

Joint Informational Hearing

Senate Agriculture Committee

Senator Anthony Cannella, Chair

and

Senate Transportation and Housing Committee

Senator Mark DeSaulnier, Chair

FROM FOOD TO RAIL: HIGH-SPEED RAIL IMPACTS ON AGRICULTURE

Board of Supervisors Chamber, Merced, California

July 15, 2011

SENATOR ANTHONY CANNELLA: Good afternoon and welcome to the Senate Agriculture Committee and the Senate Transportation and Housing Committee's joint informational hearing on *Food to Rail: High-Speed Rail Impacts on Agriculture*.

Today's hearing is intended to give these two committees a chance to hear from the agricultural industry on how the proposed high-speed rail will affect California agriculture. We will hear from the High-Speed Rail Authority on its project development and their current efforts to work with agriculture to address the concerns of impacted agricultural areas. We will hear from agricultural land interests, ag processors, lenders, and most of all, from the landowners themselves on how high-speed rail will affect ag. However, we are also seeking to hear from our witnesses on how those impacts can be addressed. How can the High-Speed Rail Authority best follow its goals to reduce and mitigate impacts?

Ag is a major part of California's economy, generating over \$34 billion from more than 400 different commodities on over 25 million acres. With so many acres under cultivation or used as range, the state building infrastructure

through ag land is not a new concept. Roads, highways, canals, and many other projects have affected agricultural lands throughout the history of this state.

With the first section of rail proposed to be built from north of Bakersfield to north of Fresno, right through the heart of California's most fertile agricultural region, the interaction between the building of high-speed rail and agriculture will be the first in the state. It is important that the building of these first miles of high-speed rail be done in a way that minimizes impact to the local area to the greatest extent possible because everyone across California who may be impacted is anxiously watching.

I also want to be clear, this specifically impacts agriculture. So when the panelists come up, I would like for them to limit their comments to impacts to ag because that's the purpose of this meeting. During the public comment, the couple of minutes you have, you can talk about whatever you want, but this specifically impacts ag. It's not to rehash the merits of high-speed rail. So with that, I'll turn it over to the Chair of Transportation and Housing Committee, Senator DeSaulnier.

SENATOR MARK DeSAULNIER: Thank you, Anthony.

I'm Mark DeSaulnier. I represent the 7th Senate District in the California Senate. That's the East Bay/Contra Costa County. I'm delighted to be here. I had a delightful drive down here.

I think Anthony said it all. In terms of at least what I would like to hear today, is the impacts to your communities, to ag specifically, and get your viewpoints. This is a huge project. It's not without controversy in all parts of the

state, including where I'm from. There are a lot of people in the Bay Area who are very critical of the high-speed rail as well. But having said that, we're here to make sure that we do the right thing, do the right thing by you, and really it's an opportunity for those of us who often get time to talk and express our opinions, state your opinions, and listen. So I look forward to all of those opinions which we value very much.

I also want to acknowledge Senator Lowenthal, and I know he will make some comments. He's the chair of the Select Committee on High-Speed Rail but really focuses on all the aspects of high-speed rail, and it's a long time that my predecessor, chair of the Senate committee, has a great deal of institutional knowledge and memory about the project. He's now the chair of the Senate Education Committee. I'm delighted to be here. I look forward to the testimony.

SENATOR CANNELLA: Senator Lowenthal, would you like to make some opening comments?

SENATOR ALAN LOWENTHAL: Sure. Thank you. I want to welcome everyone to this joint hearing. I'd like to thank Senators Cannella and DeSaulnier for holding this hearing. Additionally, I'd like to thank the members of the panel, who will be coming up in a little while.

I have been a supporter of high-speed rail. I supported the passage of the Bond Act. I still support the project but I do have my concerns, and so I'm really here to listen. Recently, the Legislative Analyst issued a report that we're at a critical junction in California. Many questions remain unanswered. They deal with—and some of those questions deal with what your concerns are—the start of

the project here in the Central Valley and some of the impacts and where we go. So for that reason, I'm here, to come down. I really am here just to hear your concerns and to really speak to some of the panelists, and thank you.

SENATOR CANNELLA: Thank you. Senator LaMalfa.

SENATOR DOUG LaMALFA: Good afternoon. I appreciate being able to be here. My name is Doug LaMalfa. I'm a state senator from the far north part of the state, the 4th District. I'm a rice farmer in my real life, so I certainly understand what some of the impacts could be, in addition to my role as a state senator. So we're trying to find good policy here. I appreciate your taking time out here to join this group today and look for constructive ways of dealing with this. I am the author of a bill called SB 22 that deals with funding of high-speed rail in California, so we can talk about that a little bit later, but thank you all.

SENATOR CANNELLA: All right. Thank you.

Next, I'd like to invite our first witness, Roelof van Ark, CEO, California High-Speed Rail Authority, to come forward and present his testimony. While they get settled, I'd also like to invite anyone interested in providing testimony during public comment to please sign in with the sergeants, and we'll call you up based on that list. I will be signing up folks right by the podium. All right. Thank you.

MR. ROELOF van ARK: Thank you, Mr. Chairman, Senators. I'd like to thank you very much for organizing this hearing. Very clearly, high-speed rail as a project requires these forums, requires as much as possible the opportunity to be able to inform people about high-speed rail, to dispel as much as we can,

inaccuracies or misconceptions about high-speed rail or misunderstandings. And therefore, we are thankful that you have arranged this meeting today. So I know that you had said you didn't want much about why high-speed rail, but obviously high-speed rail and the reason we're needing to build it is to cope with the growing population of California, and it is an alternate transportation system for the state of California so that we can, as the population is growing from 38 million today to 50 million 25 years from today, still transport the people of California in an effective and efficient way.

I wanted to give you the update which applies to the project but in particular to the Central Valley, and I wanted to talk to you about the environmental process because that's what it's really all about. That's also the interface we've got with the agricultural community at the moment. And part of the presentation that we'll do, I will share with some of my colleagues.

I have on the left of me Jeff Abercrombie who's our Central Valley area program manager. On the right of me, John Popoff, who's the deputy program manager from our program management team, which, by the way, John Popoff, before he came, before he was on our project, he spent the last 12 years of his life building the high-speed rail system in Taiwan, so he knows high-speed rail systems and has constructed them, that being one example. I have with me as well Patricia Jones from our real property real estate director and Jeff Barker, deputy director of communications and outreach, and then Bryn Forhan, a person in the valley for communications and outreach.

So the environmental process and where we are, how we've got to where we are today, the planning's been going on for many years. In fact, in 2005, we had a programmatic EIR/EIS, environmental impact report, environmental impact study, process that was for the whole system for the state, and that determined statewide the route, including the cities in the areas where this train should be moving. The project level EIR/EIS process incorporated what you call scoping. Right here in the Central Valley, did the scoping for the sections from Merced to Fresno and Fresno to Bakersfield, as I think those are the two main sections we should be concentrating on today.

We had many meetings at the time, or my predecessors—I was not around, and in particular in March 2009, we started this scoping process with meetings, and we have had hundreds of members of the public participating in making comment and involved in this process. Fortunately, we keep logs of all these meetings and all the people that attend and so on. There have been hundreds of people participating.

The Authority has chosen, a long time ago, not just to do the normal CEQA process but to enhance the CEQA process and to add something that we call "alternatives analysis." Alternatives analysis is an extra step within the process. In fact, if you go purely by the law, you could cut that out and just come up with a draft EIR or the draft report, and you would still meet the law. But the Authority decided to go through this alternatives analysis, a step which would encourage more chance to interact with the people before a draft EIR comes out and to be able to incorporate their ideas, their wishes, their requirements. For

the valley section, this alternatives analysis took place mainly in the year 2010 with both preliminary and supplemental reports being issued, and then these reports are then finally supported or presented to our board and our board makes a final decision on the way forward. So each one of these steps and all these meetings, many of them were public and all our board meetings are public.

I would also like to remind you that as we go through this environmental process, it is not only the Authority, the High-Speed Rail Authority, that makes decisions. We have to make decisions together with our federal and state, the authorities related to environmental and support. So the Federal Railroad Administration, or FRA as we refer to them, the EPA, the Army Corps of Engineers, Fish and Wildlife, and many more—all these agencies interact with our agency on a daily and weekly basis with respect to the environmental process. The Authority never can make decisions on its own. It is always guided by inputs from all these other agencies as well.

So I mentioned to you, in 2005 the programmatic EIR was decided upon, in other words, where the routes should generally go; and then in 2009, the project-level EIR, which is done in ten sections along the whole alignment. So if we go back to the programmatic level—and I specifically want to point out here, the issue of the I-5, because so many people talk about the I-5, and many people say, Why do you not build this train along the I-5?

In 2005, due to the programmatic level discussions, there's a section within the process that's called the purpose and need of the project. Now the purpose and need for this project was defined as a project that should connect and

interconnect the people of California. And through that process and with the interaction of the people in this valley, it was decided at the time that the purpose and need was not to build a high-speed rail system along the I-5 where there is no population but to build a high-speed rail system connecting Northern California to Southern California through the Central Valley, connecting the people of the Central Valley, so that the people of the Central Valley can have interconnectivity with the rest of the state. That was the time when the decision was made to withdraw the I-5, and the decision was again not by the Authority on their own but with the inputs of all the people in the Central Valley and by the population and everybody involved. So their decision was already made. I think it was in October 2005.

I would also like to make a statement on the project level EIR because that's a phase we're in now. We're nearing the end of that phase, the project-level EIR. Now I talked about the section Merced to Fresno and Fresno to Bakersfield, two of the total of ten sections. During the process and during the supplemental reviews, certain decisions have been made and certain alternatives have been withdrawn. One of the alignments that has been withdrawn, again through the process, was the alignment UP and the 99 in the southern section, in other words, between Fresno and Bakersfield.

The reason for that, again was consulted and agreed to by the Army Corps of Engineers, by the EPA, and by all the other authorities and agencies involved, was that the impacts of building a line along that corridor was much higher than building a line along the corridor that was chosen, and they're still today in the

Environmental Impact Report. The constructability of that line—you must understand that the UP Railroad was a railroad that its predecessors were here as the very first railroad in the state of California—that railroad, you'll generally find, is very straight, and you will also find that many little towns form themselves next to that railroad. In the early days, a little street connected these little towns, but the towns never decided to build on one side of railroad. They're built on both sides of the railroad, one on one side, the next one on the other, and these little streets connected these little towns and those little streets were later increased to bigger streets, and those streets today are called the 99ers, for example.

So if you look at a very straight UP Railroad that goes through the valley, it crisscrosses all—the 99 crisscrosses—this particular rail line. To build a high-speed rail system through the valley to operate at 220 miles an hour, you cannot follow this crisscrossing. You have to have very straight and large curvature when you do go through curves. Otherwise, you cannot build this backbone at 220 miles an hour. I think many people do not understand this; and therefore, the UP and I-99, the UP and 99 alignment, did not, was not conducive to building a high-speed rail lying close to it, snug to it. And therefore, the impacts, the impacts on agriculture, the impacts on vernal pools, on water, and on all the other environmental impacts, were much higher than the impacts to go on other alignments. And for that reason, already in June of 2010, that particular alignment was withdrawn.

The timeline, I'd like to explain to you where we are in the timeline and what is being planned from here on. We are at this stage, close to issuing what

we call the draft EIR/EIS. The document should be available by the beginning of August—the two documents—sorry—because there will be two documents—so one for Fresno to Bakersfield and one for Merced to Fresno. We continue, by the way, to do all the other documents for the other eight sections of the state, but those two sections' draft documents should be out by the first week of August.

The final EIR/EIS document will only be done once; all the comments of the people are looked at and incorporated. That means, once the draft EIR is posted, people have time and write to comment to the draft documents, and we then have to respond in our final EIR document to all these letters, complaints, and requests that are received. This, we expect to have a final EIR/EIS document available at the beginning of 2012. You should also know that at this particular stage no right of work—right-of-way—acquisition is taking place because we can only do right-of-way acquisition once the EIR/EIS has been accepted and once we get what we call a _____, that means a final approval of the EIR/EIS documents. That is expected to be in the beginning in the spring of 2012.

In addition to that, Senator Lowenthal, you know that we have an agreement with you, with all of you, that there will be no right-of-way acquisition in this year but that fits into the program because the right-of-way acquisition is expected to start in the spring of 2012.

On the procurement side, you know that we have approximately \$6 billion to start the construction of roughly 120 miles. And when I say *roughly*, the reason is, don't forget, we have alternatives in the valley, and that means, during the process between now and early 2012, we, together with those other agencies,

will make a recommendation to our board which is the least environmentally impacting alternative alignment. Only then will we of course know which one, how far, and what we'll be able to build. In fact, we will only know when we go to the market, what the market is going to be really demanding of us in the way of cost. But we have to keep the process going, so we will be doing an RFQ, a Request for Qualification, next month, the month of August. And then at the end of this year, an RFP, so that is for the actual procurement. Then we will be then going out for four major packages—one through the city of Fresno, from the north of Fresno to basically the south of Fresno, so the more complicated Fresno section and three sections going further south from Fresno towards just north of Bakersfield.

Additionally this year, we have other things that we are doing as well, and this, in particular, for the senators, we obviously have to submit a business plan, which you're aware of. The business plan is legally required by January 2012, but as you know, the draft will be out in October 2011. Then we have to have a funding plan in place because the legislature is going to be the body that's going to decide on freeing the Prop. 1A funding which is part of the \$6 billion, and for that, we need to submit a funding plan. That is being done in parallel, on the same dates, being available in October.

Then the aim is the construction in September 2012, starting in September 2012, and I would like to just reiterate, you know, we refer to this as the initial construction section. It will be a section, segment of the line, which is the backbone of high-speed rail because this is where you operate it at 220 miles an

hour. It connects Northern California to Southern California. And some people, my predecessors, used to always call it a test track. It's not a test track. It is a real track, but it will be used for testing because the United States of America has never had 220-miles-an-hour trains in the country, nor did they ever have signaling systems, nor power supply systems, nor anything for 220 miles an hour. So we have to build our own test then which we're going to use the Central Valley for. But, of course, that is the final track. It's not a separate test track; it's the same two tracks that we are building, that we will use initially to test the first equipment on, that will be built in the United States of America.

And once we have built the initial construction section, obviously, we will have to continue to expand it because high-speed rail is about long distance, interconnectivity at high speed of people. So we will have to continue from there to expand the system, and that will all be covered in our business case.

Now the Central Valley and the ag community, the Central Valley makes a lot of sense to start the construction. I think I've been on fire explaining why, and it will generate a huge amount of jobs which I think that Central Valley—by the way, I don't sell that as the main reason to build the high-speed rail line. That would be the wrong way around. We need the high-speed rail line for the state, for the long term. It's for the efficiency of the state. But, of course, the fact that today there's a real need to have people employed. It's not a bad thing to have. But we have focused on the agriculture and the agricultural community and maybe not enough. And, to be honest with you, in a project of this magnitude, it's a huge, it's a huge task and a huge challenge.

We have taken steps—and I would like to explain some of these steps to you—during this program-level review to design a system with reduced impacts on agricultural land. Unfortunately, there will always be impacts if you build an infrastructure project through the state of California. And the chairman correctly said that in his opening remarks, it will have impacts. It's just a matter of how we deal with impacts that's important.

So what has been done? I would like to just make a statement with respect to agricultural impacts. The initial construction section, in other words, the section we're talking here between Merced and Bakersfield, will have an impact of approximately 4,000 acres of ag land. I know there have been figures spread around of 40,000, 50,000, 80,000. But we're talking about 4,000 acres, and of course, it's not 4,000 acres officially in one year because there are statistics of losses of ag land over time. But it's 4,000 acres over the period of the build, which is about five years, and that is the figure that is realistic.

We have had outreach and meetings with the people in the valley. I just got some statistics here. We've had 40 ag, agricultural-specific, meetings since 2007 between Fresno and Bakersfield, as an example, and the Merced-to-Fresno area since December 2009. There will be 14 specific ag meetings. These are meetings, by the way, that are done by our outreach teams, not meetings by myself or the board or the executives of my small organization. I think at least a few people in the audience behind you will be able to confirm that I, myself, have reached out quite a lot to ag, to the ag community, in this valley and continue to do so on a regular basis.

So I would like to give you some examples that you can understand, that we listen to some aspects...

SENATOR CANNELLA: I hate to interrupt. How much more do you have for your comments? Because I've got questions.

MR. van ARK: If you can give me ten minutes.

SENATOR CANNELLA: How about five minutes?

MR. van ARK: Okay. I would like to just give you some ideas of where things were done that, as a result of what the ag community wanted in Fresno County, between Fresno/Bakersfield, Manning Avenue, to avoid impacts on the Fowler Packing Company and the realigning of the—we have agreed to the realigning of the current BNSF curve for two miles, which we'd have to rebuild ourselves, to minimize the impact on this important agricultural business.

Fresno and Kings County, to avoid major dairies and rural homes associated with agriculture northeast of Hanford resulted in modifying the high-speed train alignment in much of Kings County to shift it to 7½ Avenue in the north/south alignment. Furthermore, that alignment, on request of the ag community, was built to become, to have the same alignment to be north/south, parallel to the section lines of the farms. And to minimize the diagonal slicing—I'm not saying these—not diagonal slicing— but to minimize the diagonal slicing—in Kings County, we needed to do, because of an agricultural mitigation land just north of Nevada(??) in early 2011, we had to make a six-mile deviation and change to the high-speed alignment so as to ensure that this mitigation site was not affected. Tulare and Kern County, along with the alliance(??) with bypass,

agricultural, consultation with the agricultural communities, we did a modification which extended ten miles of bi-parcel alternative to avoid impacts by shifting the alignment further to the west into the former Tulare Lake bed and also to realign the alignment to the south and to avoid several impacts to the ag land.

I'd like to just mention two quite important ones, and then I'll be to the end here, Mr. Chairman. In October 2009, the Authority and the FRA actually concluded or decided to remove the A1 alignment. People sometimes know what it is or the BNSF alignment between Merced and Fresno from the analyses and to leave the A3 alignment in the analysis. On request of the ag community, when we went back to the board in April 2010, a few months afterwards, and withdrew the A3 alignment and put back the A1 alignment, we have to, where we can, retain alternatives. And this, we pushed hard against the EPA and the resource agencies.

In fact, I'll be honest with you, two weeks ago, we received a letter from the resource agencies. They are still trying to get us to put back the western bypass, the A3 alignment, and I know that the ag community here in the valley do not want that western bypass alignment. We've been really pushing to keep it away. And again, yesterday at our board meeting, we got our board's agreement that we will push back, and we will not accept that the A3 alignment will become one of the alignments here.

