that taxpayers subsidize 59¢ of every \$1.00 spent by Caltrain (ie. the fare box revenue ratio is 41% which comparatively for US transit systems is not bad). The Friends of Caltrain contend that their recent survey encourages them to put a supplemental gasoline tax on the ballot for the three counties that 'own' Caltrain (SF, SM, SC). They will have opposition. Caltrain's average weekday ridership (the same people every day) is 39,000, which means the train serves 1.1% of the three counties' population.

Those fare box revenues pay not only the salary of Michael Scanlon (\$432,000 per year), but also this year's 40% raise (over the next five years) for the Amtrak employees who operate the system. The recent \$16Million that was brought to them courtesy of Representative Eshoo is for a more than \$250,000 project for a one-off Positive Train Control (PTC) designed by Caltrain when they could buy an off-the-shelf PTC system for a fraction. I would not want the job of trying to convince the three counties' voters to support the obvious waste these items note.

Basically, Caltrain's expenses are far out of line with their income from fares, which they consistently refuse to raise to close their fare box revenue ratio gap. Likewise the FTA is strapped for money and there is an increasing national sentiment to relook at public transit since its tax costs per passenger have increased dramatically over the past decade. That all makes the effort to 'save' Caltrain far from assured, much less to find support for electrification, new rolling stock and grade separation.

In short, saving Caltrain will be an uphill battle. It is hard to be sanguine about Caltrain getting approval or the money to put in catenaries, buy electric powered locomotives and do grade separation, etc.

I hope these perspectives are helpful. I wish you the best of luck with the effort to bring Atherton a new library and center for community activities.

William Grindley

Electronic copies to:
Ginny Nile
Joan Saunders
Kathy McKeithen