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January 11, 2012

Mr. Roelof Van Ark  
CEO, California High Speed Rail Authority  
770 L Street, Suite 800  
Sacramento, CA 95814

Subject: City of Menlo Park Comments on the Draft 2012 Business Plan

Dear Mr. Van Ark:

The City of Menlo Park wishes to comment on the draft Business Plan for High Speed Rail. The City of Menlo Park cannot declare itself in support of the project due to the significant issues that need to be addressed with the EIR documents for the project and the Business Plan. We expect the issues described below to be fully addressed in the Final Business Plan. Without resolution of these issues, the Business Plan is a useless document for Menlo Park or the public to make decisions on the merits of the project.

In addition to the City's previous letters on the Project level EIR and Alternative Analysis reports, the City reiterates here that the following new and unresolved issues need to be addressed when developing a valid Business Plan for High Speed Rail:

1. **Ridership Estimates – Deficiencies with the ridership study completed by the High Speed Rail Authority have been well documented. The report issued November 18, 2010 by Will Kempton, Chairman of the California High-Speed Rail Peer Review Group, stated: “The issues identified by the Institute for Transportation Studies at the University of California at Berkeley, the Legislative Analyst’s Office and the State Auditor’s office have raised sufficient concerns with the demand model so as to call into question the project’s fundamental basis for going forward. The group recommends that the Authority work with UC Berkeley, the Legislative Analyst’s Office and the State Auditor to complete an analysis of any issues regarding the demand models so that a mutually agreed estimate can be reached along with ranges of uncertainty.”**

Two members of the five person ridership review panel, Frank Koppelman and Billy Charlton were part of previous review team in

July 2006 on the existing Cambridge model therefore they cannot be considered unbiased since any substantial criticism would reflect poorly on themselves.

We recommend a new demand model be developed by an independent group managed by the LAO or the Independent Peer Review Group before moving forward with the project.

Ridership is the foundation for rail infrastructure planning which drives key decisions and system costs. It is critically important for determining the appropriate route for the system and the overall revenue associated with the system. What is the revenue potential for the system if a more accepted ridership model is used? This question should be examined within the context of reliable ridership projections. Unfortunately, the planning, engineering, and environmental studies that are currently in progress for the San Francisco to San Jose segment continue to be based on the faulty ridership study conclusions.

Menlo Park fully supports the recommendations of the Peer Review Group. However, there is no evidence to date that the High Speed Rail Authority intends to follow their recommendations to update the ridership demand model.

2. Disconnect with Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian Plan – The business plan depicts on Exhibit ES-1-Capital Costs for phased sections, a Phase 1 Blended section and a Full Phase 1 section from San Francisco to Los Angeles/Anaheim. This is in conflict with Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian's Plan. The statement from Congresswoman Eshoo/State Assemblyman Gordon/ State Senator Simitian called for a "blended" section on the current Caltrain right of way, without expansion to a 4-track system in the future. **This full phased system must be removed from the Business Plan.** The "blended" approach meets the goals of the High Speed Rail system, while minimizing the impacts to Menlo Park's downtown area and to the overall character of the downtown.
3. Funding – The project intends to use State General Obligation bonds to fund the project. This funding method would create a long-term financial obligation that could impact existing State programs. This same concern has been stated by the State's Legislative Analyst Office. The current information related to cost/benefit and fiscal impact analysis needs to be revised to provide a very accurate picture of the project. The current Business Plan for the project outlines several funding sources including federal grants and private investment. The federal funds have not been secured and a funding

source for the private investment has not been identified. The Authority has planned to partially fund segments of the HST system, while not funding the entire system. This funding arrangement does not fit within the requirement of Proposition 1A. A full funding plan with identified dedicated funding needs to be included in the business plan.

4. Private funding until after the first segment – The initial construction section has secured \$5.2 Billion in federal and state funding for construction of this segment. However, the remaining portion of the initial operating segment north (\$19.4-26.4 Billion) or south (\$21.4-25.8 Billion) of this construction section would still require state and federal funding, both of which do not have secured funding sources. The business plan assumes capital investment after the first initial operating system is in place and generating revenue. Given that the federal government has eliminated future funding in high speed rail, and the state government has not secured future funding for the system either, the likelihood that the remaining segment north or south of the initial constructed section is small without private funding.
5. Caltrain's blended system recommendations are missing in the business plan and must be included. The business plan does not include any of the recommendations from the capacity analysis study that Caltrain's staff conducted for operating the high speed rail's trains and Caltrain's trains on the same tracks and they must be included.

Finally, the City of Menlo Park reiterates the concerns raised above and the fact that further information is necessary in order to make an informed decision on the High Speed Rail project. These concerns are critical in providing a document that is useful in evaluating the project. We wish to bring to your attention specific concerns of the City of Menlo Park that are not adequately addressed in the plan. Without addressing these concerns, the Business Plan is flawed.

Other jurisdictions have expressed concern over the Business Plan including many of the municipalities along the Peninsula, the LAO and the Peer Review Group. The City also is extremely skeptical of the Business Plan based on the five points described above. Without the changes to the Plan, a full understanding of the project cannot be determined.

The City will continue participating in the business plan and future EIR/EIS process to review any impacts and proposed mitigation measures within Menlo Park. The City expects these issues to be resolved and further information provided to allow the City of Menlo Park to make an informed opinion of the project.

Sincerely,



Kirsten Keith, Mayor, on behalf of the Menlo Park City Council

Cc: Members of the City Council  
City Manager  
City Attorney  
California High Speed Rail Authority Board  
Congresswoman Jackie Speier  
Congresswoman Anna Eshoo  
Congressman John Mica  
State Senator Joe Simitian  
State Senator Leland Yee  
Assemblymember Jerry Hill  
Assemblymember Rich Gordon  
CHSRA Board Member Jim Hartnett