I would also like to make one mention of one more, that is, just in the last two months, but we agreed, we agreed with the board yesterday, that we brought

in at a very late date the Highway 152 option back into the process. This was on request of the ag community as well, and it is back in as an alternative in the San Jose to Merced document, so we've been able to put it in that document, not to delay the process on the Merced/Fresno, Fresno/Bakersfield alignment.

What I wanted to say by those few examples is, a lot has been done. Whether enough is ever done is always a question, but it is not easy to build a high-speed rail around everybody's wishes. But obviously, we want to listen and we want to consult, and I think we've gone a reasonably far way to work well with some of the ag people, although obviously we're not going to satisfy everybody's wishes always.

So with that, we have more comment and more issues, but maybe, Mr. Chairman, you want to get into some questions.

SENATOR CANNELLA: Yes. I've got some questions, and I know the others have questions as well.

In March of 2011, at a hearing of the Assembly Ag Committee, it was mentioned that they would start an agricultural leadership committee and an agricultural technical committee regarding high-speed rail. Has that been done?

MR. van ARK: Mr. Chairman, yes. What we did is, we had immediately then responded and written to every ag...

MR. JEFF ABERCROMBIE: Agricultural commissioner.

MR. van ARK: ...commissioner, agricultural commissioner, in all the counties in this area. We requested their participation in this committee. We also requested them to nominate for us ag specialists to participate as specialists,

people on various agricultural issues. Unfortunately, the commissioners needed a bit more time than—you know, time is of the essence—but they had then a combined meeting, late in June. They have come, have come back to us. We have basically been able to receive from them names of people that would be more on the technical nature. We were hopeful that the commission, as themselves, would also be able to participate. We now have a team together, and these meetings are being set up to continue with that process.

SENATOR CANNELLA: When is the first meeting?

MR. ABERCROMBIE: We don't have a date.

MR. van ARK: We don't have a date.

SENATOR CANNELLA: The reason I say it is because we just passed a bill out of the Senate Ag Committee, Assemblywoman Galgiani's bill, that creates an ag advisory group as well, and that doesn't take place until after the first of the year. We're going to start construction—when did you say they're going to start construction?

MR. van ARK: In the second half...

SENATOR CANNELLA: September of...

MR. van ARK: September of 2012.

SENATOR CANNELLA: At some point, these routes have to be chosen well before that because they have to have the engineering designs. So at what point is an advisory committee just not useful? I mean, if you've already established the route and you're getting ready for construction.

MR. van ARK: I think, Senator, that that advisory committee must stay for quite a long time because they...

SENATOR CANNELLA: So they won't advise on the route as much, as much as maybe the impacts of that...

MR. van ARK: We are interfacing with various ag groups on the routing as well as communities and COGs in areas of the state. The sooner we can get them on, the better. If you have a possibility to help us to motivate, you know, those participants, I would much appreciate it. But again, we now have just in the last ten days, we have had names now of the technical committees, so they're going to start off now, and we would like to start that process. Many of the questions that the ag community have got are related to aspects such as irrigation, reparation, therefore, issues of, you know...

MR. ABERCROMBIE: Mostly impacts.

MR. van ARK: Yes, the impacts, various impacts, and so on, and we want to have that interaction with those people.

SENATOR CANNELLA: Can you provide the names to us so we know who's on the committee?

MR. ABERCROMBIE: We have not contacted them. They haven't all been, agreed to join.

SENATOR CANNELLA: Once you talk to them, would you provide the names to us?

MR. van ARK: Yes. We have a list.

MR. ABERCROMBIE: We have a list. They have not all agreed to participate. We're in the process of contacting them.

SENATOR CANNELLA: Once there's an agreement, if you can let us know, that'd be great.

MR. ABERCROMBIE: That we can do.

SENATOR CANNELLA: Now let me give you specific concerns that I've heard, just to see how you're going to mitigate those. For example, in Kings County, apparently the route is going to go through a rendering plant, and I don't know if you've been involved in the ____ of a rendering plant recently, but it's almost impossible to do that. So if you're going to go through a rendering plant, how would you help mitigate that loss? Which would you—would the Authority work with them on relocation? If they can't get the permits, what happens?

MR. van ARK: We've had good discussions with them, and I am glad to say—and Mr. Abercrombie will give you more details—but they are willing participants, obviously not happy—you're not happy when these things happen. But at the same time, they are very interactive with us, and it's best that he gives you the answer.

MR. ABERCROMBIE: We've had two meetings with Baker Commodities and several follow-up phone calls. They are obviously concerned, but they are very open to working with us. They've provided their consultant that they use for their permitting process so that we get a good idea of how we have to work with it. On the technical side, in working with the construction division and things that John Popoff to the right here does, is, we need to make sure that our contracts

are structured such that we have all of those things in place prior to needing the property of which Baker Commodities are on. And those are the things that we are working to make sure are followed through on.

MR. van ARK: Mr. Chairman, Senators, I think you must not forget, although we say we want to start construction, and the industry will start construction September 2012, that does not mean in September 2012 these places get destroyed or destructed. You know, it's a slow process. It's a design/build contract. When we sign these contracts, the designer starts designing, doing the design for the contracts. So there's still a period—there's a period of time beyond that. In particular, many of the ag community are concerned about the irrigation systems. The irrigation systems get repaired and replaced and fixed before the contract comes in and builds the alignment.

We know and we're well aware of the fact that you cannot go without water, the crops here, because of the heat and the need (for) irrigation, but there is time. It's not that in September 2012 bulldozers and tractors are in there destroying everything. There is that time, not a lot of time, but there is time to do these kind of corrective actions, mitigation, as well as the irrigation and so on.

SENATOR CANNELLA: What is the process that the Authority will use to compensate farm landowners? I mean, how will it be estimated? How are you going to do that?

MR. van ARK: I'll pass to Patricia.

MS. PATRICIA JONES: Yes, Senator. The fair market value appraisal will be deducted. It will be based on the statute definition of fair market value which

is the highest price that is represented in the market. We will have experienced appraisers who are familiar with appraising ag property performing these appraisals. If it's a full acquisition and the appraisal is—the valuation is based on that full acquisition. If it is a partial acquisition, then the property is appraised, the portion that is required for the project is appraised, and then the remainder is also appraised. And at that point, we're considering whether or not there have been any damages to that remainder property. And then the appraisal process calls for considering any, not only the payment for the damages, that loss in value, but also any cost to cure items that could be utilized to correct that damage and mitigate that damage.

SENATOR CANNELLA: So as an example, let's say the train goes right down the middle of a piece of property and bisects the property and the agricultural commissioner says, well, you can't spray within 1,200 feet of that track for whatever reason, because that's something that's out there. Whether it's true or not, I don't know. Would the before-and-after appraisal look at that and say, well, basically this is fallowed ground; now it's lost value, although we're only buying this 100-foot strip, you've basically taken this much acreage out of production, and that farmer will be compensated for that land?

MS. JONES: Yes. The way that is considered is if it's a change in the use of that property. So if it's gone from irrigated land to property that, as you say, is fallow or is dry farming only that's in the market, it's usually recognized as a lower value. Comparables will usually show us that in the market, and then the property owner is compensated for that difference in value.

SENATOR CANNELLA: So anytime the Authority takes a portion of land, there will be an evaluation on that portion, and then there will be a follow up on the remainder of the land to see what the impacts are, and then that landowner will be compensated for any difference?

MS. JONES: It's for any difference, and sometimes that can be mitigated with the cost to cure, as I mentioned, such as drilling new wells or replacing irrigation systems.

SENATOR CANNELLA: Sounds great.

Now let's say, another concern that I've heard is, again, when you bisect—let's say it's a dairy, and you put the train right down the middle of the dairy—and then these are real examples, by the way—and you can't just cross a track. A train going 220 miles an hour, I'm assuming there's going to be some sort of protection along the sides. It's not like a train going down 99.

Now how will this person get to the other side of their property? Because I've asked this question in the past, and this person's told me, we'll just have to drive down the road to get under it. Well, in some cases, that can be five miles. So how will that be treated?

MS. JONES: We work closely with the design engineers. If it's not designed prior to the design/build contractor coming on board, then the right-of-way, would work closely with the design/build contractor to do what we can to mitigate those damages. If it's a situation, just if, we have a situation where the farmer does need to drive five miles, then that increase in operation is considered when we are considering the damages to that remainder property—the increase in

operation, new equipment that may be required to do so. And so if there is a situation that can't be mitigated, then we do consider that in the valuation and that is considered as compensation to the property owner.

Does that answer your question?

SENATOR CANNELLA: That does answer my question.

Now just on the timing, you can't start purchasing right-of-way until after the EIR is finished. I thought you said it was possibly March you'll start purchasing right-of-way? I'm a civil engineer. I've worked in the development of infrastructure in the past and very rarely is the property owner and the government entity in agreement on the value of the land. Usually, it takes a long time and possibly we'll go through eminent domain. How can you plan your schedule if you're going to start in September? How are all those pieces going to come together?

MR. van ARK: Once again, the actual construction period is not from September because we will be giving out the contracts from September...

SENATOR CANNELLA: Aren't there requirements on some of the federal dollars to start at a specific time or you lose it? Or are you going to be able to...

MR. van ARK: No. The specifications are, we have to contract with contractors. We have to spend the money...

SENATOR CANNELLA: So if you have the contractor on board, the design/build starts, that meets the obligation?

MR. van ARK: We have to spend the money by 2017. That's a different one. So by September 2017, the ARRA funds—we've got two types of funds. One

is the ARRA funds and the other one's the FY10 funds. That was a subsequent funding that we received. But anything that's in the ARRA category has to be spent, which is the majority of the money, has to be spent by September 2017. And again, the design phase is a phase where we would be doing the right-of-way acquisition as well. And also because of our public that's here today, there's some misunderstandings of it. We are obviously working on the right-of-way acquisition today, if I can call it that, but we're not acquiring. But what we are doing is, we are now starting—we sent out a lot of letters just two weeks ago to people in the communities here—where we start surveying and start preparing because, for the areas around—and by the way, everybody who gets a letter doesn't mean we're going to take their property. You have to survey quite a way away from the track as well. But we are doing a lot of that preparation work at this particular stage so that by the time January and February comes next year we can then go into the appraisal and into the acquisition phase.

SENATOR CANNELLA: Just my last comments and I'll turn it over to my colleagues. So what I've heard is, number one, you're going to work very diligently to reduce the impacts to everybody. I mean, obviously, you can't make everybody happy, but you're going to work very hard to do that. Number two, you're going to do an evaluation on the property, not only of the take but also of the remaining property to understand what the differences are. If they cannot be mitigated, they will be compensated for the fair market value of the loss of their land. And then lastly, before any tracks are constructed anywhere, you'll make sure that the farmers have the ability to continue with their lifelong business of doing what

they do by fixing irrigation systems or whatever else needs to be fixed for then to be able to operate or they will be compensated properly?

MR. van ARK: Correct.

SENATOR CANNELLA: And all this, all these costs, I'm assuming, will be a part of the business plan so that when we look at that we'll understand all the costs associated with that project?

MR. van ARK: That's all included, yes.

SENATOR CANNELLA: Okay. Thank you. Senator DeSaulnier.

SENATOR DeSAULNIER: Thanks. Last question was one I wanted to delve in a little bit more, but my areas of interest are in terms of outreach and then the components of procurement and mitigation and the level of detail that we can expect in the business plan that, as you know, as I talk to you about publicly and privately, is critical for my ongoing support.

So you said that there have been 40 public meetings in the Valley and 14 since 2009?

MR. van ARK: Ag related, only ag related. Those are not—there were many other public meetings. I don't know the figure. I don't know if you've got the figure here. There have been many, many more.

MR. ABERCROMBIE: Over 700.

MR. van ARK: Over 700 meetings occurred in the Valley.

SENATOR DeSAULNIER: Okay. When you say *700 meetings*—it'd be really helpful for me to find out how many, what they were, whether they were public meetings with the Authority, whether there was access to the public. And I

think we all know there's a very big distinction between public meetings, like this, and community meetings. What kind of outreach was part of those community meetings? Were they facilitated? Were they done by staff or were they contracted out? How long they were? Those types of things. Is that information available?

MR. van ARK: We can give you the information. We have all the statistics of all the meetings that have taken place.

SENATOR DeSAULNIER: What the attendance was, what the kind of outreach was? One of the things I think that Caltrans has learned over the years, there's a big difference between public outreach and community outreach and using the community to contact people and make them feel like they're actually part and have authorship into the program rather than having just public meetings. So I'd like to know as much detail that you have without creating a long laundry list of a long bill. But if you've had 700 meetings, it would be my hope that you have recorded all of this information—the attendance, the type of outreach, who conducted the meetings, whether they were facilitated or not.

And then along with what the chair just mentioned on the business plan, it would be my hope that there was, and you indicated there would be, so in the business plan, there's a robust amount of detail in terms of not just procurement with a timeline but the estimated mitigation costs, compensation and mitigation. And being someone that doesn't have experience in ag—although, when I was a county supervisor, we didn't have a lot of, as the urban area in Contra Costa County moved eastward, we had a lot of conflict and problems with our agricultural core—much smaller, much different, more different, but still aware of

it—so to the degree that that is detailed, and as well, if we go back to the public meetings a little bit, how are the meetings in the Valley were different and tailored to the communities as opposed to meetings in the urban areas and the San Francisco Bay Area or in LA? I assume that there's a lot of thought put into that about tailoring meetings to the community. So it's really sort of two things, now that I think about it. Is background on the public outreach and how they were tailored to the highest degree of specificity you can provide for us would be helpful. And similarly, the level of detail in the business plan, so that we know, as Anthony mentioned, Senator Cannella, that we want very detailed, so that the property owners can actually anticipate full recovery, both for their property and to mitigate the impacts.

And having said that, I assume, Mr. van Ark, we have a lot of experience, not in this country but in other countries, with agricultural _____ out of agricultural communities, although they're very different from Japan to Europe. But I assume that there's some best practices that have been developed that we can sort of share with the community and find out how they're different here in the Valley as opposed to those other countries.

MR. van ARK: On that last subject—the others, I agree with, mostly your first points that you asked me for in the business plan. And, yes, as far as other countries are concerned, in the ag community, obviously we do get some pushback because everybody believes their own agricultural requirements are different than the requirements of other countries. But, of course, our best examples are only examples of where high-speed rail interacts with ag are in the

countries that have got high-speed rail. So, yes, we have done and we have had a lot of input. For instance, from Spain who we believe is more similar than others but also from Japan, as you've mentioned, Japan as well, in support of what they have experienced on agricultural impacts or agricultural effects by high-speed rail and carried those into the United States as well.

SENATOR DeSAULNIER: And just acknowledging that those experiences, there are lessons to be learned from that, but our experience is, they are going to be unique to these communities.

MR. van ARK: I agree.

SENATOR DeSAULNIER: And then I guess one last thing. Although the interaction is unique to these communities and this product, there's still a lot of lessons learned that we should be able to learn from, from other infrastructure projects. So again, just on my experience, when Contra Costa County was growing in the eastern part and we were urbanizing of what was and still is a lot of interface with the ag community—they're again very different than here from the Valley—there's still lessons to be learned, whether it was BART going in there or interstates or private infrastructure. So I hope that there is a level of detail in terms of things we've learned in California in that regard as well, that we can anticipate by the value here to these communities. Thank you.

MR. van ARK: Thank you.

SENATOR DeSAULNIER: Thank you, Mr. Chairman.

SENATOR CANNELLA: Senator Lowenthal.

SENATOR LOWENTHAL: Yes. Thank you. I've found so far it's very interesting.

Just to frame the questions, to understand the questions, that I'm going to ask. We're going to have a business plan by October of 2011, legislation that will go before the legislature to see whether the funds will be appropriated in the second half of the year, and the EIR will be completed, at least a part, by this spring. And by the fall, we're talking about the actual acquisition and setting into motion the actual, the beginning, of the construction. Is that not so?

MR. van ARK: That's correct.

SENATOR LOWENTHAL: Which will be in place and completed, or at least the contracts, by 2017.

MR. van ARK: Right.

SENATOR LOWENTHAL: That's the timeframe that we're talking about.

My question is, in terms of the impacts upon agriculture, you mentioned in your beginning that there potentially could be up to 4,000 acres that are impacted. Understanding that you've also just recently, as this process unfolds, and there's multiple things, you've recently just developed a draft, scope of work, for the right-of-way services which would be the basis of a request for a proposal to select a prime contractor and subcontractors to actually provide all of these right-of-way and real property services. So that's a process that's beginning to unfold. I've read through that, and it directly impacts this process in terms of the acquisition of land that ultimately will take place in the Central Valley and the process in which you're going to be recruiting or selecting a contractor to do all

these relocation, property acquisition, appraisals, survey, and it may be multiple people working on that.

My first question is, in going through it, I never saw any budget as part of the draft. Are you going to provide in that draft a budget to know how much money are these services, right-of-way services, are going to be provided? Is there a budget?

MR. van ARK: There's a budget, Senator.

SENATOR LOWENTHAL: As a part of the draft?

MR. van ARK: There's a budget. I don't know what papers you looked at but there is a budget. In fact, the board approved yesterday the budget, so it's in public too.

SENATOR LOWENTHAL: For the right-of-way services?

MR. van ARK: For those right-of-way services, to the magnitude of up to \$40 million.

SENATOR LOWENTHAL: Up to \$40 million to start this process then?

MR. van ARK: To do this process, yes.

SENATOR LOWENTHAL: Just to do the acquisition also?

MR. van ARK: No. The acquisition support functions.

SENATOR LOWENTHAL: Just the support functions?

MR. van ARK: The RFP—I think, if you are talking about the same one.

SENATOR LOWENTHAL: It's just for support functions?

MR. van ARK: It's for the support function.

SENATOR LOWENTHAL: Not the actual acquisition?

MR. van ARK: No, no, no. That's not for the acquisition.

SENATOR LOWENTHAL: It says in that support function that it will be consistent with the policies and the procedures which have been, are being almost finalized, and finalization is pending with your right-of-way manual. You are finishing up a right-of-way. It says on page 2...

MR. van ARK: Correct.

SENATOR LOWENTHAL: ...you have a right-of-way manual. Has that manual been—which, whoever is going to contract, will have to be consistent—has that been vetted through Caltrans? Have you done any vetting of that manual, and do we have any documentation that we can see how Caltrans responded to this right-of-way manual that will set the stage for any of this acquisition?

MR. van ARK: Firstly, Senator, these two people that sit next to me here, he is from Caltrans, or was from Caltrans. She was also from Caltrans.

