

# High Speed Rail Going Nowhere Fast

**Critics say politics and back-room deals cast serious doubt on whether a proposed \$37 billion high-speed rail system will ever be built.**

**By Sean Holstege**

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THE MARBLED CONFERENCE HALL buzzed with that potent mix of money, power and anticipation. It was May 11, 10:40 a.m. Willie Brown was late to his own meeting, well under way in the 24<sup>th</sup> floor boardroom of an international law firm's downtown San Francisco office.

Around the U-shaped, polished wood table assembled heavyweights in the rail engineering and construction world, including the CEO of Parsons Brinckerhoff, one of the country's biggest transportation firms. They came to the private meeting to throw money and political clout behind a proposed \$37 billion bullet train network. Big deals were afoot.

As the dozen or so guests waited, they schmoozed for 40 minutes with three top officials from the California High Speed Rail Authority, the public agency planning the 700-mile rail network, ultimately stretching from San Diego to San Francisco, Oakland and Sacramento.

Without asking for it directly, Rail Authority chiefs told industry leaders—including those with authority contracts—that the rail agency needed money and political backing to carry on.

Brown took his place at the head of the table. His resume as powerful San Francisco mayor and Assembly speaker was well known to everyone in the room, Brown now markets his influence in the private sector. He looked over the group and explained that he and former state lawmakers Richard Katz and Terry Goggin wanted a fee of \$1 million.

In return, they would steer a favorable budget into law by lobbying all the key state politicians. Then they'd launch a campaign to convince California voters to pass a \$10 billion rail bond.

The author of California's political reforms and good-government watchdogs said—absent any overt coercion—such fund-raisers are legal, but raise doubts about appearance and propriety.

"How can the public be confident that decisions would be based on merit and not undue influence?" asked Andy Draheim of Common Cause, a government watchdog group.

That's exactly how several industry sources took it. In describing the meeting and events surrounding it, they portrayed a below-the-radar state agency run amok with a history of back-room dealing, conflicts of interest and secretive money-gathering. One called the meeting a "classic shakedown"—and not the first.

Industry sources spoke on condition of anonymity because their employers prohibit media interviews. In the close-knit world of transportation engineering, sources fear their firms would be blackballed or they would earn career-ending reputations by talking openly.

They say the Rail Authority's cavalier tactics raise serious doubts about whether the Golden State can ever build a "bullet train" network, which could relieve Californians of congested in-state air travel.

Three days after the San Francisco gath-

ering, Brown, Goggin and Katz wrote a follow-up memo to invited donors, detailing the first and only meeting of Friends of California High Speed Rail.

## **'Substantial retainer'**

The memo, obtained by ANG Newspapers, confirms a picture that emerges from interviews with more than half of the participants and dozens of transportation sources familiar with high-speed rail.

"Over the next 60 days we propose to concentrate our considerable political resources and campaign experience," the memo states. "This will require a substantial initial consultant retainer for our fees and expenses of \$400,000."

Another \$600,000 was needed to start the bond campaign, the memo said. Overall, Brown would get half of the \$1 million, while Katz and Goggin would split the rest.

Public agencies, including BART and AC Transit, often ask consultants and vendors for big political checks, officials at each agency, and others, say.

"If you say, 'Give me a campaign contribution and I'll give you contracts,' that's a bribe. If you say, 'You won't get a contract unless the bond passes,' that's OK. That's just normal politics—getting contributions from those that benefit," said Robert Stern, a UCLA professor who helped write California's Political Reform Act. He found no transgressions in the Brown letter.

Top Rail Authority officials say concerns about influence-peddling are misplaced, because the appointed governing board will be almost entirely replaced before it votes on contracts.

"Any competitive bid at the High Speed Rail Authority will be based on merit, as it always has been," authority board member Rod Diridon said.

"The people who benefit from high-speed rail should organize themselves, because otherwise it may very well remain unaccomplished," Rail Authority Chairman Joseph Petrillo said.

Petrillo, Diridon and Rail Authority Executive Director Mehdi Morshed "were very careful not to cross a line that might exist," said one industry player who attended the May 11 meeting.

## **Questions of influence**

But Common Cause's Draheim said the public should naturally ask "if future decisions on public policy will be unduly influenced by the position these officials put themselves in."



Morshed and Diridon said they felt no such qualms, because, they said, it was Willie Brown's meeting.

Petrillo, whose law firm hosted it, apparently was less comfortable. Not long before Brown arrived Petrillo told the group "I shouldn't be here," and he recused himself. Diridon and Morshed remained.

No contributions were reportedly made, and a follow-up telephone conference call was canceled. No public records for the political group are on file with the Secretary of State's office, and Brown, Goggin and Katz are not registered lobbyists.

Brown and Goggin did not return calls to their law firms made over several weeks.

Sources familiar with their request for money called it premature amid persistent doubts that California's dream of a European-style rail system will bear fruit.

Funding for the Rail Authority was—and remains—uncertain. A lengthy environmental study is under review and significant challenges are expected.

The Legislature passed a bill, which Gov. Arnold Schwarzenegger signed, delaying a November bond vote by two years. Later he trimmed the rail agency's budget and his reform advisers recommended scrapping the Rail Authority entirely.

Its plans assume America's first bullet train will carry 68 million passengers a year, enough to cover costs and debt, with spare money to finance an expansion beyond the first San Francisco-to-Los Angeles track.

No bullet train system in the world, nor any large U.S. transit system, is self-sufficient, let alone profitable. [ED. NOTE: The French and some Japanese networks have produced profits, but others have not.]

But believers say tactics, not merits, threaten to kill bullet train prospects in California.

"They are going to screw high-speed rail all up if they keep playing around like this. It's already radioactive," one industry leader said. Union Pacific lobbyist Wayne Horiuchi skipped the Willie Brown fund-raiser and others by rail commissioner Rod Diridon.

One, at Diridon's South Bay home, raised re-election campaign money for Gov. Gray Davis one day after Davis signed the \$10 billion rail bond bill.

Davis challenger Bill Simon showed up with the media, raising allegations of pay-back.

Diridon said the fund-raiser had been planned weeks beforehand and the timing was "an unfortunate coincidence."

## **'Pay-to-play'**

"Rod Diridon called me personally and wanted me to contribute to Gray Davis," said Horiuchi, who declined the offer because "we didn't want to get into the political sensitivity of pay-to-play."

Said another rail industry source: "Rod Diridon is a one-trick-pony. All he knows is shaking people down."

"I can't control that (perception)," said Diridon, adding the Rail Authority is "gunshy of pay-to-play accusations."

But several rail sources said they felt compelled to donate to scholarship dinners at the Mineta Transportation Institute, which pays Diridon \$138,834 annually to be executive director. Engineers, consultants and rail firms fear losing favor at the High Speed Rail Authority if they don't support the foundation at the government-funded San Jose State University think tank, some said.

"No one has ever discussed it with me, and if they were honorable and seriously concerned, they should. I'm not going to turn

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