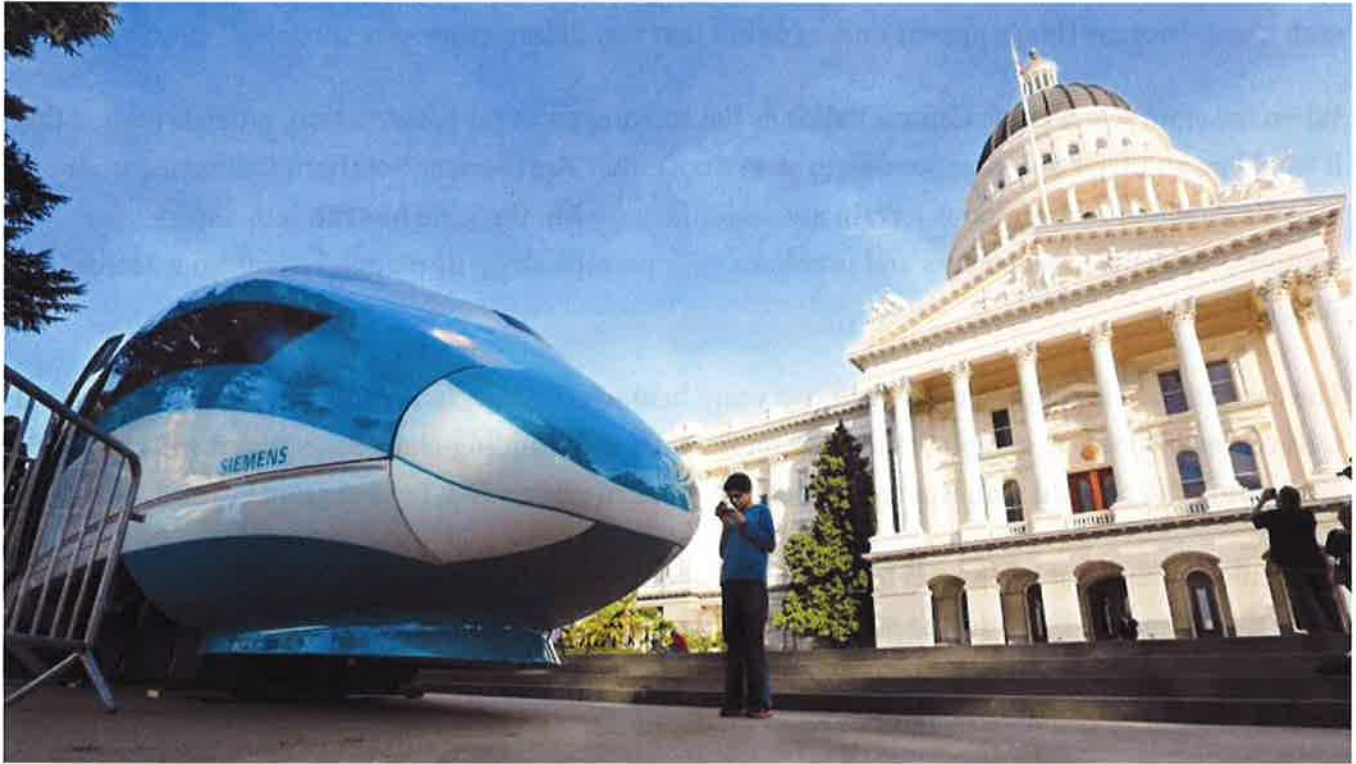


LOCAL / CALIFORNIA

Cost of California bullet train's Central Valley leg projected to grow by \$260 million



A 2015 photo shows a full-scale mock-up of a high-speed train displayed at the Capitol in Sacramento. (Rich Pedroncelli / Associated Press)



By **Ralph Vartabedian** · Contact Reporter

FEBRUARY 16, 2016, 9:13 PM

The California rail authority was told by its top consultant Tuesday that the projected cost of building the bullet train's Central Valley segment has increased \$260 million, a 5% cost growth that comes after long-standing assurances the project's price tag was not rising.

Projections by the consulting firm Parsons Brinckerhoff mark the first time the state has had to confront evidence of increases that have long been predicted by critics of the high-speed rail link between Los Angeles and San Francisco.

The increase, coming so early in construction, is a warning sign that costs will continue to rise, say experts in large infrastructure projects.

The bullet train's schedule and cost were ambitious from the start, and encountering some setbacks now shouldn't be surprising, said Martin Wachs, a UCLA professor emeritus and a leading expert on transportation issues.

“Things like this happen all the time in large projects,” Wachs said. “Utility relocations are always a crap shoot, because things appear underground that you didn't know were there.”

When the state selected the Central Valley as the starting point for construction, officials argued that it would be an easier and cheaper way to start than either Northern or Southern California, where urbanization and mountainous terrain are major factors. But the state has run into a wave of lawsuits, combative landowners and problems with permits along its planned route from Merced to Bakersfield.