SENATOR LOWENTHAL: Do we have a formal response from Caltrans?

MR. van ARK: And now I'll give you the answer. (Laughter)

MS. JONES: Senator, we actually utilized the Caltrans right-of-way manual as the basis for our manual, yes.

SENATOR LOWENTHAL: So has Caltrans—have you vetted it with Caltrans?

MS. JONES: We have not reviewed it, but it is—I have not asked them to review it.

SENATOR LOWENTHAL: Why not?

MS. JONES: Well, because it is, it is based almost word for word on the Caltrans manual. What I do have from them is the acknowledgement and that we did utilize the manual and that they gave us permission to have the working documents, which means the word documents, so that we can utilize their manual...

SENATOR LOWENTHAL: The expertise of Caltrans, don't you think it would be nice to have some formal vetting process? This is going to set the tone for all of the land acquisition. What about the Department of General Services? Was it vetted with them?

MS. JONES: Well, we haven't asked anyone to review it yet at this point. It's just been internal.

SENATOR LOWENTHAL: Will you? And will the legislature be able to see the responses?

MS. JONES: We did have plans to have the FRA review it. We've had discussions with the FRA, and they want to review and approve it.

SENATOR LOWENTHAL: I would think it would be very appropriate, since we're talking about purchasing of a lot, that we understand just whether it's consistent with the Department of General Services, what their concerns are, what Caltrans' concerns are. I think you're moving in a direction, and I think that a full vetting process would satisfy us and to understand what that process was like. It would be very, very helpful to us because that's going to set the tone, you know. People are not going to understand unless we and some of the criticism—unless we know what the rules are and that the agencies which

oversee that at least had a chance to publicly vet that because we're talking about purchasing—in your document, you're saying, you are saying—either partially or totally, 2,000 pieces of property.

MS. JONES: Approximately.

SENATOR LOWENTHAL: That's what you said.

MS. JONES: Initial construction segment, yes.

SENATOR LOWENTHAL: Right. And so we need to understand the process and whether that is _____.

And the other thing is, with the business plan that is coming up, that will be coming out in October, the legislature and the Legislative Analyst's Office and the Institute of Transportation Studies have raised some serious concerns about the actual ridership numbers, not that they may—just whether in fact they are reliable estimates and people are just not quite sure. I would assume that there will be new ridership numbers that come out in the business plan. How will that impact the—will that have any impact upon decisions that come forth in terms of where the alignments will be? You said that you really want to make sure that you don't go down 5 because of previous decisions based upon wanting to make sure that there's an impact in terms of stops, to go down 99, because that's where the population is. Part of that is based upon accurate ridership numbers, that we really understand whether there's a need or not, not that it's not going to up the Central Valley but where those stops are in turn, depending upon accurate ridership numbers. So will that have any impact upon where the alignment will be, those new ridership numbers?

MR. van ARK: Senator, the alternatives that are today and the alternatives analysis in the EIR document, EIS document, are all of such a nature that they are purely environmental and impact alternatives; they are not ridership differences. In other words, where the stations are, where the people are, is the same for each one of the alignments.

SENATOR LOWENTHAL: So regardless of what those new ridership numbers show, we're sticking with those, that route?

MR. van ARK: Those ridership numbers will not change the alternatives that are in the alternatives analysis today. The ridership numbers, as you correctly said, obviously are important for the business plan.

SENATOR LOWENTHAL: Absolutely.

MR. van ARK: And as you know, the business plan, for the business plan, we will have ridership numbers that have been totally reviewed with the help of our peer review group and with international and local experts, and that process is ongoing, as we speak, and incorporates the issues that were brought up by ITS, and all those things are being incorporated.

SENATOR LOWENTHAL: Certainly, I think that people need to understand that the critical junction is the documentation that you're going to be providing the legislature in October. Without your satisfying the legislature, this project will not move forward as it presently is and that's in our budget in terms of any allocation of resources, resources up through the first half of the year, totally dependent upon, that there be a report that goes to the Joint Legislative Budget Committee, that only after that will any allocation or appropriation of

funding come from. So we're talking about this business plan and business model, it is—people in the audience need to understand—it is critically important without really—there are lots of unanswered questions that impact, starting in the Central Valley, and where we go and whether this is the most appropriate place to start. That has to be decided by the data that you present to us.

SENATOR CANNELLA: Further questions? Senator LaMalfa?

SENATOR LaMALFA: Thank you.

You know, as a person who comes from a valley, the far north part of the Valley, we live with a lot of these things in the agricultural lands on that right now—high-tension power lines that came through our farm in 1968. We have 17 sets of towers running at a 45-degree angle that are something we've lived with permanently. Even though we were compensated for the footprint of those towers, we still live with that, with the aircraft that fly over and through to take care of our crops as well. We have in my area an old remnant of a 1922 electric rail that came from Sacramento up towards Chico and farther. That remnant is still there. Well, the electric train fad faded away back in the '50s or '60s there. That rail is no longer there, but the impacts are still there of the little remnants there of the fields and the neighbors that are in place.

So when I look at this, as the Valley being the template or the test track, it bothers me that not enough respect is being shown for the Valley. As I recall, several articles I've seen in the media that mention that they want to build here in the Valley first because it's the cheapest place to build and has the least amount of resistance because maybe there's less people—say if I'm campaigning for office,

and I decided to campaign in one of the counties in my district where I'm running into the least resistance, I'm not feeling really good about my campaign, which is perhaps is why it had to invest a lot in public relations in Washington, D.C., and out here to make the sales to people of the Valley and of the area here. I'm just concerned that putting it here in the Valley first because it's the path of least resistance is not respectful enough of the issues we have going on in the Valley and the concept that there will be a test—this would be the test zone here.

Now it should be proven technology worldwide where we have it in Spain; you have it in Japan and other areas of Europe, China. Why is it the thought that we have to test in the Valley here? If you buy a Toyota Prius in Japan, it should be about the same Toyota Prius that comes from the U.S., except maybe for left-hand or right-hand drive. What about the technology that's so unique that we have to test it here in California in ag country where if I'm moving one of my tractors, for example, across one of the at-grade crossings and the test doesn't work out so well on the cross arms coming down and I'm caught in the middle of the tracks with something coming at me at 220 miles an hour. Why is the Valley the test area? Why is the emphasis here?

MR. van ARK: Sir, I would like to change the statement. A note was written. I've seen it written myself as well, Senator, but I have often said, this is the backbone of the system. This is the reason why we are building this here first. But I do want to talk also about the reason for a test track. We do not, in our type of industry, we do not in our type of industry...

SENATOR CANNELLA: Excuse me. Can you please settle down up there?

Thank you.

MR. van ARK: It's not like the motorcar industry. Even if, by the way, if you do a technology transfer of motorcars from one country to another country, the first motorcars that you build in that country are partially built and then afterwards are more built and finally fully tested and they're fully tried. This type of industry, we have to bring signaling systems; we have to bring power supply systems, control systems, plus the trains themselves, plus in fact the rail systems. We have to bring them, the first time, to the United States of America. The money that we are using for this project is both ARRA or, say, federal funds and state funds. All these funds are subject to Buy America and Buy American. That means this is a technology transfer of this product to the United States, of these products. It's not one product. It's these products, to the United States of America.

Just to build one of these trains will cost the supplier tens of millions, if not a hundred million, to build the factory, to build the train in the United States. Now these suppliers are in the United States. But this is high-tech technology for anywhere in the world. When we transferred this technology to China, for instance, and built the first technology in China, we had to do the same thing. And everywhere in the world, we launch technology of 220 or 200 miles an hour plus. You have to have the facility to test it and also, because it's all about safety, it's about the safety of the people and, therefore, every train in the world that is tested is tested at its maximum capacity. In fact, by law in the United States, you

have to test it at maximum speeds; you have to test it at maximum capacity. That's what the FRA wants of us and our own laws as well, so we have to have the facility. I think we should see it the other way around.

The Central Valley will be the leader of the United States of America to launch high-speed rail. I'm really enthusiastic about it. When I speak to people of the universities of the Central Valley here that are starting out courses and starting off educational systems, to launch high-speed rail, because when we put this first high-speed rail here in the Central Valley, we will be able to export that knowledge to other states and other places in the country. You know, it's not a negative thing; it's a positive thing; and it's necessary. We will never get away—you will never get away from doing this type of testing.

There is a test track in the United States. There are very few test tracks in the world for rail systems. There's a test track in Colorado, for a test track in Colorado, but a test loop is too small to test real high-speed rail. Even in Europe, real high-speed rail doesn't get tested on a test track because you need about 120 miles in distance to be able to accelerate and do your monitoring and decelerate these trains so that you can do proper testing.

So the fact again—I want to turn around—it's not a test track, two tracks. It'll be three operational tracks. It will be used to test the first equipment that comes, and every train that goes into operation will have to go through that test. That is worldwide, this standard.

SENATOR LaMALFA: I understand the tracks would be up to specification. Again, you have the technology you're proving in the public. This isn't offline somewhere. You have at-grade crossings that you...

MR. van ARK: No. There won't be at-grade crossings. The high-speed rail has got no at-grade crossings at 220 miles an hour. It's all grade separated. There's no at-grade crossings. Nobody can get onto these tracks. Somebody mentioned earlier, it's totally fenced, totally separated.

SENATOR LaMALFA: In all places.

MR. van ARK: In all places, everywhere.

SENATOR LaMALFA: How often can we expect to have a crossing in the Valley for small towns where two vehicles can access underneath the rail or over the rail or for just even more rural areas where ag equipment or even occasionally cattle drives need to occur? Do you intend to have these every two miles, every five, every one mile?

MR. JOHN POPOFF: Well, it actually depends on the area itself. We were working with the local governments. We work with the local cities to determine where the appropriate grade crossings would be. We've agreed on some areas. We'll put grade separations in, some streets will be closed, some streets will be diverted; and it's really very specific to each location. It's possible under this type of design to have both permanent crossings, grade separated crossings, and some temporary or seasonal crossings, and these will all be determined as part of the detailed engineer and detailed design.

SENATOR LaMALFA: As part of the mitigation, do you take into account the moving of actual farm equipment much farther distances? Because, again, I move farm equipment up and down. I have to use Highway 99 occasionally there, and so the risk involved to moving combines or tractors or wider implements is sometimes pretty “hairy” out there. So now you’re going to be adding, in some cases, 10, 15, 20 miles of additional highway moving for equipment to this. Is this intended to be part of the mitigation somehow or another where the risk of accidents does go up, the possible losses of that can go up? How do you account or mitigate for that in real agricultural operations?

MR. van ARK: So the mitigation is as was described before, and yes, it does include—I mean, we look also at the size of ag equipment. We are quite well aware of, you know, the ag equipment being bigger, and it’s also part of our ag working groups, that we want to have more detail of the specifics of some of these things. But firstly, through mitigation, and secondly, through technical design, those two factors are compensated for.

I’d also like to make mention of something that people sometimes do not understand, and many people are really happy with, also along this valley, and this, that you know that there are many places where we are adjacent to freight railroad tracks today. And you’re also aware of the fact that many, many accidents that occur in the United States through grade crossings—and you mentioned that yourself—because grade crossings are one of the biggest killers of people in the United States. Now in many instances, we take the adjacent freight railroad and we give them the same comfort as we have. That means, because we

are busy in the construction, we offer same grade separation as what we've got. When you are busy building or constructing—and sometimes it's possible to incorporate grade separation for UP or BNSF at the same time as our own grade separation—so many people are seeing that as being a benefit. Some of these areas are not getting out of benefits, but they're getting the benefit of getting complete grade separation even from freight railroads.

SENATOR LaMALFA: Certainly. While you're building that point, I'd add that too, and that's a good sense.

The footprint mentioned earlier of about 4,000 acres through the Valley itself or the entire footprint of the rail, terminus to terminus, does that seem, it's just ag acres, the 4,000?

MR. van ARK: Four thousand is ag acres and, again, from Merced down to Bakersfield, so in the Valley portion.

SENATOR LaMALFA: How about the portion where there is agriculture in eastern Santa Clara County and some of those areas, when you start getting out of the South Bay and into maybe Kern? Even in north LA County, there is agriculture. There might be ranching operations, things like that. There are other areas of the state to take into account as well. How will that be represented?

MR. van ARK: It will be—we'll have the same figures. I don't, Senator, have the figure here today. This was a discussion...

SENATOR LaMALFA: And when you talk about the 4,000 acres, does that take into account the, say, the 100-foot footprint or does it talk about the entire

element mentioned, maybe up to 1,200 feet on either side because you have to mitigate for the unavailability to grow crops there or to do the type of spraying or other operations. So we could be talking about a 1,200-foot-wide strip going into the other ag community, which sounds like it would add up to perhaps quite a bit more than 4,000 acres. Is that a figure that you have?

MS. JONES: In doing the analysis then, the 4,000 acres, as you take into consideration any remnant parcels—that means parcels that have been split or...

SENATOR LaMALFA: Little corners.

MS. JONES: Yes, little corners and things. Thank you. Also, if there has been any property that—but if it has been—if it's damaged property, if it has been determined to be worth less in the after condition than in the before condition, then we're compensating the property owner for that, then that is not included, unless we've taken it out of the ag use completely. Does that make sense?

SENATOR LaMALFA: So to be specific then, they would be taking into account a true compensation for the loss of the ability for me to properly irrigate or spray or whatever operations for the entire—it may not be effective on this 1,200-foot width, away from the track, to where I can now start operating the way I need to, but that's a lot of area.

MR. van ARK: So, Senator, the analysis that's done, it's an analysis of what we know we need to acquire in right-of-way—that's approximately 4,000 acres—and obviously there will be areas of mitigation where maybe, for reasons there cannot be irrigation—and those go into a calculation of mitigation cost. So there could be other mitigation costs that we are not aware of at the moment.

But analysis—and you know nowadays, it’s actually quite reasonably easy with all the modern technology and mapping and things like that to get a relatively good read on the number of parcels and sections that we need to acquire. Obviously, I must warn you again, the alternative stuff—you know, there are still alternatives along the alignment, so we can only give you an average of what these alternatives are giving. Once the group decides at the end of the year which one of the alternatives are going to be chosen, then, of course, we can have more accurate details, but it’s in that magnitude in any case.

SENATOR LaMALFA: Who will be the final authority on deciding where an alignment will be and whose land will be developed over on this? You know, we’ve talked about there’s many meetings being held up and down the valley, but there’s still many people in this room with, maybe not, in spite of the excited looks on their faces about it, so it doesn’t look like everything’s been mitigated yet or the alignments sort of have—of course, they’re not even settled on yet. And so what would be the final authority in saying, yes, we’re coming to this piece of property and then at least touch on the eminent domain?

MR. van ARK: So the process is again, it’s passed off, up to and including myself, together with the FRA, together with the EPA, with the Army Corps, you know, with all the different agencies, we come up towards the end of the year with a thing called the LEDPA, which is the least environmentally damaging referral, practical alternative. That is the recommendation. That recommendation goes to our board. That means the Authority’s board. The Authority’s board is the

decision-making power for the CEQA process and the FRA's decision-making power for the federal process, the CEQA or the NEPA process.

SENATOR LaMALFA: So I heard a lot of emphasis on agencies there that have environmental roots in the Army Corps. The others that you mentioned there, that don't sound like are making agricultural land or people's private property rights of equal value to environmental mitigation. So will there be an emphasis on, if you have an environmentally sensitive area—maybe you have ferry shrimp, you have “what have you” of the “species du jour” in the area—is there opportunities for the Authority to use mitigation banks and say, We're already going to go ahead and develop right through this environmentally sensitive area instead of always coming down to developing on private property ag land? Because, up in my area, with highways projects, it always takes someone's ranch land instead of running through what someone's perception of endangered species is, even though there are mitigation banks where you can develop that and pay for this mitigation bank. Is there in the budget or in the priority list to say, We're going to respect people's private property and use mitigation banks instead of just throwing an easement on it because we can beat them in court?

MR. van ARK: As part of the evaluation, the amount and the value of ag land is one of the prime drivers. All the agencies have the exact factors on ag land. It does play a role in the determination of the LEDPA . On the other hand, you're quite right, if there would be an endangered species or something like it, but, yes, we could use banks to, you know, to trade and to be able to do

something in compensation on mitigation, of taking a specific route to doing specific damage.

SENATOR LaMALFA: Would that be in a route alignment alternative, a priority? Would you see—because again, you mentioned earlier there was one particular, I think you called it an ag mitigation area, that required you to change an alignment by six miles. That’s quite a ripple effect on an alignment, even with six miles and everything. You know, to tighten that string or loosen that string that many miles, you’ve got a lot of mitigation factors to do as well.

I keep coming back to, with each alignment alternative, will mitigation banking be something you look at very hard and listen to the public on instead of it always being the ag property and so on?

MR. van ARK: I agree, and we will be using mitigation and mitigation banking too. There’s a need for us to have mitigation and participation in mitigation banking.

SENATOR LaMALFA: All right. Lastly, I know we have a lot to do here. On the eminent domain itself, I mean, where we are? We’ve been farming that for 80 years. My great-grandparents emigrated from Sicily, and so we have a lot of roots where we are, you know, the original buildings and like that. So the value of my homestead, of my land, is a lot more than just market value because, you know, it goes here.

So do you—will the final word be by the Authority on the value of the eminent domain, or is every person that may not agree with the value going to have to litigate in court at their own expense and at their own blood pressure with

the Authority on these issues? Because again, there's a respect that needs to be had for long-held traditions here in the Valley for farmers and ranchers that have been here for many generations. How will the Authority be looking at that?

MS. JONES: Well, during negotiations, sometimes there are what we refer to as "administrative settlements." If those can be documented, then that type of settlement can go forward, and sometimes it's over and above the appraised amount and then that can lead to a contractual agreement rather than going forward with condemnation. But we also have the fiduciary responsibility of protecting the taxpayer dollars, and so we have to be able to justify that. We have the appraised value, and that's our initial offer through negotiations and obtaining additional information from the property owner. Maybe there is something that we've missed that we need to take into consideration. And if that can be justified, then that is written up in an administrative-type settlement and that is, the property owner will receive that as compensation.

If we reach a point where we believe that we've gone beyond that—the responsibility, our responsibility, and we are going to misuse taxpayer dollars—then we need to go forward with the condemnation process, and sometimes that does mean that we will go forward with the trial situation and have a jury make that decision, but we don't anticipate that we're going to need to do that. It is there, though, if we must.

