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Before the
Committee on Transportation and Infrastructure,
Subcommittee on Railroads, Pipelines, and Hazardous Materials
United States House of Representatives

*Field Hearing on the Continued Oversight of California High
Speed Rail*

August 29, 2016

Chairman Denham, Ranking Member
Capuano, and Members of the
Subcommittee: Thank you for inviting me to
today's hearing.

Much attention has been paid to the urgent
need for the United States to build a modern
transportation system to keep up with our
growing population, increased congestion,
and more diverse economy.

Congress rightfully recognized nearly eight

years ago that in order to achieve this goal, our transportation system must include more reliable, more frequent, and faster, passenger rail service.

Congress passed two landmark pieces of legislation that established FRA's High-Speed Rail Program, and then through the Recovery Act, provided the seed money to begin building this stronger system.

FRA and Congress conceived of a High-Speed and Intercity Passenger Rail Program that would be national in scope, but led by the states in execution.

With the launch of the program, there was immediate and significant interest - states submitted nearly 500 applications requesting more than \$75 billion worth of projects – far exceeding the funds Congress had made available.

FRA eventually awarded \$10 billion dollars to nearly 150 rail projects, including \$3.5 billion to California.

With California's growing population, the state was understandably focused on building out a high-speed rail system that would serve its growing communities ... because two railroad tracks can carry as many travelers in an hour as 16 lanes of a congested freeway.

As the Chairman knows, anyone who lives, works or visits the Bay area, or the Los Angeles area, can recount far too many nightmare stories about congestion on the roads and in the sky – vehicular and air space traffic at all times of the day, costing commuters, families and businesses hours of time and money. The LA-to-San Francisco flight has become one of the busiest and most delay-prone, short-haul air markets in

the U.S. One in every five flights is late by more than an hour.

And the challenge of moving more people and goods in a safe, efficient way will only continue to grow. By 2050, California is predicted to be home to another 12 million people.

To add capacity to California's transportation system the CA HSR Authority is leveraging the majority of the \$3.5 billion FRA awarded to construct the first 119 miles of rail in California's Central Valley.

The federal investment made in CA high speed rail is significant. And FRA takes its obligations to protect the taxpayers' investment seriously.

FRA closely monitors the CA project, and the CAHSR Authority, as we do with all

grants.

Like all major and ambitious transportation projects, there have been, and remain, important challenges that demand continued attention.

Consistent with grants management and oversight best practices, FRA works closely with all of our grantees to ensure that taxpayer dollars are spent wisely, and that contractual agreements are current and adhered to.

To be clear, and despite reporting to the contrary, ensuring that a project is meeting its obligations, and amending contractual grant agreements is not only a due diligence requirement, but it is also standard practice for any agency that oversees grants.

Last spring, the California High Speed Rail Authority and FRA executed the sixth

amendment to ensure that the contractual agreement that exists between the two entities accurately reflects the current project status. CHSRA also requested FRA's approval of a \$60-million working capital advance for right-of-way acquisitions needed to allow construction work to progress and remain on schedule.

A working capital advance is one of the *approved* payment methods allowed under federal government's stringent grant payment rules. This tool is available to any grantee, and can be used effectively for timely right-of-way acquisition on large infrastructure project across the country. In fact, other agencies like Department of Health and Human Services and the Department of Homeland Security also use this same method of payment.

FRA is in daily communication with CHSRA and remains fully committed to its

oversight role.

Mr. Chairman, in closing, for centuries, leaders in California and across the United States have built bold projects.

Many of those projects haven't been easy or without challenges; but, these projects are worth the persistence and dedication because they are necessary to move our country forward.

I believe this project is no different.

We continue to look forward to working with California, with Congress, and with your staff, as we continue to make progress in bringing this project to completion

Thank you, and I am happy to answer any questions.