The construction is running more than two years behind schedule, though the rail authority has said it has enough “float” to complete the work on time. Its own funding plan shows that it will not finish until 2019. The original plan was to complete the work in 2017, when federal grants expire.

The \$260-million cost increase is to a budget of about \$5.2 billion for work in the Central Valley. Since the estimate was made, the state reduced the scope of that phase of the project. Instead of 130 miles of track, it included only 122 miles, eliminating eight miles from Shafter to Bakersfield. Those eight miles will be included in another phase of the project.

Parsons Brinckerhoff said the project is facing several “negative trends,” including problems acquiring land, relocating underground utilities and reaching agreements with freight railroads that have nearby tracks. The warnings were delivered at the board's regular meeting by Jon Tapping, the authority's risk manager, and Gary Griggs, project chief at Parsons Brinckerhoff.

A potentially even larger percentage cost increase is looming on a subsection of the Central Valley work, involving construction of the first 29 miles of rail. Griggs told the board that it should increase its contingency account by \$150 million to pay for potential cost overruns. Griggs did not elaborate on whether that is part of the \$260-million budget increase or an addition to it, but Lisa Marie Alley, a spokeswoman for the rail authority, later said that the \$150 million is part of the \$260-million figure.

The extra contingency, however, comes on top of a budgeted \$160 million in contingency for the 29 miles, so the total for that segment is now \$310 million. About \$12 million has already been tapped.

If the state ends up using all of that \$310 million in contingency funding, it would be confronting a 24% cost overrun on the segment.

Calculating that cost overrun is complex because the state has significantly changed its plans for work on those 29 miles since early cost estimates were made. In a March 2012 report to the State Public Works Board, the rail authority said it expected the 29-mile segment to cost \$1.3 billion, including contingency funding.

But it now appears that the cost will be \$1.6 billion to \$1.7 billion, including a \$1-billion contract to Tutor Perini, \$255 million for Caltrans to relocate Highway 99, \$150 million for utility relocations and \$310 million for contingencies.

The disclosure of the projected cost increases is likely to trigger a new round of criticism.

At an Assembly committee hearing last month, rail authority officials said reports of possible cost increases were not credible and that its contracts were running below budget in the Central Valley.

Rail authority Chairman Dan Richard told lawmakers that the cost of building the entire system would decrease when he releases the 2016 Business Plan, expected this month.

“They were either incompetent or not telling the truth,” said Assemblyman Jim Patterson (R-Fresno), who sits on the committee. “If they didn't know, then they have a reporting system that leaves their board and their executive director in the dark.”

A Times story in October said a high probability existed that the rail authority could not complete 36 miles of planned tunnels and build an initial 300-mile operating segment as it had planned by 2022. The story quoted experts in public projects, construction and tunneling.

The Times story also disclosed that in 2013, Parsons Brinckerhoff projected a 31% cost increase for the initial segment and a 5% cost increase for the entire system. The rail authority dismissed the projections as a draft document.

Rail authority officials have not said that they can meet the 2022 deadline. Richard said at the recent Assembly hearing that the project was likely to take longer than planned.

After Griggs gave his presentation, the board did not ask any questions or make any comment. It immediately adjourned the public portion of the meeting to privately discuss lawsuits pending against the project.

Alley, the rail authority spokeswoman, said Griggs' and Tappings' projections and recommendations would ultimately have to be taken up by the board.

“Contingencies need board approval, and at this time we have not sought board approval to do so,” she said. “What we said is that we are forecasting a potential need to increase the overall [first construction segment] budget. Program budgets are projected and adopted in our Business Plans.”

The authority board also approved a \$15-million agreement Tuesday to work with the L.A. County Metropolitan Transportation Authority on the use of Union Station for the bullet train. The MTA plans to reconfigure tracks at the station so trains can pass through it rather than spending as much as 30 minutes backing up to platforms.

[Join the conversation on Facebook >>](#)

ALSO

[City Council members grill LAPD brass on crime spike, police response](#)

[After San Bernardino shooting, one doctor seeks ways to turn the 'golden hour' of treatment into minutes](#)

[Kamala Harris: 'I do not wish to be considered' for the Supreme Court](#)

Copyright © 2016, Los Angeles Times

A version of this article appeared in print on February 17, 2016, in the News section of the Los Angeles Times with the headline "Bullet train's cost projection grows - Central Valley leg's projected price tag jumps \$260 million, rail authority is told." — Today's paper | [Subscribe](#)

UPDATES

9:13 p.m.: This article was updated with a comment from rail authority spokeswoman Lisa Marie Alley, who said that the \$150-million increase in the contingency account is part of the \$260 million budget increase.

This article was originally published at 8:59 p.m.