SENATOR LaMALFA: I certainly hope we wouldn't go on the cheap on the compensation of the land—as we're about half a billion dollars in spending into this project already without having turned a shovel—that we're going to start

saving money and being fiscally responsible on the landowner, because I'm disturbed by the numbers so far as it is. One in 2008 on the ballot, for example, this measure was sold as a \$33 billion project. By the Authority's own admission, just one year later in 2009, it was increased to be a \$43 billion project. And independent estimates out there and things that LAO's been looking at show numbers more like in the 60s or maybe 70s now. And indeed, the Authority's estimate on ridership has been decreased dramatically. And the cost of the ticket sold to the voters in 2008 was \$55. It was revised in 2009 as to \$105 per ticket, double, which is going to have an impact, obviously, on ridership.

What do we estimate that the ticket will be—not in 2009, but 2011— to ride the rail? Do we have an updated number for that?

MR. van ARK: The way that the ticketing is done on high-speed rail systems and the way it was done in a business case before my time, it's generally a high-speed rail ticket—high-speed rail needs to be competitive and is competitive with flying and also with driving your motor car but with flying in particular too. It's not that most of the people come out of the flights because many of you come off the roads. But the figures that we used in these studies was, I think, 83 percent or 85 percent, 83 percent of a flight ticket.

Now, I know people in the Valley misunderstand that sometimes—because we didn't communicate it very well—because you in the Valley pay nearly double the price of what anybody else pays to fly from San Francisco to LA because flying out of the Valley into anywhere is very, very expensive.

SENATOR CANNELLA: Do you know the price of the ticket? That was the question. Do you know roughly what the price of the ticket's going to be...

MR. van ARK: It's around about 80, 90 percent of a flight ticket, and they go up and down like flight tickets do. If you book two weeks in advance, you get a different price. If you book on weekends, you get...

SENATOR CANNELLA: So \$150?

MR. van ARK: Pardon?

SENATOR CANNELLA: \$150 a ticket?

MR. van ARK: It's around, about \$120, somewhere around there.

SENATOR CANNELLA: Thank you. Senators...

MR. van ARK: From end to end.

SENATOR DeSAULNIER: Do you know the dollar amount that you've spent up until now on an outreach into the Valley, those 700 meetings, and what you have budgeted for the future?

MR. van ARK: I don't have the figure, Senator, for that particular question, but you can—you know, I can try and get something for you. It's just that it is packaged within the regional consultant's packages, the two original consultants up here, and I don't have the actual figures. So, sorry, I can't give you an answer.

SENATOR LOWENTHAL: I think at the beginning when you talked about this and the potential in the Valley portion, between the state bond and the ARRA funds and the federal funds, I think somewhere between \$5 (billion) and \$6 billion—I'm not sure of the exact amount—can you tell us your estimation, in

terms of the land acquisition, what you estimate the costs will be in the terms of the values of the mitigation? How much money roughly are we talking about in terms of acquisition, in terms of mitigation? Do you have any idea? Do you have any budget of how much you're going to be spending?

MR. van ARK: Sir, I'll give you a rough estimate.

SENATOR LOWENTHAL: I understand but I'd like...

MR. van ARK: The land acquisition mitigation, land acquisition cost, is in the region of 10 to 13 percent.

SENATOR LOWENTHAL: Ten to what?

MR. van ARK: Ten to 13 percent.

SENATOR LOWENTHAL: So you're talking about ten, somewhere between 500 to 600...

MR. van ARK: Seven hundred, yeah.

SENATOR LOWENTHAL: Six to \$700 million?

MR. van ARK: Um-hmm.

SENATOR LOWENTHAL: So you're talking about, all the things that we may be talking about today is somewhere between \$600 (million) to \$700 million?

MR. van ARK: Yes.

SENATOR CANNELLA: Okay. Well, thank you very much. I appreciate that you've come here before us. I know these meetings aren't always friendly. The more meetings we have, the more the public understands about the project. It goes a long way to help them understand what they're going to face, so thank you very much for coming.

MR. van ARK: Once again, we appreciate having the opportunity to talk in front of an audience and in particular the ag people as well.

SENATOR CANNELLA: All right.

MR. van ARK: Thank you.

SENATOR CANNELLA: Thank you.

MS. JONES: Thank you.

SENATOR CANNELLA: Next, I'd like to have the next panel come forward, Agricultural Industry, Lending and Land Impacts. So if you know who you are, would you mind coming forward?

What we're going to do is, you're going to introduce yourself, and I think you have prepared remarks. Once you get to those remarks, then we'll ask questions. Just introduce yourself initially so we know who's being represented, and then we'll start.

MS. SERENA UNGER: I'm Serena Unger. I'm with American Farmland Trust.

MR. LEONARD van ELDEREN: Leonard van Elderen, Yosemite Farm Credit.

MR. BRIAN ALVES: And I'm Brian Alves. I'm with the California Feed and Grain Association.

SENATOR CANNELLA: You can start.

MR. ALVES: Okay, sure. Originally, I do work for P&F Metals and equipment—they're locally in the Valley—but today I'm representing the Feed and Grain Association.

California Feed and Grain is a trade association representing suppliers of feed, grain, and supplements to California's livestock industries and companion pets. Before I discuss the specifics of the potential impact of high-speed rail on our building to continue to provide animal nutrients to California's livestock farmers and pet owners, I'd like to provide some background about the industry.

California is the largest dairy-producing state in the nation and the fifth largest egg producer and significant poultry-producing state. We also have a thriving beef cattle industry and supply feed to the pleasure horse and companion animals and pets. With all these animals, California is a feed-deficit state; meaning, we ship in more grain, hay, and nutrients than we grow and produce in California. Approximately 85 percent of the grain our livestock industry consumed is imported from other states, primarily the Midwest. The vast majority of this material is transported by rail. Rail transportation is essential to our business and, in turn, essential to the dairies and poultry farmers we supply.

As you drive down the 99 corridor, that often parallels the railroad tracks along this corridor, you will also notice grain silos, mills, and industrial facilities. The grain and feed industry is concentrated along the rail lines to provide access to the supply of grain being imported. These large facilities, with their tall silos, equipment, boilers, mixers, and transportation docks, are capital-intensive investments requiring tens of millions of dollars to construct and maintain. The California Grain and Feed Association and our board is not taking a position on whether the high-speed rail is good or bad. However, we do like to discuss issues

that may arise with siting and managing the high-speed rail project and how this could impact our industry.

As discussed earlier, our industry is highly relying on rail transportation. The majority of our facilities are located along the rail corridor. Depending on the high-speed rail alignment chosen, it could impact these facilities in many ways.

First, access to the rail. Currently, many of our facilities can access a train or grain car on a spur line as adjacent to our facilities. We can directly access railcars and do them into our mills and process the grain. If a high-speed track is placed between the rail line and the facility, how will we access the cars? In discussions, it has been suggested that grade separations will be installed for entities like our feed mills. We ask, how many, how often, and will they be constructed adequately to handle the trucks and traffic? We assume on every industrial facility along the high-speed rail path will have its own grade separation. Will they be located periodically along the route? What is the process to establish where grade separations will be located? This is between grade separations and addresses these questions. When will this be determined? If the grade separations serving an industrial spur is located several miles away, we need to find an alternative mode to bring the grain to the facility from the rail line. Will the extra cost for trucks, additional labor, and equipment be compensated and mitigated?

Second, mitigating impacts at facilities located at the high-speed rail corridor. Our mills are highly capitalized facilities that require not only rail access but numerous truck trips per day. If a facility is taken to make way for a

rail line, will there be assistance to ensure a new facility will be sited? Issues include permitting, land use, CEQA compliance, increased air emission standards, such as new source review, neighborhood _____. Will we get assistance to work through the local governments to adjust relocating these facilities? Often, only a partial taking of a facility is required to site a rail line. However, mills require a certain minimal amount of space in order to operate efficiently and properly. Half a feed mill is of little or no value.

We've requested additional review of the intended taking procedures to ensure that if a facility is going to be impacted the entire reduction and value is addressed, mitigated and compensated. There are several indirect impacts, such as the impact on dairy, poultry, and livestock industry. Negative impacts on the livestock industry will also impact the suppliers. We stand by the livestock farmers in supporting their efforts, minimize negative impacts on these important industries. The California Feed and Grain Association appreciates the opportunity to participate in this hearing and looks forward to working with the Committee and the High-Speed Rail Authority to address these issues. Thank you.

MR. van ELDEREN: Good afternoon. Again, my name is Leonard van Elderen. I am president and CEO of Yosemite Farm Credit. We're an ag lending co-op. We have 3,300 loans for \$1.5 billion, and 85 percent of our business is to farmers in Merced and Stanislaus Counties. These two counties have some of the best soil and water in the nation, and we have a huge stake in the outcome of the high-speed rail. Thank you for the opportunity to comment.

Yosemite Farm Credit is part of the national Farm Credit System that's been in existence for 95 years. We provide short- and long-term financing for farmers. We never balked at progress where it's done with foresight and consideration, and I also live in this area and understand the need for improvements in transportation.

Forty-five percent of our loans are to dairymen, and another 20 percent of our loans are at almond farmers. Both of these commodities are produced on irrigated farm ground. Eighty-five commodities grown by our farmers make up the remainder of our portfolio. And the ability of our farmers to operate as an intact unit is key to the efficiency and survival of our farmers.

Today we come with two recommendations.

First, we respect the request to put this high-speed rail, if it needs to go in, along the 99 and 152 corridors. Don't route it through pure ag ground that's not currently disturbed by a major auto and truck transportation arteries. Options that stray from these well-established corridors will divide properties, divide farming operations, and result in less efficient operations. We rely on farm income to repay our loans, and bisected properties will reduce property values and reduce the collateral that we rely on for our loans. Routing along existing highways is much less likely to bisect properties and cause major operational problems for our farmers. We're not against change. We also don't want the routing to be decided in last-minute haste or outside a transparent process, to meet targets, or worse yet, incentives.

Second, please understand the effects when you split ag properties, of high-speed rail. Some of those have been addressed today. But whether it's high-speed rail easement, right-of-way, our specific concerns about the high-speed rail location involved the ongoing farm operations and the value of our collateral. Based on discussions today, 4,000 acres may be taken but the effect is on a much larger number of acres. Dairies are one example.

As I've said, we've got 45 percent of our loans in dairies. Dairies are in operation where, if you split the property, the sum of the parts does not equal the whole. Dairies are regulated by state and federal authorities on many issues, including water, air, and effluence disposal. In other words, where do you get rid of the manure? Dairies need all the acreage they can have and need to have it adjoining a milk barn and cattle facilities. Property a hundred feet away on the other side of a high-speed rail line will not work.

An example is a dairy that's permitted today for 1,500 cows and has about 500 acres may be in compliance to operate as a dairy today. If you take that dairy and split it down the middle, you'll have a 1,500-cow milk barn and cattle improvements on 250 acres. Most likely, you're not going to get permitted for the same number of cows in that facility. Perhaps you're permitted for 750 cows of that site and suddenly the value of our collateral has dropped substantially. You now have facilities, including milk barns and other cattle improvements built for 1,500 cows, but now can only be valued as a 750-cow facility. As a lender, we'd be required to reappraise the value of the milking facilities as a 750-cow facility and require a pay down on our loan. The dairymen may have roughly the same

number of milkers when added together, but the value of the dairy side will be considerably less when valued as one intact unit.

Almonds and other irrigated farming operations have the same challenges when parcels are split. Access to orphan parcels, less efficient smaller and odd parcels, connection to water sources, especially deep wells and drainage, are just a few of the challenges that will arise with this high-speed rail in the middle of ag ground. If a parcel is split by the high-speed rail, the process of making farmers whole needs to consider the unique issues related to farming operations in this valley. Cutting a sliver from the edge of a property or cutting through unfarmable properties may be palatable. Bisecting existing operations that are reducing the capacity of operations going forward can end an efficient operation and change the way of life that's existed for generations on that property.

As I mentioned before, the sum of the parts doesn't necessarily equal the whole. Eighty-five percent of our loans are secured by farm ground. Real estate collateral values are key to our ability to serve our members, borrowers with adequate credit. Our area has diversity of commodities not seen elsewhere in this nation. In Merced and Stanislaus County, we have excellent soils and reliable sources of water in addition to the direct support of our farmers' operations. Yosemite Farm Credit also serves other citizens. We've got six offices in these two counties. We employ a hundred people. Our employees live in this area and are part of this great area. Also, transportation of our farmer members and our employees and their families is important to the economic success in the area.

We understand the potential positive impacts of a high-speed rail, maybe if you go beyond our work, our community, and our counties.

Please remember the important positive impact our farmers contribute to this valley and to the state of California. Don't trample on those operations in a frenzy to meet a pre-ordained target. The impact of successful ag goes far beyond the small city or group or state. Crops grown here are shipped around the world. However, the most important human impact with high-speed rail is on individuals. This includes much more than just the potential riders on this train. It includes those who have to give up property, livelihoods, and rights to get this train track on the ground. It's the people that work directly in and with agriculture. A multitude of jobs are dependent on ag dollars. Thank you.

MS. SERENA UNGER: Thank you Chairman Cannella and Chairman DeSaulnier for having me here and commenting, and also thank you to Senator LaMalfa and Senator Lowenthal.

American Farmland Trust appreciates the opportunity to testify on the California high-speed rail system. Again, my name is Serena Unger, and I'm a policy consultant with AFT. Our approach is to encourage good public policy in cooperation with public officials, other interest groups and, of course, farmers and ranchers.

AFT's involvement with the high-speed rail system goes back to 2004 when we first commented on the draft programmatic EIR. Our concerns then are our concerns today. The concerns are: The direct impacts of the right-of-way and other rail facilities on agricultural operations in the San Joaquin Valley. And

number two, the potential over the project to encourage more suburban and rural sprawl in the San Joaquin Valley where development is already spreading out faster and consuming more farmland per person than in almost every other region in California.

What makes this especially troublesome is that the San Joaquin Valley is, of course, California's most important agricultural resource. It's responsible for \$20 billion in annual farm gate value, more than half of the state total. The farmland in the San Joaquin Valley is a precious national strategic resource as well. Within the same period of time that it will take for the high-speed rail system to be completed, California has witnessed a complete demise of farmland in the Valley of Heart's Delight—now known as Silicon Valley—and in the cornucopia now occupied by greater Los Angeles.

As recently as the Kennedy administration, Los Angeles was the number one agricultural county in the nation. Today, Fresno holds that distinction. Today, however, there are no more valleys over the hill. The San Joaquin Valley is the final frontier of California agriculture's ability to feed the nation and even the world. We cannot afford to waste a single acre of farmland or a drop of water.

So let me elaborate on both, some of the possible problems that high-speed rail may pose for the San Joaquin Valley and some possible solutions.

While the high-speed rail right-of-way will take about 4,000 acres of farmland out of production, it will have a greater impact on the farming operations it crosses. It will split farms in two, make parts of fields inaccessible, require the reengineering of irrigation systems, and interrupt the transport and

supplies of farm products. All of these, which will cost farmers money, profitability—this is ultimately what keeps farming in farming, farmland in farming. So it is quite possible that the loss of farmland from these indirect effects will far exceed the direct conversion of the right-of-way.

To address this concern, we suggest a couple of solutions.

First, mitigation of the direct and indirect conversion of farmland through the acquisition of conservation easements to preserve an equal amount of comparable farmland. This is becoming a common practice in the San Joaquin Valley when farmland is developed for non-agricultural uses, and the approach was recently sanctioned by the California Supreme Court. The High-Speed Rail Authority should look more closely at the potential for both direct and indirect conversion and set aside adequate resources to achieve necessary mitigation. There are a number of land trusts in the Valley willing and able to negotiate easements with willing sellers.

Second, the Authority should commit additional resources to helping agricultural producers adjust to the disruption it will cause and to compensate them for irretrievable losses of productive capacity. This isn't just a matter of fairness but of a matter of maintaining the agricultural production capacity of the nation's leading farm state. We see that the Authority recognizes this concern, but the proof of its good intentions will be an actual commitment of resources to address it.

Now let me turn to the potential of high-speed rail to induce more urban sprawl and in rural sprawl in the San Joaquin Valley. The background here that

in a region where the population is going to more than double by midcentury, we are housing 8 new residents per acre compared up to 24 and more along the coast; 20 in Sacramento, also a valley town; and 12 new residents per acre in Stanislaus County, the one exception in the Valley. In short, the San Joaquin Valley is sprawl central. The question is: Will high-speed rail make it better or make it worse?

The Authority recognizes this issue in its environmental reports. It has established policies, principles, and guidelines for station area development. These are intended to encourage local governments to plan for compact, efficient, transit-oriented development, downtown development, that will minimize urban sprawl. But whether this desirable outcome will actually materialize is not a foregone conclusion for a number of reasons.

First, the Authority seems prepared to leave it entirely up to local governments to make the commitment because of the financial commitment it will make to station area a planning. It does not appear eager to use the leverage it has to insist on performance standards or to enter into any kind of binding agreements with cities who will receive this largesse.

Second, the cities where stations will be located do not have authority over the kind of development that will happen outside of their jurisdiction. And the counties in the San Joaquin Valley have been very lukewarm in their enthusiasm for more compact, efficient development.

Exhibit A is the San Joaquin Valley Blueprint, a regional vision for future growth endorsed last year by the eight Councils of Government in the region. It

would, if actually implemented, reduce the urban footprint of future development by one-third, compared with a continuation of the current trend. That's not inconsequential. But the Blueprint still relies overwhelmingly on single-family detached housing on relatively large lots and would still double the urban area of the Valley, converting 350,000 acres or 546 square miles of agricultural land.

Significantly, the city and county officials responsible for the Blueprint rejected a more ambitious growth scenario that would have further reduced land conversion, the consumption of energy and water, vehicle miles traveled, and greenhouse gas emissions. From an analysis done during this target-setting process, we know that the scenario rejected would meet the greenhouse gas reduction targets set by the California Air Resources Board under SB 375 and that the status quo trend will not. However, it is an open question whether the preferred group in the selected Blueprint scenario will in fact meet greenhouse gas reductions in the San Joaquin Valley under SB 375.

Third, neither the evaluation of the high-speed rail system nor of local growth policies has satisfactorily addressed the issue of rural residential development. Today, one-quarter of all land devoted to non-farm uses in the San Joaquin Valley is occupied by ranchettes. These are houses on very large lots, 5 to 40 acres, which may have an orchard or horse or two but are not in commercial agricultural production. Rural residential development is the absolute worst waste of good farmland.

The real question here seems to be, even if you build the best downtown core around high-speed rail stations, will it be enough to dissuade people from

wanting to live on five acres in the countryside, or, for that matter, on half-acre suburban lots? Will people really want to live in downtown Fresno so that they can commute to downtown San Jose or live in downtown Bakersfield so they commute to LA? We don't think anyone has satisfactorily answered that question. And against a backdrop of local land use policies that continue to allow widespread rural residential development throughout the Valley, this is a very legitimate question.

