



April 24, 2025

SB 125 Transit Task Force
Meeting #10 - April 25, 2025

RE: Agenda Item 4(B) - CAPITAL CONSTRUCTION COSTS AND TIMELINES

Task Force Members,

We write to provide support for the recommendations provided in the above-captioned matter for the 10th meeting set for April 25, 2025 at Bay Area Metro Center in San Francisco.

Californians for Electric Rail previously wrote to the SB 125 Task Force on March 7, 2025 for the March 11, 2025 Meeting #9 at SACOG regarding capital construction costs and timelines. We are pleased to see alignment between the recommendations in our prior letter and those proposed by staff as part of Agenda Item 4(B) packet.

In-lieu of expressing line-by-line support and commentary on each of the 28 recommendations, instead we ask that Task Force members consider three key concepts in considering how to approach the vital work of reforming capital project delivery.

1. Service-Led Planning and Network Design

We can reduce our capital costs most simply by developing service visions – based on travel demand as well as economic, climate and social goals – and developing organizational, electronic and concrete solutions, in that order. To quote the 2024 State Rail Plan “[o]nly once a transit service concept is developed is it appropriate to design operations, analyze technology or equipment capable of delivering operations, or identify infrastructure necessary to support operations.”

For too long, transit capital development in California has been driven by discrete, one-off projects that presume a technology or infrastructure prior to identifying the service needs. This has resulted in programs that unintentionally add much more scope than necessary to achieve the goal of providing service to riders.

By focusing on timetable and network design through service-led planning at the state and regional levels, California operators, planners and funding agencies can appropriately size the scope and schedule for projects to deliver real benefits for riders – and not simply expensive infrastructure.

2. As-of-Right Planning, Design and Engineering

The provision of early and as-of-right planning, design and engineering resources to transit agencies – either in cash or kind via Caltrans project delivery staff – can help 1) develop institutional knowledge and capacity to manage tradeoffs; 2) standardize designs to create legible and competitive contractor markets; 3) identify challenges and conflicts with public and private stakeholders early to avoid scope creep later in projects when re-designs become more expensive to budgets and schedules.

Currently local transit and rail projects without significant and dedicated revenues, such as small to mid-size bus agencies and state-supported intercity rail operators, must apply for discretionary programs like TIRCP for preliminary and final design. These uncertain funding processes push out project design schedules for years longer than necessary to complete the work. Even if agencies are awarded discretionary design funding they must then initiate qualification-based services procurements, which take up to a year, to even begin the design process. In our current construction environment three extra years of process to initiate design can add 15% to hard construction costs through escalation costs alone.

By providing planning, design and engineering resources by right to agencies that conform with the State Rail Plan or respective regional transportation network plans the State of California can take years off of project timelines while also developing strong institutional skills for repeatable and standard projects like bus rapid transit, double tracking and rail/bus guideway grade separations.

3. Programmatic Funding Based on Business Cases

Having strong planning frameworks and project delivery public sector capacity are pre-conditions to funding construction in a programmatic and comprehensive manner. The State of California should consider re-structuring capital funding to deliver specific, measurable service improvements in order to implement aforementioned service-led planning.

Many current programs fund a grab bag of transit and intercity rail elements. A recent review of the TIRCP programs reveals awards for rolling stock, grade separations, subways, bus rapid transit, re-fueling stations, rail electrification, capacity improvements and many other categories. If everything is a priority then nothing is a priority. It is unclear in many cases how any of the applications or even awarded grants relate to service improvements for riders. Some of these locally-developed projects have significant service benefits, but the insecurity of applications to a discretionary program with so many other competing non-service projects results in partial or no award that further delays delivery of service improvements.

Countries that have modernized their transit and rail networks tend to focus their funding programs on delivering specific, measurable outcomes tied to a plan or goal. For example, Italy created programs in the 1960s and 1970s to deliver level boarding at commuter, regional and intercity rail stations to provide both faster and more accessible service to riders. Likewise Scotland has created a rolling program of electrification that allocates stable but unspectacular

sums for electrifying their rail network. West Germany and later Germany have created programs to double track and grade separate their urban rail networks to increase headways, trip speeds and reliability. The dependability of these programs also allows more firms and a larger workforce to develop to meet demand – as opposed to large mega-project awards that vacuum up contractor and labor capacity.

At the same time many of these low and medium cost countries refrain from awarding full construction funding until project scope, schedule and risks are fully defined at the end of the design. This allows funding partners to hold project sponsors accountable for holding down project costs/schedules and delivering value for riders. This is a significant departure from California's current strategy of providing early and partial construction funding to projects during effectively 0% design – which simply becomes the floor for third-parties or project opponents to extract value.

California should consider establishing programmatic, dependable funding sources for capital costs for projects that conform to the State Rail Plan and regional service led transit planning. The funding need not be large, but it must be dependable so that agencies, firms and labor can invest and grow the pipeline of projects and skilled workforce. Such funding should be awarded when scope, schedule and risks are fully defined in business cases so that funding partners can perform transparent benefit/cost analysis.

We look forward to working with the Task Force, Legislature and Administration to take on this challenge and help deliver the transit service California needs.

Sincerely,

Adriana Rizzo
Californians for Electric Rail