

LOCAL

Estimated cost of key bullet train segment rises \$1 billion



An artist's rendering of the high-speed rail line. (California High Speed Rail Authority)



By **Ralph Vartabedian** · Contact Reporter

MAY 7, 2014, 8:55 PM

The estimated cost of building a key Central Valley segment of the California bullet train has increased by nearly \$1 billion from the original estimate, based on figures in an environmental impact statement approved by the rail agency Wednesday.

The estimate, prepared for the state by a team led by San Francisco-based engineering firm [URS Corp.](#), includes higher costs for tracks, structures, land purchases, signals and electrical systems in a segment that would run from Fresno to Bakersfield.

The lowest cost estimate for the 114-mile segment in a 2011 environmental report was \$6.19 billion. The comparable figure increased 15% to \$7.13 billion in the new report.

The California High Speed Rail Authority said in a statement that it believes the cost will be lower than URS is projecting. In a March report to the Legislature, the authority's budget showed smaller increases totaling \$222 million for the section, although that estimate included a different set of assumptions.

The authority still forecasts that the entire Los Angeles-to-San Francisco line can be built for about \$68 billion. Some critics and experts noted that the prospect of higher costs is arising before construction has begun.

"A \$1-billion cost increase at this point in the project is concerning, to put it mildly," said William Ibbs, a UC Berkeley civil engineer who has consulted on high-speed-rail projects around the world.

The environmental impact report approved Wednesday marks a key milestone in the effort to issue contracts and build the high-speed train through the Central Valley. The section is part of a 130-mile initial construction package that would be completed by about 2018. Construction on the first 29-mile segment through Fresno is supposed to start by July.

Rail authority Chairman Dan Richard said the approval of the environmental document was a culmination of extensive discussions with community representatives and elected officials to ensure that impacts of the project are mitigated and that it "benefits Central Valley residents now and into the future."

“

A \$1-billion cost increase at this point in the project is concerning, to put it mildly.

— William Ibbs, a UC Berkeley civil engineer

Cost estimates for the Fresno-to-Bakersfield segment have been the subject a dispute between URS and state officials, records show. In a March progress report to the rail authority, the consulting firm complained that it had been "instructed" by the authority to hold cost estimates for the project's business plan at a "baseline" that was set in 2012. URS wrote that "in its professional opinion" the authority was incorrectly assigning projected cost increases to a contingency account.

URS appeared to be taking a strong stand. Under the state's code of conduct for licensed professionals, engineers can "only express professional opinions that have a basis in fact or experience or accepted engineering principles."

"The URS statement that uses the words 'in our professional opinion' is not a casual remark," Ibbs said.

In response to Times inquiries about the URS assertions, the rail authority provided a copy of a letter written to the firm April 30 saying its statements were "misleading and not accurate." The authority also wrote that estimated cost increases were not shifted to a contingency account but reflected in the environmental impact statement. The letter instructed the firm to correct its report.

URS declined to comment and it wasn't clear Wednesday if the company had revised the report.

The Legislature currently is weighing a plan to allocate new funding to the bullet train project from fees imposed on firms generating greenhouse gases.

Elizabeth Alexis, a critic and co-founder of a Bay Area group that closely monitors the project, said she believes that the authority is facing cost pressures that are not being fully shared with the public and lawmakers.

"The \$1 billion is a significant increase on the one segment that has gotten closer scrutiny than the rest of the project," she said. "If the authority re-prices all of the segments with the same scrutiny, what would be the real cost?"

The rail authority's statement said the URS cost figure is an engineering "estimate" and subject to change.

The ultimate cost of the Central Valley segment will be determined by many factors not yet known, the statement said, which may explain why URS produced a higher estimate.

"It is noteworthy that over the life of a project, as design progresses, there will be several estimates," the authority said. "A change in one estimate does not necessarily result in a change to our budget."

Several capital staffers and officials who review the project said they were not aware of URS' \$1-billion estimated cost increase, including state Sen. [Mark DeSaulnier](#) (D-Concord), chairman of the Senate Transportation Committee. "I don't know how anyone could trust their numbers," he said.

In its March report to the state, URS also said that it had not been paid some \$19 million owed by the authority since 2013, causing subcontractors to threaten to stop working.

A rail authority spokeswoman said the agency had internal accounting problems last year that resulted in a number of contractors not getting promptly paid for work. In addition, the Federal Railroad Administration was slow in processing grant payments to the state, which held up the flow

of money. The state lost access to \$9 billion in state bond funding last year after a judge ruled that it had failed comply with provisions of state law, forcing the rail project to depend largely on federal grant payments.

The spokeswoman said the problems with delayed payments to URS have been fixed and the company has been paid about \$25 million, leaving \$6 million still in process and \$3.6 million still in dispute.

ralph.vartabedian@latimes.com

Copyright © 2016, Los Angeles Times

This article is related to: [Laws and Legislation](#), [URS Corporation](#), [Mark DeSaulnier](#)