So what solutions would we offer to prevent the high-speed rail system from inducing more sprawl in the Valley?

First, we'd like to see the Authority team up with local governments to diligently analyze the rural residential issue.

Second, we'd like to see an analysis of the ability of the adopted blueprint scenario to meet SB 375 greenhouse gas reduction targets.

Third, we'd like to see someone—the state legislature or the Strategic Growth Council—facilitate the negotiation of a compact between the High-Speed Rail and the cities and counties that will be affected by the potential sprawl-inducing effects of the rail system. This compact could include firm commitments, not only to design and finance infill but also to adopt and implement general plans that will meet...

SENATOR CANNELLA: You've got a minute.

MS. UNGER: Okay, that will meet SB 375 targets and that will significantly curb further rural residential development.

In conclusion, let me quote what AFT's California director, Ed Thompson, said in his testimony several years (ago):

“The proposed high-speed rail system would (sic) be one of the best things ever to happen to California—or one of the worst. It could harness tremendous civic enthusiasm to build diverse, efficient, livable communities in the midst of a living landscape of sustainable agriculture and a healthy environment. But without a comparable effort to harness the development, it will attract, the system will (sic) be a train wreck for agriculture, for the environment, and for every Californian who will end up paying” for “the bill for sprawl. If we marry the excitement of high-speed rail and the responsibility of smart growth—and only if we do so—we will avoid the train wreck and build a better California where our freeways are less congested...” our economy stronger, “...our environment (is) cleaner, our housing (is) more affordable, (and) our agriculture can still be counted on to feed America and the world.”

Thank you for your attention.

SENATOR CANNELLA: All right. Thank you very much.

I'm going to ask a few questions of each one of you and then I'll hand it off to my colleagues. The gentleman from Feed and Grain, Brian.

MR. ALVES: Yes, sir.

SENATOR CANNELLA: I think you have legitimate concerns. You have an operation; you've got to continue that operation. And you said you've made those concerns known to the authorities. You've expressed to them your concerns about cutting off rail access?

MR. ALVES: I believe that California Grain and Feed has, yes.

SENATOR CANNELLA: Okay. What has been their response so far?

MR. ALVES: I was handed a prepared statement.

SENATOR CANNELLA: Okay. So you don't know?

MR. ALVES: I don't know their response.

SENATOR CANNELLA: Okay, all right. Then I'll move on to the next panelist.

You mentioned, sir, about very anecdotal things of how it's going to, you know, be bad for agriculture. You talked about the dairy and bisecting, and I understand that. But if you looked at the exact route and really looked at the impacts so you can say, okay, this is going to impact our ability to get our land paid off, or are you just generally speaking about the fear of high-speed rail?

MR. van ELDEREN: We've looked at some of the routes where you're headed, and it's especially south of Merced. There were some choices there at points that it was going to go through ag ground rather than following existing corridors and that's one of the major...

SENATOR CANNELLA: So generally speaking, you're saying, look, if you're not following existing corridors, you're going to go through ag and we can have these types of problems. But you haven't looked at specific pieces of land to say, okay, there's three dairies and there's two almond orchards and this is going to affect you in this way? So generally, through ag, or that's your concern, right?

Mr. van ELDEREN: Yes.

SENATOR CANNELLA: Okay. Because I think the routes are out so I'd be curious to know if you looked at them specifically to see what the impact...

Mr. van ELDEREN: We've got some of our borrowers that are affected by this, and they have expressed their concerns about their properties.

SENATOR CANNELLA: Oh, I've talked to them as well. I just didn't know from your perspective. Okay.

And then lastly, for the Farmland Trust, it sounds like you don't want any development at all in the Valley, so you're using high-speed rail as the avenue to get to that point.

MS. UNGER: I think development is great in the Valley. I think it's great when it's in infill.

SENATOR CANNELLA: Yes. Okay. You want infill development. So, you know, you talked about high-speed rail, how it's going to induce growth. So I think the Valley's going to grow anyway. So you think it's going to be worse with high-speed rail?

MS. UNGER: Well, if you're talking about a high-speed rail that connects the Valley to Los Angeles and to...

SENATOR CANNELLA: That's the whole point of high-speed rail...

MS. UNGER: Right.

SENATOR CANNELLA: And the whole point, which was mentioned. It's about connecting people. So when you're connecting people so easily and you've got an area that has affordable, much more affordable, housing than our population _____.

SENATOR CANNELLA: All right. So even if it was down I-5, you would still be opposed to it because that would give the ability. If it didn't touch ag land, you still wouldn't like it because...

MS. UNGER: Absolutely, because...

SENATOR CANNELLA: You're just opposed to high-speed rail.

MS. UNGER: No, no. I think high-speed rail is wonderful, and I think it will bolster the economy. I think it will bolster the ability to have more movement, and it will certainly support the ability to reduce greenhouse gas emissions.

SENATOR CANNELLA: Okay. Where would you like high-speed rail? Where do you think it should be built?

MS. UNGER: I think it should be built—I don't actually have an opinion about where it should be built. I think presumably there is due diligence on where the rights-of-way are going right now. But what I think should happen is that the High-Speed Rail Authority should invest in the opportunity to communicate and work with local governments so that local governments can...

SENATOR CANNELLA: Regardless if it's in ag land? You have a more global concern...

MS. UNGER: Right.

SENATOR CANNELLA: Because we're talking about impacts to ag and you're talking globally about Farmland Trust's objective to build an infill, right?

MS. UNGER: It will impact agricultural land, not exact—it will impact it on the rights-of-way. But the second point is that it will impact it by inducing

sprawl, by inducing more population growth in the Valley, which is fine. But as it induces people to want to live in the Valley and to work in the Valley more through its bolstering of the economy, it will need to work with local governments to ensure that that development that is going to accommodate people and jobs have been in the center of cities.

SENATOR CANNELLA: So I believe that growth's going to occur at some point anyway because people—well, I like the Valley. I've lived here my entire life. But hopefully my children will grow up here and they'll live here.

Would it be better for your core mission, of Farmland Trust's mission, for them to take an automobile or for them to take a high-speed rail to where they're going?

MS. UNGER: Absolutely to take a high-speed rail and to use the high-speed rail connected by a seriously well-thought-out, transit-oriented...

SENATOR CANNELLA: That encourages infill development.

MS. UNGER: That encourages so that you have connecting...

SENATOR CANNELLA: I've got it.

MS. UNGER: ...public transit to the places you need to go to and get on the high-speed rail.

SENATOR DeSAULNIER: I think the panel's great. The two things that occur to me is, first, on goods movement, it would be nice to have some discussion from the Authority about what kind of analysis, impacts on goods movement, both long-term goods movement and short-term goods movement, that you mentioned because, I know, at least my memory is, in other—for

instance, in Europe, where residential or passenger rail is very robust, the opposite's true. They're not as good as commercial and goods movement as the United States is, so it would be interesting. But on Farmland Trust, just to comment, all the projections for growth that Mr. van Ark mentioned, the 16 million extra people who will be here in the next 25 years—and that's mostly just on the natural of Senator Cannella's children and grandchildren and _____, so this is inland immigration or emigration in the state.

The whole point of high-speed rail and where rail works well around the world is higher density, so the business model won't work unless we have higher densities and more compact communities. And that strikes me that the high-speed rail will help—and maybe I'm wrong—but it will help some of the inefficient use of agricultural lands, first of all, by requiring those densities on the natural...

MS. UNGER: May I comment on that?

SENATOR DeSAULNIER: Sure.

MS. UNGER: I agree, and I think that high-speed rail is definitely—in theory, it's set up very much to encourage density. But the thing that I wanted to point out most of all is that counties are not receptive to density. They're not receptive to putting...

SENATOR DeSAULNIER: The old expression that comes to land use in California—excuse me—it's all Californians hated higher density and it hates sprawl.

MS. UNGER: Right. (Laughter)

SENATOR DeSAULNIER: In other words, keep everything the way it is and we'll be fine.

MS. UNGER: That's the nature of my job.

SENATOR DeSAULNIER: ...full-time employment.

MS. UNGER: So I just want to encourage the Authority to have a very, very rigorous conversation with local governments to plan together. At this point, we don't see that conversation happening, and it needs to be more than just a conversation, but it needs to be some very serious planning and some negotiations and compacts.

SENATOR DeSAULNIER: I completely agree. In the '80s and '90s, when we were looking at the incredible increase in commute trips through the Altamont that was—it was 50,000 peak trips a day and it was going to 150,000. Of course, that's cooled off because of the housing market. But that's one thing I think we can agree with the Bay Area and our neighbors to the east is we want people not to have to commute so far.

Senator Lowenthal? Senator LaMalfa?

SENATOR LaMALFA: All right. I'll jump in there. So Mr. Zanobini, I'd like to follow up on your point there.

MR. ALVES: Actually, it's Mr. Alves.

SENATOR LaMALFA: Oh, okay. I'm sorry. I have Grain and Feed. I was out of the room.

MR. ALVES: That's okay.

SENATOR LaMALFA: I like saying the Italian names.

MR. ALVES: I'm Portuguese so we're pretty close. (Laughter)

SENATOR LaMALFA: Okay.

SENATOR DeSAULNIER: I don't know about the kissy(??) part, but the comments _____. (Laughter)

SENATOR LaMALFA: It's the family.

You know, I hear loud and clear your concerns there. From what I heard earlier in earlier testimony is that, as far as milling facilities and feed and grain and storage, things of that nature, they're almost always next to existing rail systems, right? And so from alignments, we've heard talking about, that there will be very little alignment of the high-speed rail system next to, for a lack of a better, low-speed rail system, right?. So do you know specifically of targeted facilities that you've seen on maps that are on the hit list...

MR. ALVES: I don't know any target facilities. This was just a response from Feed and Grain. If a designated route does go near there and interrupt their process, that would be an issue.

SENATOR LaMALFA: Yes. I absolutely understand. I haul a lot of grain to facilities, and I'm certainly with you in that concern.

So we heard earlier about the rendering facility that is right on the ground zero somewhere. You don't just build rendering facilities in California.

MR. ALVES: They're called byproducts, for the rendering facility coincides with the California Feed and Grain industry as well.

SENATOR LaMALFA: The last time that you've gone through a process or permitting one of your facilities, that you know of, not you maybe, personally, but...

MR. ALVES: This is what we do.

SENATOR LaMALFA: What was that like?

MR. ALVES: Well, we installed the high-speed rail facilities. P&F Metals is probably the foremost in installing all the high-speed rail facilities you see in California. If you ever see the big circles and the railcars with the huge storage things, we were very instrumental in installing that, and it's a huge permitting process. These facilities will have to be relocated, especially if they were to be used at state(??) sites, away from the facility. Currently, the way these are designed, they can do railcars in eight minutes. If you were to go a few miles away, you'd turn eight minutes into four truckloads, plus travel.

SENATOR LaMALFA: Exactly.

MR. ALVES: So it could be a huge impact.

SENATOR LaMALFA: Just on the permitting process, if you should have to move a facility because of this, what do you anticipate, just the process of moving and getting something up line? Three years, five years?

MR. ALVES: Oh, easily three. The permitting process and the engineering usually takes six to eight months by itself, and that's before you break ground. I mean, equipment purchases is eight to 12 weeks, plus all the installation time as well, so you're looking at three years.

SENATOR LaMALFA: So a huge impact...

MR. ALVES: Yes, sir.

SENATOR LaMALFA: ...on everybody who uses that facility. They're now having to ___ until that is put in place...

MR. ALVES: Yes. Even if you can find another spot to build it along the rail because that's where we'd have to be.

SENATOR LaMALFA: Which means more trucking impact?

MR. ALVES: Yes, sir. And then you have issues of product contamination or organic versus conventional—and enough stores to house more than one feed-load facility. If you're going to have them staged along the railroad, you're going to have to have a facility big enough to handle more than one feed-load processing facility. Otherwise they're going to be just back to back.

SENATOR LaMALFA: Would you—this in regards to the Galgiani bill that was mentioned earlier—create an ag advisory committee at this point in time by the High-Speed Rail Authority? So it would be created in January, should the bill pass? As I recall in the hearing, they had a representative from Grain and Feed that wanted to have one of the positions designated for facilities and not just for farmland, you know, farmers, farmland owners, etcetera. Would you describe—your folks are pretty much lockstep of the interest of the farmers and the farmland...

MR. ALVES: Oh, absolutely, absolutely.

SENATOR LaMALFA: All right, I believe, was taken into committee; is that correct? Okay. All right. I'm certainly comfortable with that, not comfortable with the bill in general because I think the bill itself is too little, too late when

we're talking a bill passage being enacted January 1st and already routes having to be chosen within a couple of months of permitting, land condemned and all that in order to meet a September target. So that really isn't—I wasn't able to support the bill because I think it's "window dressing" on an issue that should have been a lot farther ahead in time. But at least you'll have a position on that, should it come to it, and be much more likely in lockstep with other growers. So thank you.

All right. To Mr. van Elderen from Yosemite, your concerns are duly noted as well, and do you anticipate with the lending positions that you have there of that money supplied, being what it is, that you might find people at a higher standard on being able to even relocate their facilities or buy a new ag land? Is the money supplied there? Is there enough credit out there?

Mr. van ELDEREN: There's enough credit out there to make the loans. The question comes back to some things that you mentioned earlier. Some of that is ground that's been in the family a long time and that comes with some additional ties. Some of this is property that you'll have to make adjustments to. It's not just an acre-per-acre difference when you involve the water. The example in the dairy was an anecdotal and a hypothetical but that—we finance a lot of dairies and we've seen these kind of issues come up and the permitting process on the dairies, we used to finance a lot of those. And I think that in 2010 we probably financed one dairy that we built from scratch. That permitting process also takes a long time. That's not an easy move to accomplish.

SENATOR LaMALFA: Absolutely. Sacramento, the legislature, has taken a pretty strong anti-dairy view up there when you have legislation requiring certain zones to be around. A dairy may be an urban area or even in one case, there's a bill moving to prohibit dairies from within two-and-a-half miles from a particular state park here in the Valley, and that, to me, is a local land-use decision that needs to be made and not have Sacramento legislate it, which kind of leads me to our third panelist here.

Ms. Unger, I can find a lot of agreement with you on preserving farmland, but I'm troubled that we would use high-speed rail perhaps as a club to enforce SB 375, which is a Sacramento power grab over land-use decisions, basically, taking options from people to develop as they see fit locally and having a Sacramento mandate doing it that. So would you like to comment on local-use planning versus Sacramento mandating that we all live in a high-density area?

MS. UNGER: I think that the high-speed rail definitely is not something, an authority, that should be enforcing SB 375. But I do think that there is a big opportunity here for the high-speed rail to work with the cities and counties to make sure that the cities and counties are doing what they should be doing under SB 375, which is reducing greenhouse gas emissions via reduced vehicle miles traveled. They're very much...

SENATOR LaMALFA: Why would the Authority be telling the cities and counties or making sure that cities and counties are doing certain things? Again, they're in the rail business, and Sacramento is in the regulatory business of

telling cities and counties what to do. Why do we want to have a synergy of a rail that isn't really their jurisdiction?

MS. UNGER: Well, as Senator DeSaulnier had pointed out, there is, I think, an assumption out there that high-speed rail creates density around cities, and I don't think that we as the state population of California or that our legislators or that our cities and counties or the high-speed rail should be so naïve to believe that that will just happen on its own, especially in a region where sprawl is commonplace. And the way things are looking, according to what I said, the Blueprint scenarios are not reducing sprawl at the rates that we need to be reducing sprawl to achieve.

SENATOR DeSAULNIER: Which Blueprint scenario...

MS. UNGER: The San Joaquin Valley Regional Blueprint. So at our current rate of development and our planned rate of development, we will still continue to have sprawl in the Central Valley. So I think we should not be so naïve to believe that a high-speed rail system will create dense, cute little communities along the rail. Right now the whole land-use planning does not encourage that up to the extent that it needs to be doing it. And so there is an opportunity here for the Authority to work with local governments. I don't see why that's such a difficult question to bring up because I think that if you've got an authority using land, it should be talking to local land-use authority.

SENATOR LaMALFA: You're talking to them, not at them. That's what I'm concerned about.

MS. UNGER: I don't suggest that they talk at them, but I suggest that they have compacts and agreements so that the desire and outcomes that are both economically good, environmentally good, and socially good for the community happen.

SENATOR LaMALFA: Okay. I just see the pressure is so much, for whatever we do in California falls to ag land because that's the only area where you don't have endangered species upon anymore because it's regularly tilled. If we can certainly move the focus to non-ag land, the old foothill land, where all up and down California you have a very good idea of what's going to be developed, it's not ag land. But you're thwarted by other environmental concerns that may be outside SB 375. That's an area where we need to have much more synergy out as well because I'm all about preserving ag land but also local economies. So thank you.

SENATOR CANNELLA: All right. Any questions? Okay. Thank you very much for your time. I appreciate it.

If our next panel will come up, and I've added John Pedrozo to this last panel. He's a farmer and chair of the board of supervisors. Again, if you wouldn't mind, just go from one end of the table.

Supervisor, maybe we can start with you. Introduce yourself and work your way around and start into your remarks.

SUPERVISOR JOHN PEDROZO: Thank you. First and foremost, I want to thank you for coming to Merced and sitting in my chair, Senator. (Laughter)

SENATOR CANNELLA: My pleasure. Before you get into your prepared remarks, can we just introduce ourselves?

SUPERVISOR PEDROZO: Yes. Okay. I'm John Pedrozo, Merced County Supervisor for District 1, and I'll get into that a little bit. We're District 1.

SENATOR CANNELLA: Thanks, Supervisor.

MR. KOLE UPTON: I'm Kole Upton. I'm a Merced County farmer and very proud to be one of his constituents.

MR. JOHN TOS: John Tos, Kings County. I'm a farmer there.

MS. HOLLY KING: I'm Holly King. I represent the Wasco Chapter Ag Group, but we farm almonds and pistachios in Kern County.

MR. JEFF MARCHINI: Jeff Marchini. I'm a farmer at eastern Merced County and current president of Merced County Farm Bureau.

SENATOR CANNELLA: We'll start with John.

SUPERVISOR PEDROZO: Thank you. I'm a farmer myself with great respect and appreciation for the agriculture industry that is the backbone of this economy. I have taken a lot of heat from my constituents for being a strong supporter of high-speed rail in Merced County, but I feel from what I have seen in other countries that productive agriculture and high-speed rail can coexist, our county, and I support high-speed rail alignments located to the major transportation thorough ways which generally result in less negative impacts to agriculture, environment, and communities. I want to be clear that I think that the California High-Speed Rail Authority and their staff need to take in the concerns of agriculture seriously and to heart as they implement this massive

statewide infrastructure project. The mitigation for the impacts to ag need to be well thought out. I think in the past this wasn't the case, but now I see that the voice of agriculture is again heard or maybe their voice has just gotten louder.

In addition to being a farmer, I am an employer and a concerned public servant. As an elected official, I can tell you, our community needs jobs badly, and I am tired of watching our local economy get worse. We need the economic infusion in our community that high-speed rail can bring, and I ask the Senate committee to make sure that the money spent on the development of high-speed rail result in a job for the Central Valley residents. I get that there will be contract consultants required, but a majority of the labor to build this project should come from the community being built within.

Another message I want to make today is that our state needs to use the resources in relationships made in other countries that operate high-speed rail to educate our community, farmers, and leaders on how high-speed rail and agriculture coexist. And I don't mean by showing pretty pictures, but I mean being a true resource to answer questions about equipment, irrigation, noise impact, ag tourism, mitigation, and crop loss. These are real issues that need to be discussed. In the past, agriculture questions have been answered by engineers and representatives that know nothing about agriculture. So if there are resources to bring on an agricultural expert that has been involved in the high-speed rail project in another country, that would be great.

Like UC Merced, high-speed rail is controversial. But like UC Merced, high-speed rail can be a great resource for our region, if it's been built responsibly and

well thought out. I'm proud to say that the County and the City of Merced have been great partners in supporting high-speed rail and encouraging the system development with a train station in downtown Merced and advocating for the heavy-maintenance facility and the 1,500 jobs that it brings to our community.

There's a couple of other things that I wanted to comment just real briefly. And being the representative of 200 corporate communities, District 1, I have stated for the last four years that A1 route will not work because of the environmental impacts and what it does to agriculture because it goes through some of my constituents that would devastate their operations, whether it's a tomato ground, alfalfa ground, almond orchards, or almond orchards. But it would be devastating, and I've talked till I was blue in the face, and I've gone to numerous meetings, and that's really my major concern is to make sure this goes on existing transportation railways. Thank you very much.

SENATOR CANNELLA: Supervisor.

MR. MARCHINI: Chairman Cannella, Chairman...

UNIDENTIFIED SPEAKER: Close enough.

MR. MARCHINI: Thank you ...(laughter)... and Senators, welcome to Merced and thank you for taking the time to hear firsthand concerns of farmers and ranchers of Merced and the entire Central Valley.

My name again is Jeff Marchini, current president of Merced County Farm Bureau. I'm a lifelong resident of Merced County and a grower in the LeGrand area which is included in a study on the Merced-to-Fresno route, along BNSF, or A1 route.

For those of you not familiar with the area, let me give you a brief summary about our county. Merced is the fifth most productive county in California and sixth in the country. In 2009, agriculture was a \$2.5 billion industry which also sits as an economic supporter for related industries, like packing, processing, transportation, and marketing. Some large agricultural communities in the county, including Hilmar Cheese, Foster Farms, E.&J. Gallo, Ecomore(??) Packing Company, Morning Star Company. According to the Department of Finance, agriculture supports 35 percent of all jobs in the county.

Likewise, the surrounding counties rely heavily on the agricultural industry, especially those in the first segment of the high-speed rail system. In 2009, the five counties—which included Merced, Madera, Fresno, Kings, Kern—created \$13.7 billion in revenues, which was 42 percent of the total \$33 billion created by agriculture in California. Water is a key resource in agriculture operations, and in Merced County, it is intermixed with several water districts that have some of the oldest water rights in California. And during those inevitable dry years, some of those water districts will be dramatically impacted by high-speed rail route options and have yet to be contacted by the High-Speed Rail Authority. Those districts include the Central California Irrigation District, Merced Irrigation District, San Luis Canal Company, and LeGrand-Athlone Water District. Prior, beginning my ten years, president of Merced County Farm Bureau in March of 2010, I made it a priority to be at the table with High-Speed Rail Authority and staff as they'd be given the route selection process in our county on both routes from Merced to Fresno and Merced to San Jose.

Eventually, we were forced to focus on the language in the bond measure 1A, which requires route options to be along major transportation corridors. If the Authority had initially placed and fully studied route options along major transportation corridors, such as State Route 152 and State Route 99 south of Fresno, I believe that many of these concerns by the agricultural industry wouldn't be able to alleviate(??) it. When made efforts with neighboring farm bureaus—when we made efforts with neighboring farmers and ag organizations to host meetings with the Authority staff and engineers, we've submitted comments and questions to the Authority board on route options, attended public meetings, provided info to their engineers.

During each of these meetings, we've also asked detailed questions about impacts to agriculturally related issues, such as irrigation, pollinization, spraying operations, cost estimates for future revenue losses, cumulative effects or loss of farmland, and effects of appraised land values once it's included in our route option. Our objective was to educate staff and engineers on a variety of agricultural operations with the hope that better understanding farmers and ranchers, they would include valid environmental and economic evaluations which would allow for the proper mitigation of agriculture issues. Each of the questions were submitted are vital to the survival of the daily agricultural operations in the Central Valley and, yet, the Authority has rarely answered any of our questions. Instead, staff and engineers often said that they could easily take care of these concerns by using funding to mitigate for these issues with

costs rising, projections, and showing this project to be one of the most expensive infrastructure projects in the history of California.

As recently, as recently as the last Assembly ag hearing held in Madera and facilitated by Assemblymember Cathleen Galgiani, agriculture asked several detailed questions and providing concern to the Authority, but we have yet to hear any responses to our questions. Instead, they continue to suggest all explanations will be included in the draft EIR/EIS that is due to be published in the coming weeks. As an organization and a community of taxpaying citizens, we are demanding that the Authority provide detailed data documentation for their decisions on routes and impacts.

One additional request that we have is that after the EIR/EIS are released, that the Authority extend the review process from 45 days to 90 days, as this will be one of the biggest infrastructure projects in California for this generation. It is necessary to give the public additional time to review these extensive documents and the cumulative impacts this project will have on California agriculture and the environment.

I cannot finish my presentation without thanking you, Senator Cannella, and Assemblymember Galgiani and also Supervisor John Pedrozo, for their continued support of agriculture in the community and their efforts to ensure that the route options are not detrimental to farmers and ranchers in the region. Bottom line is that the Farm Bureau and agriculture as a whole want answers sooner rather than later. The further along in this process we go, the less likely we are to see any real solutions. In spite of how the general public perceives

farmers and ranchers, we are not against progress and we are not against the high-speed rail.

I do believe it is time for our elected officials statewide to provide an outlet of support and unity to protect our state and the country's most productive ag land. We are asking you, as our elected officials, to hold the Authority accountable to the citizens and taxpayers of California. Again, thank you.

MS. KING: Thank you all for being here in Merced or, more particularly, the Valley where high-speed rail is impacting agriculture. I appreciate it.

I wanted to point out that in your packet, I have some materials that I'll be referring to because I felt like it would help you in terms of what I was talking about. I represent the Wasco-Shafter Agricultural Group. It's a group of approximately 125 farming operations in the Shafter and Wasco area. The majority of the entities are impacted directly by high-speed rail. They're either on one of the alignments, and many of them, including us, are impacted by either. So we will experience high-speed rail no matter what alignment is chosen.

My comments today are going to focus on two areas of interest that we have. One is placement of the alignment and the other is the impacts to our farming operations, which you've heard some about today, and I'm going to talk more about, both from an operational and a condemnation perspective, and I'll also propose what we think are some workable solutions.

The first I want to refer you to is the map, just so you know what we're dealing with. We have two choices in our area. One is the alignment on the BNSF. The other is what we commonly refer to as the bypass which takes off

south of Shafter through prime farmland. Most of the ground there is a 100-story index, which is about as good as you get, and rejoins the line north of Wasco.

The BNSF alignment follows—well, we think it meets AB 3034 because it's a line on the existing corridor. The workable solution related to the alignment that we have chosen in our area. Early on we asked high-speed rail staff what would be the most helpful thing for you in terms of, you know, what we're trying to achieve in our communities, and they suggested that, consensus in our communities. So the ag community went to the cities of Wasco and Shafter, and we have reached consensus in our community that the alignment be on the BNSF, provided that the cities get some mitigations within the city to make their cities better for high-speed rail going through it and enhancing the community as a whole. So we are pleased about that. We don't have an alignment selection, obviously because we need to go through the EIR process, but we have worked hard to have less impact on the prime farmland in our area because, unlike a commercial building, our ground and our dirt cannot be relocated. Last time I checked, God's not making it anymore.

The next thing I'd like to have you look at, or I'll refer to, is this three-page list. Early on, our steering committee put together a list, and I would call this a comprehensive list, of what we thought the impacts to agriculture would be. It is not to say that every farm will have every impact in the same magnitude that's on the list. It will be in varying degrees, and it will affect different farms in different ways.

I will then refer you to this crop map. What I did was to took our farm, which is north of Kimberlina. It may not mean anything to you because we're not in Kern County, but I wanted to just show this crop map. What I've done is the red lines. I have drawn in the best estimate of how the two alignments would impact our farms, and I went down the list of impacts and was trying to visualize them on our farm.

Now I wanted to also say that this list of impacts we have provided to high-speed rail staff, and we have been working with Jeff Abercrombie, Cheryl Lynn, and Brynn Forehand to put together—we have recommended technical experts in each one of these areas, and we are trying to get that, a system, as much as we can, looking at it from the standpoint that we have ag expertise. We are not engineers—we don't claim to be—and our hope is that this ag technical working group will have input and inform the decision-making process, both at the EIR level, which we're a little late for that—but I mean, there's still a comment period—and also in the condemnation process.

On our particular farm, about 18 acres would be taken in right-of-way, and I'm referring to the bypass. The alignment to the left has obviously less impact, but we think we lose—we would segregate about 100 acres of farm there. Along this rail on each side, we're going to have to have turnarounds. We grow a crop that's grown in rows. We have to turn our equipment around. It's true of tomatoes, pistachios, almonds, anything in a row. So we will lose another 40 feet on either side of the right-of-way in terms of land that we could use in production.

The damage to the investment we've made in our permanent crops, we're concerned about that. Probably our largest focus is our irrigation system. We estimate that by diagonally traversing it, that when you drive by the orchard and you see the black emitters on the surface, but under that we have a whole set of sub-mains, main lines and manifolds that carry the water out to the various areas of the farm and it's all one continuous block. We would need to redesign that system because we would now be farming two farms, and we would need to re-pressurize it. We would need to add two new reservoirs at \$40,000 a pop. We'd lose an acre and a half of trees every time we put a reservoir in. We need a new pump and stand filtration system—electrical—that's \$130,000 a pop—and two new wells that are \$200,000 each. And we would certainly need to replace the irrigation system in the winter when the trees aren't needing water.

In terms of dust, we have an increased dust, especially in the turnaround area, which is additional applications of SC 100, is what we use. We have to revise our conservation management plan, which is a requirement under regulations. We would have to deal with equipment movement. It'd be like farming two farms. It would be like having a wall put through the middle of your house and you'd have to go outside to the living room and around the back and come back in the kitchen in order to get there.

Our pesticide application, we'd have to deal with the "no drift" related to a human transportation corridor. I mean, we have to deal with no drift now. But because there would be a corridor through the middle, it would be additional labor and inefficiencies and additional cost to us. And then you heard earlier

about reappraising our ground. We do have debt on our ground. I wish that we didn't but we do. So we would need to work with our lenders.

When I take our almond orchard, now in the 18 acres for the right-of-way, and if I took—I look at it and say, that's about—I mean, if we sold it to our neighbor who is Paramount Farms—probably around \$18,000 an acre. And if I take the costs that I've mentioned and listed on here and I amortized all of those costs over the 18 acres that we would lose in the right-of-way, the estimated value per acre would be \$311,000.

The reason I go through this calculation is because we are trying to understand how we live with high-speed rail in our area. Our group, our workable solution that we would propose is an assurance that the real impacts are considered, that after the rail traverses our property, that the market value of the two separate farms that we end up with would be maintained. We are hopeful that in the condemnation process we look at all costs, not just the dirt.

I was encouraged by some of the comments earlier about how that would be looked at, the cost of cure and also goodwill. Because if we aren't compensated, we the farmers will be subsidizing this public project, which in reading the bond measure is subsidizing the project is not what was written in there. I'm real hopeful that the ag technical working group will have some input. But I think those of us on the farms, all of us up here and the people that we represent are willing and able to talk about the economic impacts to our farms related to this project. Thank you.

MR. TOS: Thank you, panel, for carrying this out today.

Like I said, my name John Tos. Our family has been farming in Kings County, close by Hanford, since 1906. Grandpa came there, and we're still farming the original 60 acres that he started. I would like to focus on a couple of angles that I think haven't been mentioned today.

Some of the problems that happened whenever the train goes through on an angle, it's not only an angle, it's on a curved angle. And most of our ranches over a period of a hundred years, we've got them exactly the way we want them. Everything is quarter-mile runs. Everything is in either a 40-acre, 80-acre, 160, or whatever parcel, and that doesn't happen overnight. This takes planning, and it takes a lot of money to get it like this.

The proposed rail will go at an angle through six different parcels of ours. When this first started a year and a half ago, I went to the first meeting, and it dawned on us that it was going to go through six different parcels and my brother's ten-year-old home, his dream home. Now the alignment has been changed, and it goes through six different parcels of ours, and it goes through other people's dream home. So every time they tweak the alignment, they really haven't accomplished anything. It's still going to hurt somebody and someone, it hurt them bad. We have a way of life in King's County that's not urban, it's rural. We all know each other. And this is the kind of life that we want. We've chosen this. And if this line comes through here, it's going to compromise our way of life and we don't appreciate that.

The angles, it's going to create corners on all of these fields. What are we going to do with these corners? And we talked about that a little bit. But what

we haven't talked about is, How are we going to access the properties that are now unattainable through our access roads? Like I said, everything is in sections, and we get to our properties off a main road. If you cut these things in half, we now have no access to the back end of that property. The Authority's answer to that is, well, go through your neighbors. Well, what if you don't get along with your neighbor or he doesn't get along with you? All of a sudden, we've got a major problem, and I haven't heard your answer to that yet, other than maybe they will give us an easement to get there. So this is a huge, huge problem, accessibility to the lands that had been cut off from the major access.

You talked about inconvenience. They're going to pay us for the inconvenience. While I was sitting there, I just kind of figured it out. Our main headquarters are within a mile of where this line is going to go. We're up and down these roads continually. I figured, if we have to go an extra five miles to get to the other side of the track and five miles to get back, that's ten miles, and we probably go down these roads at least 50 times a day. You've got to remember, this is our main headquarters. We raise fruit and we raise nuts. We raise just about everything. So we're using these roads. If we do that six days a week, that's 500 miles per week. If you figure a dollar a mile, that's \$500 per week that we're going to be out. Yes, they're going to give us a one-time grant, maybe, but we're going to live there forever, maybe not us but the people that will come after us. So all of a sudden, we're going to have to live with this inconvenience forever, not just the one time.

Another thing that we have that's unique, I think, and it's not done by a lot of folks, but we own property and we rent property. Some of the rental property that we have is on a 20-year lease, along with two five-year extensions. So we have the right to rent this property for 30 years. And for that right, we put permanent crops in, almonds, walnuts, table grapes, and thing like that. So if the Authority comes along and they want to pay for the land, that's one thing. But what about us that have invested 30 years of our lives on that particular land? Are we going to get compensated for loss of production?

You know, when you go to—whenever you have a major accident and your body gets mangled and you cannot support your family for the rest of your life, there is always compensation for your inability to work. Well, in the farming industry, that is our way of life. That is our ability to feed our families, and you're taking that away from us. It's a dagger right through our heart and soul when you take away the ability for us to raise crops on our land, and it hurts.

I have a handout here that I want to give you. I've given this to the Authority numerous times. I've never heard a response from them. But I've got two scenarios here of compensating us for a five-year-old walnut orchard that has a lifespan of 35 years left. Are they going to pay us for one year? Are they going to compensate us, compensate us for 35 years that are left and all the infrastructure that we have put in to do that? And I have a second location here, number two. It's a ten-year-old walnut orchard. I talked about the almond orchard. Mine are all walnuts, but I can do this on cherries or table grapes or whatever you want. Money is not an issue. We don't want any money. We don't

want the railroad. We would be much happier if the railroad was some other place. But the problem is, it's going to affect other people, just like it is us, today, so we're just throwing the problems _____. But I do have three solutions and they ask that we come with solutions.

Number one solution is, put it some other place. We don't want it.
(Laughter)

The second solution is, do what we voted on in 2008. It's supposed to go alongside existing corridors. Where we farm, we have three existing corridors that would fit that scenario—Highway 43, Highway 41, and the BNS Santa Fe Railroad. If you would go on those particular avenues, we would gladly give you the land you want from us because you would be taking the sides of our fields or the ends of our fields. It would not destruct our way of life. Once again, we would donate that land if you would come and get the sides or ends of our field.

And the third solution is—and I haven't heard anyone talk about it—a few months ago, I heard Manuel Cunha say, "Well, why don't you put the darned thing underground?" Well, a friend of mine just came back from Holland, the Netherlands, and he knew I was very involved in this. And as soon as he comes back, he calls me. He says, "John." He says, "I just came back from Holland and you wouldn't believe it. The high-speed rail there is underground."

I said, "Come on. What are you talking about?"

He said, "Years ago, it's about eight years old now," he said, "years ago, the farmers and the environmentalists were having the same kind of problems that we're talking about today. So to solve it, they did go underground for 50 miles

through this one area and then it pops up and then that's where they had their station."

So can't we do this? Let's build the thing underground. It's been done. I think it would solve a lot of our problems. And in Holland, they're farming right over the top where the railroad is, and you can't even tell where the railroads are.

So anyhow, thank you for your time. I look for your questions.

SENATOR CANNELLA: Thank you.

MR. UPTON: Thank you, Chairman Cannella, Chairman DeSaulnier, Senator Lowenthal, and Senator LaMalfa. Thanks for coming here and thanks for hearing us. Again, following John Tos, I've got to say, John, you've mellowed. (Laughter) When I followed him in Madera, I thought that was Mother Teresa after listening to him.

But anyway, I'm a farmer in Merced County, and I farm with my brother and my two sons. They farm nuts—almonds, pistachios—and then wheat, corn and little bit of cotton. And I'm a bright-side type guy, so I've seen a bright side to my involvement with high-speed rail because, with me being gone, my brother and my two sons have been running most of it and we're doing a hell of a lot better than we were when I was running it. (Laughter) So notwithstanding that, Tuesday, I have a little extra time, and my youngest son was having a lot of trouble, so I thought I would impart to him my great wisdom and years of experience. And about half hour after the conversation started, he turned to me and he says, "Dad, don't you have a meeting to go to?" (Laughter) So I'm at a meeting today so he's doing good.

I thought I'd take a little bit of a different perspective on this and review our history with this because I think it's the rule rather than exception for farmers. We started with this—we got a letter from AECOM in November of 2009, and it was from their PR folks, nice folks, and they basically said, Congratulations, your land has been selected as one of the routes for high-speed rail, and we would like you to consider entry of archaeologists, biologists and every other kind of expert.

Well, I'm an elected official on LeGrand-Athlone and also Chowchilla Water District, which is a federal district, and we get these requests all the time, and we routinely say, no, we don't want you on our land because we don't them to find anything. And so we did that then. I probably made a mistake because one of the engineers said, "Well, you're afraid we're going to find endangered species?" I said, "In this case, I'm afraid you *won't* find one."

So hopefully, if they do decide to go through there, they'll find one at some point. But anyway, our next step was to appear before Chairman Pringle. He had a meeting up in Sacramento, high-speed rail, and I thought he had some good advice because we're saying, Why don't you follow existing corridors and, like the law says, minimize the impact of farmland? Because the area where they're going through, not even the local rabbits use it as a corridor. (Laughter) There's no county easement; there's no nothing. So anyway, his advice was, Well, why don't you roll up your sleeves and start participating in the meetings?

You know, that's a reasonable request, so we did that. And as an elected official, I got appointed to two of these technical working groups. These are the things they have in each county, and at that time, only the city people and the

county elected officials were allowed to be on 'em. But in the rural areas, actually the water districts, the resource conservation districts, school districts, they have a lot of the jurisdiction out there. A lot of what happens is controlled by them. So we got on those things and we started giving input, and one of the things that we were successful in was getting this A3 off that Mr. van Ark talked about, and then they put A1 back on which is probably worse than what that was.

But anyway, we thought, Okay, we've had some success. That was in March of 2010. In July of 2010, they came out with a new route. They call it the West Chowchilla Bypass option, and it came out of nowhere. It came out in July. It was worse than A3 by far. It didn't do what A3 did, as far as the length, the 24 miles. But what it did in our area, to our farmers, it took out an entire water district canal; it took out numerous deep wells; it took out canal pumps; it took out our SCADA systems, and it impacted two districts when they had transfer facilities between the water. So we tried to explain that to High-Speed Rail at these 700 meetings they're talking about. A lot of them, they were just talking at us. This particular route was opposed by every public agency with jurisdiction in the area, and we were getting nowhere.

What we decided to do was establish a new organization called Preserve Our Heritage, and this was farmers in Merced and Madera counties that were impacted by all these routes because, just like John said, a lot of times, High-Speed Rail said, Okay, if you don't like it, we'll put it on your neighbors. Well, that's not a solution. So we decided, if attack on one, it's attack on all. So we formed it. We actually hired some folks to help us, the folks that built UC

Merced, a guy named Brad Samuelson, also a guy named John Garamendi, Jr. We hired lawyers from San Francisco, from Cox Castle, a guy named Clark Morrison, that have helped us in trying to understand this project and how we can make it work the way it should. They should integrate this with our infrastructure. That's the way it should work. We have an existing infrastructure for ag that's taken decades to develop. If you can integrate with what we've got, then that works. We don't lose the jobs in ag; we don't hurt John and what he's trying to do in the county.

Now after about eight months, we still weren't getting anywhere, but we went to Cathleen Galgiani, we went to Mr. Pedrozo, I think we talked to you, Senator Cannella. And you guys started telling High-Speed Rail, Mr. van Ark, you need to work with these folks, and they started meeting with us. And to make a long story short, we had a meeting, a joint meeting, with Parsons Brinckerhoff, which is the Merced-to-San-Jose folks, and then the AECOM, which is Merced to Fresno. We were able to convince them to include the 152 as an option, which is a corridor now, and A2. If they would do that and they use existing corridors, then a lot of our problems go away and we can work with these folks.

Now, we're not having—that is not our only strategy. We have multiple strategies. Just like High-Speed Rail has multiple options, we've got multiple strategies. Now I don't think a lot of people understand this, but we don't have any choice. One of the reasons we have this is like Mr. van Ark mentioned, EPA and Army Corps said, well, they want A3 back on the table. Well, we don't want

A3, okay? So we're not safe until the final round comes out on what the routes are. So our other strategies are, we are going to comment on the EIR. Like I said, we've already hired people who are going to comment on that. They have 45 days they're going to give us.

Like Jeff said—I agree with him—this is the biggest project in California history. You ought to at least get 90 days. Probably won't get it, okay? So we're going to comment on that. If they ignore us on that, we'll comment on the final EIR. And then, if we have to, then we'll go to lawsuit. We're already set up for that, and we hope we don't have to do that. It shouldn't have to be that solution.

Our third area is pudding. We've been working with you folks, but we've also been working with the congressional representatives. And I would urge you—I don't know if there's any communication between the state legislature and Congress or not, but I can tell you that local congressional delegation in this area is not real enthusiastic about high-speed rail and about sending more money here. So it seems foolish, at least from my part, for the State of California to invest billions of dollars in this knowing right now, with this structure of Congress and the House, that you're not going to get any money from the feds. So we do not want to put our children, our grandchildren, in such debt over something that doesn't work.

The second thing, we don't want a white elephant out here where they impact our land and basically destroy what we've taken decades to develop and then it doesn't work anyway.

What I would ask lastly is not so much of you folks but it's some of the proponents of this thing in the Valley. And this has been—I know it's been hard on John, and there's a lot of good people that want this thing, and that's fine, but there's also a lot of folks that they call other people names. I mean, I was called a "NIMBY" in Fresno when I would appear, and I didn't know what a NIMBY was. And the guy says, "Well, you're like those people from San Francisco, you're a NIMBY." Well, San Francisco has a lot of different cultures up there. I'm not sure what I was being called. (Laughter)

Anyway, it means "Not In My Back Yard," and that's what we've tried not to do here, is unite as farmers and say, Okay, we're willing to work with you if you'll play by the rules, go by the law, and then we can support you. And if they don't do that, then I guess we'll go to court and try to get an objective analysis from the judge. Anyway, those are my comments. Thank you, Senator Cannella.

SENATOR CANNELLA: All right. Thank you, Mr. Upton. Any questions? Yes, sir. Just briefly. We've got...

MR. TOS: Yes, I forgot to mention. I have a short letter here from one our landlords. Could I read that?

SENATOR CANNELLA: Give it to the sergeant.

MR. TOS: Can I read it?

SENATOR CANNELLA: You know, we really don't have time, but we're going to get the questions and we've got about 40 people that want to talk so...

MR. TOS: One minute?

SENATOR CANNELLA: We'll put it in the record, and then we will all read it as well. Thank you.

MR. TOS: Okay.

SENATOR CANNELLA: Any questions of the panel? Mr. Lowenthal.

SENATOR LOWENTHAL: I just want to follow up on, you know, it seems like there's—you generally have an idea that, you know, I think what I'm hearing a lot is, try to keep it within the existing corridors, don't really go through ___.

I'm just wondering, and the speaker mentioned, working with our congressional delegation to really understand just where, you know, what of the funding, what's really going to happen. Can you share with us? I'm Southern California. I don't really talk to your congressional delegation.

In your conversations, what are they telling you?

MR. UPTON: What they tell me is that they are not against, in principle, high-speed rail, okay? If it's fiscally responsible, if it follows the corridors, and it does not adversely impact farmland—I mean, it's going to impact some people. We know that. But if it does not adversely impact farmland to too much of a degree, they're for it. Right now, their feeling is that the High-Speed Rail Authority has not met any of those criteria.

SENATOR CANNELLA: Any other questions? Okay. Thank you very much. Yes, sir.

SUPERVISOR PEDROZO: Let me just say, I think the lack of communication has been the main problem, and I've seen it now for—I've been almost supervisor now for seven years, and I got involved in this way back

when—and I don't think the communication has been what it should be. I've seen an improvement, and I think our congressman—and I won't speak for our congressman—but as you know, he said, Well, we're building a train to nowhere. And last November, the day before Thanksgiving, we found out it was going from Fresno to Borden. So those are some of the concerns where the lack of communication with the Authority was the biggest problem.

Another thing that we as Valley supervisors—I know Supervisor Perea's here from Fresno—we have now formed a group of supervisors from Kings, from Kern, from Madera County, Fresno County, and Merced County, and Stanislaus County that are all working together and brainstorming so we can make this thing happen and the best impacts on ag land.

SENATOR CANNELLA: Thank you, Supervisor.

SUPERVISOR PEDROZO: Thank you.

SENATOR CANNELLA: I would just say, I think we're done—we have to move on, but I think you're making a larger effort to reach out to the ag community, and I will say that I think that's very important. They have legitimate concerns. Their way of life's being affected, so I think we've heard you say that you're going to make a stronger effort to do that, and we'll hold you accountable to that.

Okay. Thank you very much. I appreciate your time.

Yes, sir?

SENATOR LaMALFA: Mr. Chair, may I offer, as the folks are taking their seats. Mr. Tos, you don't need to donate your land. But from the attitude I see in D.C. and Sacramento, there's plenty of money to spend. (Laughter)

And for Mr. Upton, yes, there are some of us that are in strong contact with the Congress on this issue here and how the spending's going to go and priorities. You know that some of us are staying in touch with our federal folks on what is going to happen to them.

SENATOR DeSAULNIER: Mr. Upton, Senator LaMalfa calls us worse things than San Francisco NIMBYs... (Laughter)

SENATOR LaMALFA: We have a representative from Congressman Cardoza's office, if she'd like to come forward. We are running short on time, so we'll have the Congressman's office speak and then we're going to have Mayor Spriggs, the Mayor of Merced, and then we'll start calling the public out.

Actually, if you filled out a form, if you can just maybe go to the side, that way, we can get you up here promptly.

MS. DEE DEE D'ADAMO: Thank you, Senator Cannella, Senator DeSaulnier, and members. Welcome to the 18th Congressional District. Thank you so much for your time and your thoughtfulness. It's been a long hearing and we really appreciate you listening and ask very specific questions.

SENATOR LaMALFA: Can you state your name for the record?

MS. D'ADAMO: I'm sorry. Dee Dee D'Adamo, senior policy adviser to Congressman Dennis Cardoza.

SENATOR LaMALFA: Thank you.

MS. D'ADAMO: So I feel that I need to clarify my boss's position since there was some discussion about members of Congress and the Valley.

Congressman Cardoza was in support when high-speed rail was first brought up in the state legislature when he was an assembly member, so he's long been on record in support of high-speed rail. After going to Congress, he continued his support, and I'd like to clarify a few points with respect to agriculture. So first of all, he fought hard to get federal funding to this project. There are numerous letters that he wrote and many contacts that he made to Secretary LaHood and to others, including the Obama Administration. He feels very strongly that this project is what is going to connect us to the rest of the state. There was a lot of discussion about connectivity or higher airfare prices. We need economic development; we need jobs. I know Senator DeSaulnier has been working for years and years on the jobs/housing imbalance. This is going to help on all of those issues.

Additionally, with respect to air quality, this is an extreme nonattainment area, and we need to be looking at projects that are going to improve this situation—get cars off the road. And for that reason, the Congressman also supports the project.

Now with respect to agriculture and agricultural impacts, he has long been on record to encourage the Authority to consider existing transportation corridors. A2 is his preference. He feels that that is going to be the best way to—First of all, if you look at the LEDPA analysis, the analysis that's required by the regulators, the federal regulators, the Army Corps of Engineers, et cetera, that

first of all, you have to avoid environmental impacts, then minimize, then litigate. Our agricultural resources are precious environmental resources. So he has been in contact with the federal regulators, encouraging them to follow, first of all, avoid, minimize, and then mitigate.

The last thing that I would like to say is that there was some talk about UC Merced. I think UC Merced is a very good example for us to use, a very large infrastructure project, also here in the 18th Congressional District. It's going to transform this economy and this region. High-speed rail falls in that same category, but we have to be careful about how we plan things. So that project—it took many years for us to get through the regulatory system. And finally, we got to a sweet spot where there was the greatest balance in terms of the least amount of impact to agriculture and to environmental resources.

So thank you very much for the opportunity to appear before you, and I have a couple of letters that show the long history of the Congressman's involvement.

SENATOR CANNELLA: Give them to the sergeants there.

MS. D'ADAMO: Thank you.

SENATOR CANNELLA: Thank you. Mayor?

MAYOR BILL SPRIGGS: Senator Cannella, Senator DeSaulnier—I've been watching the Tour de France. How did I do? (Laughter)

I wasn't going to speak but, you know, it's an interesting—it is with not a great deal of pride that I point out the fact that the City of Merced, a metropolitan statistical area, was just ranked number 200 out of 200 metropolitan statistical

areas as the most difficult place to do business in the United States. So Merced was number 200, 198, 197, 196, and 195 were also in the San Joaquin Valley. So you see the challenges that we have as a region, economically, and we view high-speed rail as our gateway to the rest of the state and as our means to facilitate who's tracking ourselves up from number 200.

Senator DeSaulnier, we've had—I have lost track of all the meetings we've had with high-speed rail. There have been public forums. They brought in maps and put them on tables and given people Crayola crayons and mark 'em up. They had the engineers there and taken comments, and I've had multiple meetings in Sacramento with the staff and Mr. van Ark. They are open and accessible and they had put a significant amount of effort into public participation.

Senator Lowenthal, chairing the Transportation Committee for years, Highway 65, the eastside freeway, I think it's got about three inches of dust on it somewhere in Caltrans because I think there's one little section of it. It goes from Roseville to Marysville and another little section down in the Exeter area of Tulare County. And I say that because, if we don't build high-speed rail, the alternatives moving into the future are building more lanes of highway. And, you know, I think if this was a highway project or a freeway project, we know what those are, you know. We've seen those. We can understand those. And high-speed rail is new and different. But the impact that—the footprint that high-speed rail is going to take through this valley is significantly less than what Highway 65 would be if they were to build it and complete it. And absent high-speed rail, our only alternative is to build more highway lanes, which is going to have a significantly

greater impact on the agricultural resources of this valley. It's going to gobble significantly more farmland and it's going to be significantly more costly.

So just my observation. Obviously we've been working with the Authority on siting a depot in downtown Merced. We're getting some separated grade crossings out of it; we're giving up some grade crossings. I would take separated grade crossings any day of the week. We're building one right now. It's \$18 billion. So if I can partner with high-speed rail and getting a couple more that they will pay for, I'll take those in.

SENATOR CANNELLA: Thank you, Mayor

MAYOR SPRIGGS: Thank you.

SENATOR CANNELLA: All right. So I'm going to call names up. And actually, if you've signed up, you may want to go to the side of the room. That way, you can get here promptly. We're going to give you two minutes just because we have a lot of people that want to talk.

So first, Lola Ball.

UNIDENTIFIED SPEAKER: Lola's gone.

SENATOR CANNELLA: Okay. There we go.

Mr. Oliveira, Frank. Two minutes. Next one up will be Alan Scott.

MR. FRANK OLIVEIRA: My name is Frank Oliveira. I'm a general partner in Mel's Farms. First, Mel's Farms is located in Kings County near Hanford.

My story is a lot like Mr. Tos's and the paper you received that was submitted from Helen Sullivan. I'm a general partner at Mel's Farms. I'm a

fourth generation agribusiness owner. My children will be a fifth generation by default.

We have five parcels encompassing almost 400 acres that are being affected by this project. Three properties are cut diagonally, two properties through the middle, none along the edge. We will end up with ten parcels that will be the most valuable and costs more to operate to produce less, forever. Depending on how our 400 acres fits into high-speed rail's 4,000-acre model, we must be very large. But since there are 311 ag properties in the Kings County rail alignment, I think that high-speed rail's damage projections are unrealistic. We are six miles from the nearest rail line. The high-speed rail alignment does not follow a rail alignment or a highway alignment anywhere where it goes through Kings County.

I appreciate Mr. van Ark's and his staff's commitment, commitment in the past and future, to work with ag and local governments, but his memory of the past is flawed because less than 24 hours ago the High-Speed Rail Authority Board...

SENATOR CANNELLA: You've got about ten seconds.

MR. OLIVEIRA: I can't finish. Thank you very much.

SENATOR CANNELLA: Thank you.

Mr. Scott, and then I have Jack Mobley and Roy Thomas.

MR. ALAN SCOTT: Yes. Senator Cannella, Senators, thank you very much. I am not a farmer. I am a resident of Kings County, have been since 1974. I have deep commitments or deep friendships and relationships with the farmers of the Kings County area. Also, as a concerned citizen and a retired HR

manager, I've been involved with this for the last couple of months. And one of the things that has disturbed me greatly is that—and it was said here a number of times, both directly and kind of around the corner, about the communication aspect, the transparency aspect—one of the things that's bothering me more than anything else is, in my field that I came from, you try to get everyone together. You try to get a plan. You try to make everybody happy. Well, the one thing that I've seen in Kings County—and if I'm wrong, I'll make myself corrected—but the bottom line is, from what I understand from my elected officials, there has not been the open process that is so—Senator, when you asked for the meetings, I was happy because we started thinking about a month-and-a-half ago, when they said they had 50 meetings in Kings County, indicating they were public, there was only two public. One, you weren't allowed to talk. It was just a meet-and-greet, show pictures and so on. That's my problem. Then I was given this handout when I came in, *Preserve Our Heritage*, and there was seven facts—I believe there were seven or eight facts there.

I think that one of the things that bothers me is— I'm a traveler. I go to Europe, I go to Australia. I was just in Europe. I fly. I don't fly from Fresno. I fly from San Francisco to Los Angeles to Ireland or England, Germany, or Australia. It's cheaper for me to drive, spend a night in a hotel, dump the car, turn around and come back three to four weeks later, and do the thing.

SENATOR CANNELLA: Thank you, Mr. Scott, appreciate it.

MR. SCOTT: Thank you.

SENATOR CANNELLA: Is Jack here? I don't see him. I called him up here. Roy Thomas? Roy, no? Allan Scholl, maybe?

MR. ALLAN R. SCHELL: Schell.

SENATOR CANNELLA: Schell? All right.

MR. SCHELL: In the interest of time, I defer all the good things that have been said. But I'm really looking forward to reading more about the business plan.

SENATOR CANNELLA: Will you speak to the mic? We'll actually have it for the record and we can...

MR. SCHELL: My name is Allen Schell, retired city manager, after 30-some years in the Valley, and I've dealt with a lot of incidents and a lot of federal governments over that time, estimates. I'm looking forward to more of the detail on the business plan, number one.

One last humorous thought. I had a mayor, Mayor Pat Quigley, years ago, in terms of population shifts, and he says, "Well, I believe in the gangplank theory."

I said, "What's that, Pat?"

He says, "Well, you know, I'm on board to pull up the gangplank."

Well, you can't do that in the Valley, so I'm afraid we're going to face some population problems here. Amen.

SENATOR CANNELLA: Thank you. Dennis Areias. Hope I said that right.

MR. DENNIS AREIAS: Yes. I'm Dennis Areias. I'm a small dairyman in Los Banos, and the high-speed rail goes right down Henry Miller Road. I've got a small dairy where we milk 280 cows. We have over 1,000 cows in Merced County. I farm there with my two boys and my wife, and this is what the rail does to us—it splits us right in half, our 340 acres. It takes one dairy facility completely off the map. It takes our dry-lot area completely off the map. It takes a half-mile trip to our silage field and makes it a three-and-a-half mile one-way trip. It takes the trip to feeding the heifers and dry cows from less than three miles to over nine miles. It landlocks us where we're at. It takes my silage field out of the way. And, you know, there's two things that you can hang your hat on. One is, if you truly love what you're doing, you never work again in your life, and the other is, there's nothing worse than living in the fear that someone's going to come and take your livelihood away from you. And that's exactly what the high-speed is going to do. It's going to take our farm right off the map and make it to where my boys and my grandchildren will not be able to operate and grow on a dairy like we did.

I'm also on a school board, and the high-speed rail goes within 900 feet of one of our country schools, and it is illegal to build a school within 1,500 feet of a rail or a gas line. And yet, they tell us they're not going to move the school, they're not going to relocate us, and they're not going to move the track that it's on right now.

SENATOR CANNELLA: Okay. Thank you.

Ms. Giampoli? Then Laverne Caldron? I can't...

MR. LAVERNE CALDEIRA: Caldeira.

SENATOR CANNELLA: Caldeira. Okay. You're up next—so if you want to make your way over—and then Julie Bostdorf, you're next.

MS. MARIA GIAMPOLI: I'll just give a short synopsis of my family history. We have a packer/shipper/grower operation in LeGrand, California, and the rail is probably three blocks away. We employ 250 employees in the packing portion six months of the year, six months, and 250 out in the fields. And this is a wage-earning business, the only one in the area, and it goes around the back of our operation down this beautiful avenue where we have more land. We raise tomatoes and pears—I don't know if I stated that—but we have propagator of the Boys of Mary; we have the propagator of the nectarine. There's 150 years of history with some families there. This is where they want to put that road. Now, why wasn't this checked before they even drew that alignment? I mean, it's unsensible. But I want to tell you this: I voted for this project, going down the routes there, indicated the ones that are, you know, accessible, that are railroad and et cetera. That's it.

SENATOR CANNELLA: All right.

MS. GIAMPOLI: Thank you.

SENATOR CANNELLA: Thank you very much. Laverne.

MR. LAVERNE CALDEIRA: Thank you, Senator Cannella and other respected senators.

I live in Merced County. I farm an almond farm on the A1 route between Merced and LeGrand, and I was shocked to learn that high-speed rail would even consider going across some of the prime-est farmland in the world.

The San Joaquin Valley is about agriculture. It's about production of food and fiber, and the rail should be accommodating the farmers, not the farmers accommodating the rail. I'm not against high-speed rail. I didn't vote for it. I thought it was a foolish thing. I still think it's a foolish thing financially. I think it'll be the straw that breaks the camel's back for the state of California. I think it would be subsidized forever. But that's my own personal opinion. If the state wants high-speed rail, let it be, but we certainly should take care of agriculture. And again, I think that high-speed rail should be accommodating agriculture and staying on existing transportation corridors, just the way the voters approved it.

You've heard many, many people speak here. It's just not about my farm being impacted or agriculture being impacted because when the farmland is gone, it's gone. You can't re-create it. You can build a new building somewhere, down along the A2 route, relocate that, but you can't rebuild farmland. You can't mitigate farmland because you're not building it again. God isn't making anymore, like someone else said today. That's what I have to say.

SENATOR CANNELLA: Thank you, sir. Julie?

By the way, before, I've already said this, but if you've got written comments you'd like for us to consider, please free to submit those to the sergeants. We will review those and put those in the records.

MS. JULIE BOSTDORF: I'm Julie Bostdorf. I'm not a farmer. I'm just an average taxpayer. I have heard all this. I appreciate—is it Mr. LaMalfa?—being an ag person. I think it's hard for, to hear their stories. I've traveled in Europe. I know what it's like to ride a high-speed rail. I'm not sure California is the size of a postage-stamp country like Europe. I don't know if it would work here. Good or bad, I haven't heard anybody say who would build this for us, and I happen to know that Bombardier, based in Canada, our neighbors to the north, are state of the art. And if we are going to do this, those are the only people we should hire to do it. They're good about ecology, energy efficiency, not ravaging the farms. I haven't heard—all I've heard is making China trains. So I'm throwing that in. Bombardier, you can Google it. Thank you.

SENATOR CANNELLA: Can you spell the name? I didn't understand it.

MS. BOSTDORF: I will give you my paper. Bombardier.

SENATOR CANNELLA: Oh, Bombardier.

MS. BOSTDORF: They build the jets, they build the Army stuff, and they build the high-speed rails. They just recently sold 80 trains to China, and they've recently built some for Russia, and they are our neighbors to the north. Let us work with America. Thank you.

SENATOR DeSAULNIER: It's French. (Laughter)

SENATOR CANNELLA: Daniel Kraus. Your time doesn't start till you get here so... Next up, Diana Westmoreland Pedrozo.

MR. DANIEL KRAUS: Thank you, Chairman and members. I appreciate this forum and hearing. This has been a really good conversation.

My name is Daniel Kraus from Californians for High-Speed Rail. I'm executive director. I just want to start off by saying we are very sympathetic to all the concerns that have been expressed here, and we are encouraging the Authority and all you folks to continue to working with these people, to make sure that whatever final routes are selected, that they're made whole as much as possible. So I just want to start out with that.

I just wanted to bring up a couple of other issues. We're a little concerned about the notion of actually switching the high-speed rail funding that we've received from the federal government to other areas outside the Central Valley. There seems to be sentiment developing, with some at the state, that would want to reexamine where we applied the funds for the first phase of construction. There was some suggestions in the LAO report—and the peer review group is also looking into this—and we have major concerns about that, most specifically, because the federal government has told us we cannot do that. So they made it explicitly clear that if we switch the money outside of the Central Valley, they will not give us the money, and we will be forfeiting almost \$4 billion in extremely much-needed funds for this California economy. So I just want to mention that.

Secondly, there's been a lot of emphasis on the ridership in the last few months of, you know, how accurate it is, and we support a new ridership study as an organization. However, in terms of relating it to the Central Valley, two tracks need to be built in the Central Valley for high-speed rail, regardless of what, you know, tweaks and...

SENATOR CANNELLA: Fifteen seconds.

Mr. KRAUS: Okay, and modifications have made to the ridership model. We feel that the design of the project will be more affected by ridership changes in urban areas, not the Central Valley, so we don't see it as a problem to move forward with this as a project. Thank you.

SENATOR CANNELLA: Thank you very much.

MS. DIANA WESTMORELAND PEDROZO: Shall I say good evening maybe? Diana Westmoreland Pedrozo. I'm with Merced California Women for Agriculture. I'm their land use director, and I guess I'm going to ask you all as the Senate Ag Committee to remember that we are expecting you to protect and preserve our ability to feed ourself, and with all the stories you've heard tonight, protect those that do that in every avenue and every decision that you make. It's a lot of controversy. It's really not in our hands, as the taxpayers, and that's frustrating to many of the landowners. So please make sure when you do make decisions, that you can provide incentives for local governments to make good, sound planning decisions. We are living here, as Mr. Spriggs said, in a very economically challenged area. We lead the nation in bankruptcy, foreclosure, joblessness. But what has been steadily supporting us for decades, if not centuries, is the agricultural community in all forms that it's evolved in. The technologically advanced areas we have reached today with irrigation, with pest management, all those things have come in a large portion but in part because of what we do here in the Valley. So please protect us. Give us the incentives that will make our elected officials be responsible for their decisions and go by what the law said—transportation corridors don't impact land. Thank you.

SENATOR CANNELLA: Thank you. Dr. Boese. And then I have another gentleman from Californians for High Speed Rail, Brian—and I can't read your last name. You know who you are. And Supervisor Perea.

DR. LEE BOESE: Senator Cannella, committee, my name is Dr. Lee Boese. I've been involved in high-speed rail—good, bad, indifferent—since 2003. I'm actually the co-chair of our committee that encompasses all of Merced County. As a matter of fact, I've followed this thing. I was beaten out by Curt Pringle. Down at the end, I actually went through Governor Arnold Schwarzenegger to be appointed by the High-Speed Rail Authority Board, so I feel like I have a pretty good track record as far as what's happening in our area and this project.

Just two suggestions that I make this committee that I think you can help is, our area, the majority of people support high-speed rail with the one big caveat of staying on existing transportation corridors. We don't want to see every prime piece of ag land taken out to have this train. And you can help us, in my opinion, a wordless process is lacking, is everybody wants to see it go down A2. The people that I represent, the majority of the farmers that I heard speak today, the issue that we seem to have, that I can't get my arms around, is this issue with UP. We've met with UP. What I mean by that is, our committee. I see Mr. van Ark is here today, and I'm sure he can tell you about their discussions.

SENATOR CANNELLA: Thirty seconds, Lee.

DR. BOESE: There's got to be some way that you can help this community put pressure on UP to allow them to use their line or be adjacent to it for 15 miles, preserving all the vital ag land that we have. That will be my request to

this committee is, help us do that and I think you can have a win for everybody. Thank you.

SENATOR CANNELLA: Thank you, Dr. Boese. Brian?

MR. BRIAN STANKE: Good evening, Senator Cannella, Senators. Thank you for having this hearing. I'd like to second what the previous speaker said, that most importantly to reduce these impacts is to avoid them in the first place. So any action that our state can take and that working with our federal representatives can take to find corridors like UP where we can reduce—would make those impacts, would be very helpful, and that's something that cannot be done by the Authority. It must be done by higher political forces because of the federal exemption that UP has as far as putting pressure on them. We're going to bring perspective to this.

As mentioned, the ag coalition letter, over 100,000 acres are lost to roads and development every year in California. So when we look at what the worst impacts are to agricultural land loss, then there's that development. If we are to slow and stop that rate of loss, we really need in this state to find a new model for growth and development, and that's where high-speed rail comes in, providing that new model. They're already funding planning from Merced through Bakersfield, force cities to plan and allow that development where very often that infill development is actually currently legal under state and local laws.

So high-speed rail, along with rigorous state action and local action to allow that development to happen is really how we end up preserving those hundreds of thousands of acres of ag land by allowing development to happen where it wants

to happen and it should happen, especially with high-speed rail, but isn't allowed to. And high-speed rail, where it has built has reduced...

SENATOR CANNELLA: Fifteen seconds.

MR. STANKE: Yes. It has reduced the rate of sprawl in those countries where that has been built. It's not a theory; it's not a projection; it's concrete facts, and I can provide you with further documentation about that.

SENATOR CANNELLA: Give it to the sergeant and we will get that. Thank you very much. Supervisor.

SUPERVISOR HENRY PEREA: Thank you, Senator. I'd like to thank Supervisor Pedrozo for hosting this in his hometown and the excellent facilities. You know, I've been to many hearings like this across the state for the past two years; and I have to tell you, I feel good today. This is probably one of the most productive, one of the best-run, and the most informative meeting that I have ever heard on the issues of high-speed rail as it relates to ag, and I thank you, Senator Cannella, for your leadership and, Senators, thank you for being here. (Applause)

I'll be very brief. There was so much discussed. I want to hit a lot of points; but with two minutes, or less than two minutes now, what I'll just say is, I think everybody understands the importance or significance of high-speed rail for California. It's a major transportation system, a new way to move people, with all the issues that we have with transportation. Certainly it's not an ag either/or context, either high-speed rail or ag. And then I think today you really, you really laid that out that, you know, if there's ways to work with people, if you look at a 4,000-acre footprint and you look at the productive ag land between Merced and

Bakersfield, there's about 4 million acres. It's one-tenth of 1 percent of ag land. Well, that doesn't mean a lot to those folks who aren't going to be affected by it. I get that. I understand that all of us in public office know that when we do major projects it's going to affect somebody. The issue is how we work with people to make sure that it works out well.

So, you know, the last I'll say is Congressman Denham did hold something in Fresno with Congressman Mike, the other transportation committee. We talked about the Congressman, and the only thing I took away from that is, here's a congressman from Florida who is very supportive of high-speed rail, just not in California in the northeast corridor. They wanted our money, and I don't blame him for that. That's the game that we're involved in, but what I expected more from our folks was to be supportive of keeping the money here and figuring out a way to make it work.

So when it comes to respect, because I got your point earlier on, I understood the comment. That was a good one. You know, respect for me is that we can make this work. It's not either/or. You all are going to provide the leadership to make it happen, I hope from the Senate and Assembly, and that you make it, make it happen. Mr. van Ark has done a great job in the year that he's been with us and changed it light years in terms of moving forward the project for our state.

So, again, thank you for all that you're doing. We hope that you keep the leadership coming from the Valley and bring these jobs and this money for the

Valley and keep it at that. I think we'll all enjoy high-speed rail in the near future. Thank you.

SENATOR CANNELLA: Thank you, Supervisor, appreciate it.

Billy? Then Jay Pezoldt.

MR. BILLY POWELL: Good afternoon, gentlemen.

Senator Cannella, I was glad to see in your newsletter that this hearing was published in there, so this is a good thing, bringing the concerns of the ag community to this forum. That is appreciated.

My name is Billy Powell. I represent the building and construction trades for Stanislaus and Merced counties. The one thing I do want to bring to this is, like everyone knows, we need jobs, and we need good jobs, and there's a lot of factors and a lot of tape that goes into this project. So on my perspective, the High-Speed Rail Authority—I've attended several meetings and several board meetings—it appears from my perspective that they are reaching out, and I think this meeting today is definitely a step in the right direction. So thank you again.

SENATOR CANNELLA: Thank you very much. Mr. Pezoldt.

MR. JAY PEZOLDT: Good afternoon. I won't take up much time, but I'm with Baker Commodities, and I am here representing us. I wasn't going to speak until I heard our name come up. The first thing I had to say is, we have had several meetings with the people from the High Speed Rail Authority, and they seemed to want to be able to work with us, and we appreciate that. We have a little bit of skepticism with regards to their ability to work with the Air Board and Water Board to get us the proper permitting that we need to move our operation.

We service approximately 5(00) to 600 dairies in the Central Valley. The disruption in our service at that facility will be devastating in the dairy industry. And the last thing that I want to say, and I'm not trying to be smart, but if you think the NIMBY situation is difficult with this, try siting a rendering facility. It's not fun. So thank you very much.

SENATOR CANNELLA: Where is the next rendering facility if that one was to not exist and not be rebuilt?

MR. PEZOLDT: That facility is actually not technically a rendering facility. It's actually a skinning facility, but it's close enough to be called...

SENATOR LaMALFA: There's one in the County of Vernon or City of Vernon...

MR. PEZOLDT: Yes. In Los Angeles, where our corporate headquarters are. There's a plant in Turlock that does what we do, but they don't handle the volume we do. There's not another rendering facility in the state that handles the dead-stock volume that we handle. It's not even close. They do maybe 30 percent of what they do.

SENATOR LaMALFA: Maybe we could put the dead stock on the rail _____.
(Laughter)

MR. PEZOLDT: There are a number of times we thought about taking trucks out to Sacramento.

SENATOR CANNELLA: That's a good idea. (Laughter)

All right. Thank you very much. And with that, I'd like to thank Mr. van Ark and his associates for being here today. I thought this was, for me, it was

very informative, and I think you made some real commitments that hopefully will address some of the concerns. Again, I don't know what's going to happen, and I know, hopefully, we can limit the use of ag land, but you clearly spoke about what the process is going to be to take care of those issues.

I'd also like to thank the panelists, and I'd like to thank the public, and I'd also like to thank the Board of Supervisors for the use of this chamber, so thank you very much. (Applause)

SENATOR DeSAULNIER: I just want to jump in and say thank you as well, and I still don't know whether—I learned a lot from this meeting, but I still don't know whether it's...

SENATOR CANNELLA: Hold on. Quiet, please. Quiet.

SENATOR DeSAULNIER: This is my punch line, whether it's almonds or almonds.

UNIDENTIFIED SPEAKER: It's almonds.

SENATOR LOWENTHAL: I came down anticipating more conflict. It was nice to hear. I think the message is that it can coexist together. But as much as there has to be routes that did develop by the High-Speed Rail Authority, I think that really what people are also saying is that you've got to protect farmland and that's got to be the highest priority. And somehow between that really has to work out.

I wanted to say one other thing. I think this was great, as far as this, I ask that question of my congressional, what the relationship is, because the biggest fear—I think this is all workable—the biggest fear is, we don't have any additional

federal money. That is the fear that we have to confront, and that's going to take you talking to, if we can work this out, if you talk to your congressional delegation and saying, if you really believe in it, to support it. Because without that federal support, we're nowhere near the amount of money that we need to have. And so that's really my concern. That's not really the purpose of today, but I think what I'm hearing today is, we can work out these issues in the Valley. But that's only understood in context that we have enough money to build this project, and I think that's still not clear at this point.

SENATOR CANNELLA: Senator LaMalfa.

SENATOR LaMALFA: I appreciate Senator Lowenthal's comments—everybody's getting along real nice. We can still mix it up if he wanted. As we look at this thing, there's a lot of issues. It's preserving ag land, but it's also the fiscal issues as well. As the Congress is contemplating lifting a \$14.3 trillion debt ceiling, we have to make our dollars perform. So that's something that we as taxpayers need to hold great accountability, whether this is a project that's going to perform as advertised in 2008 as well as going forward and something that needs a lot of scrutiny. So raising the debt ceiling just for fun is not something 70 percent of the population is looking forward to. But with all that said, I appreciate all your support, Senator Cannella, DeSaulnier, and my colleague, Senator Lowenthal. So thank you all for being here.

SENATOR CANNELLA: Thank you very much. Meeting adjourned.

---oOo---